Telecom industry on fast track

Chinese companies to lead global growth with third-generation boom

By SHEN JINGTING

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The telecom industry will continue to expand after steady growth in the first half of the year, with booming 3G mobile service subscriptions expected to be a strong driver, analysts said.

China hit a milestone with more than 1 **TELECOM** billion mobile

phone accounts in February, becoming the world's first country to reach that figure, according to the Ministry of Industry and Information Technology.

The country took less than five years to double its mobile phone

accounts to 1 billion, adding subscribers at a steady pace of between 8 to 12 million a month in recent years, according to the

The nation's three telecom carriers — China Mobile Ltd, China Unicom (Hong Kong) Ltd and China Telecom Corp Ltd — all reported steady growth in terms of newly added mobile subscribers in the first half of the year.

China Mobile, the world's biggest telecom operator by number of users, saw its customer base increase to 683 million in June from 649 million in December. The carrier also boasted the largest number of 3G service subscribers, with 67 million in June,

compared with 51 million at the end of last year.

However, China Unicom, the nation's second-largest telecom operator, had the highest monthly increases in the number of 3G users since October. The company had 57.5 million 3G users in June.

Joss Gillet, senior analyst at Wireless Intelligence, a research branch under the GSM Association, estimated that a quarter of the Chinese mobile market was running on 3G networks

"It took China only 13 quarters after it launched 3G to achieve this milestone, which was faster than in Northern or Southern Europe, where it was 20 quarters after launch," Gillet said in an e-mail.

Chinese telecom operators started the deployment of 3G networks in 2009, when Chinese authorities issued 3G licenses. The 3G business experienced a relatively slow start, but took off since 2010, and especially in 2011, when a slew of low-end smartphones hit the market.

The rapid 3G development was also partially driven by demand for Internet access in a market with low fixed-broadband penetration and an effort by operators to expand 3G network coverage, Gillet added.

The 3G boom in China is expected to continue, with Gillet predicting that half of the Chinese mobile market will be on 3G by 2016.

Shao Guanglu, deputy general manager of China Unicom, said the company hopes to have 90 million 3G users by the end of the year. China Unicom's revenue from 3G services was 40 billion

yuan (\$6.26 billion) in 2011, and the figure is expected to surpass 70 billion yuan this year, Shao said in an interview in May.

China Telecom, the country's smallest telecom operator, became the second carrier to introduce Apple Inc's iPhone series on contract on the Chinese mainland in March. The enriched mobile phone portfolio allowed China Telecom to attract more high-end 3G users.

Meanwhile, the explosive growth of China's smartphone market is another driver for the telecom industry.

China surpassed the United States to become the world's largest smartphone market in the third quarter of 2011, with a record shipment of 24 million smartphones in the period, according to research firm Strategy Analytics.

that I prefer to buy than to build," Li said. "But there are just not

good enough applications, ser-

vices or products for us to buy,

Meanwhile, Li said he doesn't

The mobile Internet is in its

early stages, and it does not have

enough content available for users

to search, so mobile users are not

as dependent as desktop users on

Baidu's Nasdaq-traded shares

dropped more than 20 percent

over the last quarter amid slug-

gish performance across the

industry, data from the financial

However, US analysts have a

12-month median price target

of \$180 on the company, which

represents a 68 percent increase

from its latest price of \$107.1,

website CNNMoney showed.

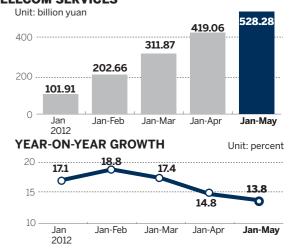
Internet search engines, Li said.

see emerging businesses making

so we have to build."

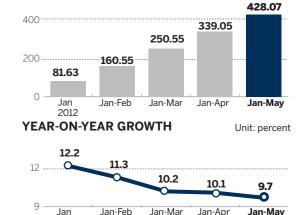
money anytime soon.

CHINA'S TOTAL BUSINESS VOLUME OF TELECOM SERVICES

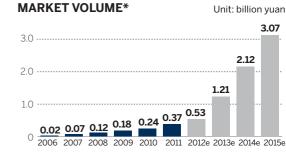


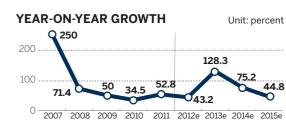
CHINA'S TELECOM INDUSTRY MAIN BUSINESS REVENUE

Unit: billion yuan



CHINA'S MOBILE SEARCH MARKET





Source: Ministry of Industry and Information Technology, iResearch Inc

*Note: Market volume refers to the aggregate of advertising revenues of mobile

Baidu enjoys 60 percent rise in Q2 revenues

By GAO YUAN

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Chinese Internet search giant Baidu Inc on Tuesday reported higher-than-expected secondquarter revenue, boosted by small and medium-sized advertisers.

