

China Mobile Subscribers Surpass Total US Population

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PALO ALTO, 4 April 2007 - China Mobile, the world's largest mobile operator, recently announced that its subscriber base grew to 301 million, surpassing the total population of the United States.

Julie Pohlig, senior analyst at Vital Wave Consulting, a research and consulting firm focusing exclusively on emerging market business growth, says the 300-million-person milestone provides perspective on the sheer size of the Chinese market, and illustrates the perceived value of information and communications technology (ICT) to a population that has far less purchasing power.

"The image is striking - the equivalent of every man, woman and child in the U.S. using a cell phone," says Pohlig. "But it's important to understand that the per capita income of the Chinese subscribers is \$1700, not \$44,000 as in the United States."

Though Chinese subscribers rely on pre-paid phone cards and pay around 80% less than Americans for mobile phone service, their typical investment of \$10 per month represents 7% (or more) of their monthly salary. "Many Chinese spend a greater percentage of monthly income on pre-paid phone cards than Americans spend on food. This says a lot about the perceived importance of telecommunications in that society," Pohlig points out.

The proportionately high personal investment in mobile phone service in China supports recent findings by the International Finance Corporation and the World Resources Institute that, as "base-of-the-pyramid" families generate more income, ICT spending increases 8-fold while spending on food and housing rises only slightly.

Vital Wave Consulting will release a report in May that addresses whether middle-income consumers in emerging markets have the same willingness to invest disproportionately in more expensive, multi-functional products such as personal computers.

About Vital Wave Consulting

Vital Wave Consulting enables accelerated revenue growth in emerging markets through strategic consulting, market research and business intelligence. Clients include multinational corporations in the information technology and telecommunications industries.