

SIEMENS

THE MARKET

Siemens is the world's fifth-largest supplier of mobile phones, and is one of the leaders in mobile phone production. Outstanding design, technology and quality, which is also Siemens' competitive advantage, makes its products stand out.

For users around the world, Siemens is a long-standing, trusted brand because the company has preserved the German spirit of engineering and excellence. Building on an attitude of continuous innovation, it has played a distinctive leading role and has been an important force in the development of the mobile phone industry.

ACHIEVEMENTS

Siemens achieved splendid results in China in 2000 when its outstanding products and successful market strategy lifted it to the third-largest mobile phone supplier in the country.



In the area of product innovation, its SL55 model with slide cover has won numerous awards for its unique, beautiful design, including awards from product design experts. Furthermore, Siemens was the first to promote the use of wireless Java™ in mobile phones, greatly broadening mobile content and creating the platform for individuality, as well as the first manufacturer to incorporate MP3 into mobile phones, initiating the trend towards mobile entertainment in product development.

With its outstanding results, Siemens broke the China mobile phone market structure that has prevailed for years, a phenomenon described by the media as "replacing the Romance of the Three Kingdoms with the Battle of the Big Four".



HISTORY

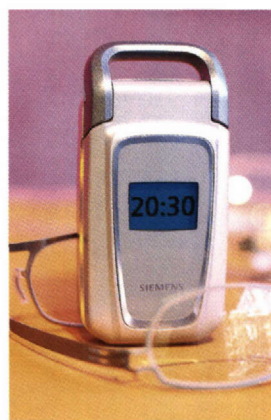
Creating a strategic alliance with Bird was an important move in Siemens' development in the Chinese market. Through this alliance, both parties jointly attempted greater development in the frontier of mobile communications in a new time frame. This move was seen as the manifestation of a new mindset in Sino-foreign cooperation and many people paid attention to this development.

For Siemens, collaboration with Bird broadens its sales channel and deepens and widens market penetration for its mobile phones. At the same time, the partnership also lays the foundation for a better understanding of consumer needs and market expectation in China.

On May 4, 2004, Chinese Premier Wen Jiabao and German Chancellor Gerhard Schröder jointly witnessed the signing of a memorandum for the strategic alliance between Siemens and Bird, making the deal the centre of attention in global businesses.

THE PRODUCT

As a world leader in the development of mobile phone technology, Siemens produces mobile phones of international standard. The distinctive thing about its phones is design and product quality, with an emphasis on function and value. Siemens' reliable and trustworthy products have won the trust of Chinese consumers.



RECENT DEVELOPMENTS

Siemens is currently working hard on thoroughly developing itself in the China market through four areas:

- Expanding research and development, raising the status of the Beijing R&D centre to a global R&D centre and expanding the team to 800. This will help bring its mobile phones a step closer to fulfilling the practical needs of the China market
- Expanding distribution channels through its strategic alliance with Bird, thus broadening



- and deepening coverage of the China market
- To continue launching innovative and classic products and satisfy the increasing needs of Chinese consumers through products of spectacular design and quality
- To create a promotional platform that is closest to the target market through active sponsorship of social events, for example sponsoring Chinese teams in events such as the Chinese Super League and Formula 1

Not only did expanding research and development work in China help Siemens establish a convergent point with the Chinese consumer for its global products, it helped the company successfully develop and introduce in China the Siemens CF62, its first flip cover phone.

Siemens hopes to establish healthy, long-term development in the China market by drawing closer to the market and its users.



PROMOTION

Globally, Siemens is an active sponsor of sports events. In China, the company sponsored the 2003 China National Soccer League and 2004 First China Premier Soccer League. It was also a major sponsor of the Chinese national soccer team. Siemens sponsors many international soccer clubs, including Real Madrid, and actively participates in Formula 1 as a key sponsor of the McLaren team.

The series of promotional activities for the Siemens SL55 was a complete success around the country – its – highly commended release of Daily Tips on how women attract men in lifestyle and trend magazines to exhibit the attractive features of SL55; the mobile-phone giveaway to women soccer team members to display the beauty of SL55; television programmes that examine the strategy and developmental of mobile phones to show the unique design rationale of SL55; vying for awards to verify the attractive design of SL55; and creating news on the miraculously high market demand for SL55 following its launch, thus further creating a demand for the product.

BRAND VALUES

A strict, practical German mentality and ongoing quest for innovation has resulted in mobile phone products of remarkable design and quality. It has also made Siemens a reliable and trustworthy brand that satisfies consumer needs. The Siemens

brand name is a statement of high quality, which is a manifestation of the German spirit of innovation, and has hence been widely accepted by the mainstream consumer.

Siemens focuses on design and quality and fully express a mentality of openness, which has



led people to look at the intrinsic quality of its products from the perspective of both value and practicality.

A brand is the ultimate manifestation of company value – it is the spirit of the product. Siemens will focus on the brand in its marketing strategy, using its company value as its foundation for branding and marketing strategy and relying on this to support the promotion of its products.



THINGS YOU DIDN'T KNOW ABOUT SIEMENS

- Siemens established its first China office in Shanghai in 1904 and celebrated this with a spectacular centennial event in May 2004. In May 2004 Chinese Premier Wen Jiabao and German Chancellor Gerhard Schröder jointly witnessed the signing of a memorandum for the strategic alliance between Siemens and Bird, making the deal the centre of global business attention.
- Siemens Mobile is a sponsor of the Real Madrid soccer team and the McLaren Formula 1 racing team.