



Cellular

The rapid growth in GSM subscribers was mainly attributable to continuous enhancement of network quality, tailor-made services for different segments of customers, cancellation of connection fee and the continuous fall of handset prices.

II. BUSINESS REVIEW

1. Fast growing cellular communication business

Products and services

The Company offers premium post-paid and pre-paid GSM cellular communication services. Apart from basic voice services, the Company also offers new services such as SMS, WAP, GPRS (commercial pilot scheme), "UNI-INFO", and bundled services with PSTN/VoIP long distance.

In 2001, "UNI-INFO" was launched as the unified brand for the wireless data business, which at the present offers, mainly, information subscriptions and broadcasting requests through the SMS platform. Through the Company's Internet platform with "165" as dial-up access number, and a close co-operation with Internet content providers ("ICP") and Internet service providers ("ISP"), such as Sina, Sohu and Netease, the Company offers value-added wireless data services to its customers in six major categories, namely news, personal information management, stock

trading, entertainment, location-oriented services and industry applications.

The Company has a high quality GSM network. In 2001, call-completion rate and call-drop rate of the Company's GSM network were 97.0% and 0.2%, respectively.

Subscriber base

As of 31 December 2001, the Company had a total of 27.033 million GSM cellular subscribers, up 14.261 million or 111.7% year-on-year (the end of 2000: 12.772 million). The Company's market share in its service areas increased to 28.5% (2000: 22.7%), whilst the market share in net addition market increased to 37.2% (2000: 32.0%). Of which, post-paid subscribers reached 16.489 million, an increase of 5.888 million or 55.5% year-on-year (the end of 2000: 10.601 million). Pre-paid subscribers increased by 8.374 million or 3.9 times to 10.544 million (the end of 2000: 2.170 million). The proportion of pre-paid subscribers to the total number of subscribers increased to 39.0% (2000: 17.0%).