The company also said it is likely to go ahead with more

acquisitions to **INTERNET** beef up its presence in emerging sectors, such as mobile Internet.

Baidu had 5.46 billion yuan (\$858 million) in revenue in the second quarter, up nearly 60 percent from the same time last year, it said.

"Our efforts to expand our customer base continue to make solid progress," said Robin Li, Baidu's chairman and CEO.

The Beijing-based company accounted for more than 78 percent of China's search-engine

market by revenue, compared with 15.7 percent for Google Inc, according to data from Analysys International.

Baidu launched a promotion campaign in about 100 Chinese cities in the second quarter in a

bid to lure more SME advertisers. The company had about 352,000 active online advertisers in the second quarter, a 9.7 percent increase from the previous quarter, it said. Baidu's Web-based advertising service generated

almost the entirety of its revenue. Baidu is not alone in bidding for advertisements from SMEs.

Jike.com, a homegrown

Internet search engine which is partially-owned by the People's Daily newspaper, said in June that it plans to provide free advertising services to up to 1,000 SMEs over the next three years, in a bid to expand its cus-

tomer base.

"We are ready to face the challenges after announcing our marketing strategy," said Deng Yaping, president of Jike.com.

However, more serious challenges may come from the fastgrowing mobile Internet sector where Baidu is a newcomer.

The mobile Internet's user base reached "substantial scale" with about 160 million thirdgeneration network subscribers by April, said a Goldman Sachs report released in June.

Its analysts estimated that the number of Baidu's mobile queries will triple in 2012 compared to last year, accounting for 43 percent of its total queries by the end of 2014.

The consequent significant shift in online user activity from desktop to mobile devices therefore makes Baidu's mobile strategy critical to its longer-term growth and competitive positioning," said the report.

However, some analysts said that Baidu's M&A strategy might not be vigorous enough.

"Compared with Google Inc's 113 mergers and acquisitions with amounts totaling \$20 billion to \$30 billion last year, Baidu's acquisition strategy is not forward looking enough, and to some extent affects its future development," said Mike Chen, an analyst at China Merchants Securities (HK) Co Ltd.

Baidu could also face bigger challenges in emerging sectors including vertical search, e-commerce, cloud computing and mobile Internet, Chen said.

Baidu's Li indicated in a conference call on Tuesday that he may make stronger efforts to support the company's team in emerging business sectors, and did not rule out acquisitions.

"In most cases, I would say

ID: 4089 179sqm, 3bedrooms

ID: 7365 450sam, 5bedrooms

type A, phase I, detached, big garden, big balcony

niddle floor, south facing, nice balcony

¥25,000

¥53,000

according to the website.

