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HARDWARE

Beidou to offer alternative to GPS

The Beidou satellite navigation system will soon benefit hundreds of millions of users, and provide a cheaper and in some cases better alternative for the Global Positioning System (GPS). The network has 16 navigation satellites hovering over the Asia-Pacific region. "By 2020, China will introduce a world-leading navigation system to more than 100 cities and 200 million users across the country," Vice Minister of Science and Technology Cao Jianlin said. Beidou has advantages, Cao said, over the three other global navigation systems – GPS, Galileo and Glonass – such as short-message communication. The market for transportation, weather, and telecom spinoff services from Beidou could be worth CNY225 billion by 2015. The satellite navigation system is already providing services to the PLA Navy. In terms of performance, Beidou is "comparable" to the GPS system, Ran Chengqi, Spokesman for the

China Satellite Navigation Office, said in December. "Compared with the GPS, Beidou will make it easier for users to locate other people," Cao Hongjie, Vice President of UniStrong, a company involved in global navigation services, said. On December 27, China published the Beidou interface control document, describing how to access the functions and services provided by Beidou, and allowing foreign companies to use the service. "We welcome international companies to develop client-side devices and services based on Beidou. We welcome the competition," Vice Minister Cao said. According to the Ministry of Science and Technology, the number of users increased by 70% in 2009 and by 100% in 2010. A 30% to 40% yearly increase is expected over the next five years, which means the output of industries related to navigation services will reach CNY225 billion by 2015 and CNY400 billion by 2020. The Transport Ministry is requiring that 80% of all coaches, tourist buses and dangerous goods vehicles in nine provinces, autonomous regions and municipalities install the Beidou navigation system by the end of March, the China Daily reports.

Foxconn freezes recruitment as Apple cuts orders

Foxconn has imposed a recruitment freeze across most of its factories in China as it slows production of Apple's iPhone 5. The suspension in hiring by China's largest private-sector employer and the biggest assembler of Apple products, is the first such countrywide move since the 2009 downturn, prompted by the financial crisis. It underscores the weakening demand for some Apple products, the Financial Times reports. "Currently, none of the plants in mainland China have hiring plans," said Liu Kun, Spokesman at Foxconn's manufacturing facility in Shenzhen. Human resources officials at Foxconn's largest factories, local government officials and external recruiters working with the company said there had been internal notices to halt hiring until at least the end of March, in response to reduced orders for the iPhone 5. The company's China workforce was estimated at about 800,000 during the 2009 crisis, but rose to 1.2 million last year ahead of the launch of the iPhone 5. Workers' tenure at the company is less than 13 months on average.

Lenovo No 3 in smart connected devices market

Lenovo Group has overtaken Hewlett-Packard to become the world's No 3 smart connected device vendor in 2012, thanks to a rapidly growing smartphone market share, according to International Data Corp (IDC). Samsung and Apple remained the top two in the global smart connected device market, which refers to smartphones, tablet computers, laptops and desktop computers. Smartphone sales jumped 46.1% in 2012 and tablet sales soared 78.4% while sales of desktops and laptops both declined, according to IDC. Samsung led the market with a 20.8% share, followed by Apple's 18.2%, Lenovo's 6.5%, HP's 4.8% and Dell with 3.2%. Smartphones are a growth area for Lenovo as sales grew from 3.7 million units in 2011 to 23.7 million units in 2012. Lenovo named Jerry Yang, a co-founder and former Chief Executive of Yahoo, as a "board observer". In a regulatory filing, Lenovo said Yang's role was to attend board meetings and share his views, but he is neither a Director nor an officer of the firm.

Lenovo is forming a new and highly autonomous Americas unit to strengthen its North and South American operations. With its take-over of IBM's PC operations, Lenovo inherited production facilities in the U.S. state of North Carolina, which have continued to serve as one of its major global operations. The separate Americas unit will formally be launched on April 1 and will be headed by Gerry Smith, head of North American operations. The formation of a regional unit with this degree of autonomy will be a new experiment for Lenovo, which previously made all of its major decisions out of Beijing. Its Think line computer operations will also be based in the U.S.

- China could have overtaken the United States to become the world's top smart device market by the end of February with 246 million active Android and iOS smartphones and tablets, according to U.S.-based research firm Flurry. The number of active units represents real usage of smart devices in the country. In January, there were 221 million active smart devices in China against the 222 million in the U.S. China is now the second-biggest regional market for Apple and it will pass the U.S. to become the largest within several years, Apple CEO Tim Cook said.
- The market for smartphones in China is forecast to exceed 300 million units this year, representing an industry-leading 32.8% of total global shipments. IDC projected China would remain the world's biggest market for smartphones in the next four years after supplanting the United States last year. Total smartphone shipments in China would

rise 52% to 457.9 million units in 2017 from 301.2 million this year. Research firm IHS iSuppli has estimated that smartphone shipments in China reached 186 million units last year. IDC did not provide comparable year-ago numbers.

- Apple's five authorized service providers in Shanghai promised to use new parts to repair iPhones and lock stolen iPhones when contacted by police, addressing two of the biggest complaints of users of the smartphone.
- China's semiconductor market now probably accounts for more than 50% of the global market, PricewaterhouseCoopers (PwC) said. At the end of 2011, China's semiconductor market contributed 47% to the global market, from 19% at the end of 2003. It grew 34% in the past four years, double the global growth rate, on rising demand for smartphones and advanced TV sets. PwC added that exports have been driving the growth of China's semiconductor market in the last decade.