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¥30,000



Upper East Side - 阳光上东 3Br. 160sqm high floor 3Br. 220sqm south facing 4Br. 248sqm high floor 270sqm garden view ¥ 30,000 per East Side(III) - 阳光上东(滨河) ⇒ 218sqm middle floor ¥ 25,000 230sqm 1st floor, nice garden ¥ 30,000 Upper East Side(IV) - 阳光上东(安徒生花园) 239sqm middle floor 253sqm south facing 280sqm good view ¥ 30,000 mond Park - 丽都水岸 121sqm middle floor 180sqm good view 217sqm south facing 4Br. 339sqm big balcony ¥ 38,000 264sqm south facing 286sqm good view bal Trade Mansion - 世 ¥ 45.000 受国际 ¥ 22,000 ¥ 24,000 Greenlake Place - 观湖国际 180sqm good view 3Br. 259sqm garden view 3Br. 267sqm high floor Fortune Plaza - 财富中心 180sqm nice furniture 225sqm high floor 260sqm middle floor 3Br. ¥ 13,000 4Br. 225sqm high floor 4Br. 260sqm middle floo 4Br. 298sqm garden view Palm Springs - 棕榈泉 ¥ 25,000 ¥ 30,000 140sqm middle floor ¥ 15,000 298sqm garden view 3Br. 167sqm high floor CBD Private Castle - 圣世 ¥ 15,000 138sqm south facing ¥ 12,000 180sqm high floor 225sqm good view 230sqm high floor ¥ 24,000 ¥ 28,000 3Br. 3Br. 3Br. 105sam middle floor 170sqm good view ¥ 17,000 30,000 370sqm good view Avenue - 公园大道 170sqm nice balcony 193sqm high floor 4Br. ¥ 45,000 ¥ 20,000 ¥ 22,000 GuangCai Int'l Apartment - 光彩国际公寓 217sqm good view 270sqm high floor litunSOHO - 三里屯SOHO 147sqm middle floor 256sqm park view ¥ 33,000 3+1Br. 212sam high floor ¥ 28,000 ¥ 18,000 4Br. 370sqm park view Oceanwide Int'l Residential District ¥ 45,000 209sqm high floor ¥ 28,000 ¥ 15,000 ¥ 24,000 250sam middle floor ¥ 30,000 185sqm spacious layout 483sqm penthouse ¥ 70,000 245sqm high floor ¥ 33,000 ¥ 11,000 ¥ 14,000 ¥ 20,000 135sqm good view 170sqm middle floor China Center Place - 华贸中心 3Br. 155sqm middle floor 4Br. 228sqm high flo Star River - 星河湾 228sqm high floor 211sam high floor ¥ 22,000 Gemdale Int'l Garden - 金地国际花园 260sqm garden viev ¥ 23,000 3+1Br. 320sqm nice garden 4Br. 500sqm duplex 2Br. 148sqm middle floor ¥ 13.000 ¥ 60,000 ¥ 23,000 3Br. 200sqm south facing















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Villas for Rent in Beijing Airport Expressway Area			
3Br.	250sqm nice garden	¥	20,000
4Br.	323sqm viscount	¥	30,000
5Br.	465sqm earl	¥	38,000
Dynas	ty Garden - 丽斯花园		
3Br. D	286sqm 50sqm garden	¥	21,000
4Br. D	400sqm two gardens	¥	25,000
4Br. B	365sqm special offer ¥ 35,000	¥	28,000
5Br. H	600sqm big garden	¥	45,000
Rits G	arden - 丽嘉花园		
4Br.	410sqm nice garden		40,000
4Br.	450sqm big garden	¥	45,000
5Br.	500sqm full furniture	¥	50,000
Austra	allan Garden - 澳景园		
4Br.	450sqm 400sqm garden	¥	38,000
5Br.	600sqm nice garden	¥	55,000
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245 sqm special offer ¥ 25,000 ¥ 20,000

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Yosemite - 优山美地 ¥ 48,000 4Br. B1 498sqm detached 4Br. B2 570sqm nice garder 4Br. B6 508sqm big garden 4Br. C9 358sqm big garden ¥ 38,000 Beijing Eurovillage - 欧陆苑 4Br. 252sqm big garden 4Br. 280sqm nice garden Le Leman Lake Villa - 莱蒙波 ¥ 25,000 4Br. A 682sqm big garden 4Br. B 578sqm big garden ¥ 45,000 4Br. C 516sqm 100sqm garden 3Br. F 286sqm full furniture Capital Paradise - 名都园 159sqm semi-detached 196sqm nice garden 4Br. 229sqm detached ¥ 23,000 River Garden Villa - 裕京花园 3Br. A 200sqm 20sqm garden ¥ 25,000 247sqm big garden 3程: C 260sqm nice garden

Dragon Bay Villa - 龙湾別墅
3Br. 290sqm special offer ¥25,000 ¥ 18,000
4Br. 370sqm 100sqm garden ¥ 30,000

Rose and Ginkgo Villas - 北湖港瀬山
350sqm big garden ¥ 34,000 400sqm luxury decoration ¥ 40,000 Beijing Riviera - 香江花园 4Br. A 403sqm big garden 4Br. B 406sqm detached ¥ 42,000 ¥ 45,000 4Br. C 294sqm nice garden 3Br. E 240sam modern furniture 296sqm nice garden 4Br. 380sqm big garden Orchid Garden - 卓锦万代 ¥ 36,000 ¥ 40,000 ¥ 55,000 4Br. C 502sqm big garden

275sqm nice garden ¥ 18,000 375sqm full furniture ¥ 20,000 4Br. 280sqm specialoffer ¥ ≥ 6Br. 650sqm nice garden 4Br. 4Br. Website: beijing.joannarealestate.com.cn E-mail: joanna@joannarealestate.com.cn

4Br. K 480sqm nice garden

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