OPERATORS

Data traffic more than doubled in holiday week

During the seven-day Spring Festival holiday from February 9 to 15, wireless data traffic on China Mobile's network was more than double that during the holiday last year, indicating that more people were using mobile internet applications, such as WeChat, an instant messaging tool developed by Tencent Holdings through which users can send text and voice messages and photos free of charge. WeChat, launched in January 2011, now has around 300 million users. On the other hand, the growth of short message services (SMS) has reached a plateau. Around 24.3 billion text messages were sent by China Mobile subscribers during the holiday this year, up just 2.5% on the Spring Festival holiday in 2012. From 2000 to 2008, the number of text messages on China Mobile's network rose from 500 million to 607 billion, but growth has slowed dramatically in recent years. China Mobile's revenues from its short message service fell to CNY46.5 billion in 2011 from a peak of CNY53.6 billion in 2009. Shen Hongqun, Deputy Manager of China Mobile's Data Business Department, said that wireless data traffic had replaced short message services to become the biggest revenue source for China Mobile's data business since last year. The number of text messages sent in China in 2012 grew only 2.1% year-on-year, the slowest rate in four years, according to the Ministry of Industry and Information Technology (MIIT). A total of 897.3 billion text messages were sent via mobile phones in China last year, but the total number of mobile phone users in China increased 12.8% year-on-year to 1.1 billion by December. The rapid growth of wireless data traffic and the slower development of short message services is expected to continue.

China Mobile stabilizes, set for growth

China Mobile's share in the important 3G market has finally stabilized after it steadily lost market share over the last two years to more aggressive rivals China Telecom and China Unicom. The latest data show that China Mobile had 38% of the 3G market at the end of January, while Unicom had 32% and China Telecom had 29%. That is a hugely different picture from two years ago, when China Mobile had 45% of the 3G market after it and the other two telcos launched their 3G services. But the latest figures are nearly identical to the market share data from the middle of last year, meaning the situation appears to have largely stabilized and China Mobile is unlikely to see its 3G market share fall much further. This year China's telecoms regulator looks set to hand out 4G licenses perhaps as early as the first half of the year. China Mobile's poor performance in 3G has been largely due to lackluster promotion of its network, which has been problem plagued by its reliance on the homegrown TD-SCDMA technology. But while China Mobile was a reluctant promoter of its 3G network, the company has finally realized that data services are critical to its future and looks set to market its 4G service much more aggressively. The company has already set up a national 4G network that is still officially in the trial stages, but could instantly become a commercial service when the telecoms regulator awards 4G licenses. China Mobile has also been proactively working to make sure there will be sufficient smartphones to use on its 4G network, which also uses a homegrown technology. China Mobile is also negotiating a revenue sharing agreement for Tencent's popular WeChat mobile instant messaging service. Lastly, there's the strong possibility that Beijing will launch a pilot program to allow virtual network operators (VNOs) into the market this year, giving China Mobile a chance to earn some more money by leasing capacity on its market-leading network. Doug Young, writing in the South China Morning Post, expects China Mobile to instantly grab up to half the 4G market when new licenses are awarded, though that figure will probably drop somewhat to perhaps around 40%

as Unicom and China Telecom roll out their services.

HKT seeking judicial review of Apple's locking of iPhone 5

Hong Kong Telecommunications (HKT) is seeking a judicial review of the Hong Kong regulator's handling of Apple's phone locking policy. The operator says the iPhone 5 cannot connect to its fourth-generation wireless network, but can connect to those of its rivals in the city. HKT's users are restricted to PCCW's slower 3G network. If the judicial review is granted, it would be the first legal challenge relating to Apple's locking practices in Hong Kong. HKT says it has lost "hundreds of millions of Hong Kong dollars" as a result of Apple's SIM-locking practice. Initially the iPhone 5, which hit the market last September, could only be connected to SmarTone's 4G network. This was later extended to Hutchison and CSL's 4G networks, still to the exclusion of HKT. But the once-locked iPads can now connect to PCCW's 4G network. "The SIM-locking is causing significant harm to customers, to the competitive process and PCCW," HKT said. "Customers are confused... and they are, quite wrongly, blaming HKT for the inability to access its 4G/LTE network on the iPhone 5 when this is entirely because of anti-competitive conduct engaged in by Apple," the operator said. It says the lock restricts customers' choice and violates the competition provision under the Telecommunications Ordinance. HKT is asking the court to compel the Communications Authority to consider its complaint within 21 days and give a direction requiring Apple to remove the lock.

Shanghai to start 4G commercial trial in April

Shanghai will see the debut of 4G handsets as early as April when the city starts commercial trial of the service. All the 4G models, which provide five to 10 times faster internet access compared with 3G phones, will support China Mobile's TD-LTE technology. China Mobile's Shanghai branch declined to reveal pricing or other details of the 4G services. By the end of the first quarter, China Mobile is expected to complete the building of 700 4G base stations in Shanghai, covering the inner ring region. At present, there are 4G signals in Zhangjiang of the Pudong New Area, Xujiahui of Xuhui District and People's Square, the company said. Besides Shanghai, China Mobile is now testing its 4G network in 12 other cities, including Beijing and Hangzhou, ahead of issuing 4G licenses probably at the end of this year. More than 10 handset models have been developed to support the TD-LTE technology. China Mobile is also launching trial commercial 4G networks in Guangzhou and Shenzhen.

China Mobile to build the biggest 4G network in the world

In a keynote speech at the Global TD-LTE Initiative Summit in Barcelona, China Mobile Communications Corp Chairman Xi Guohua said the company will build a TD-LTE 4G network in China this year that will cover more than 100 cities, or about 500 million people, and will be the largest LTE network in the world. China Mobile is about to acquire more than 1 million TD-LTE terminals, including smartphones and data cards, in 2013. Mobile phone vendors LG Electronics, HTC Corp, Huawei Technologies and ZTE Corp have partnered with China Mobile to launch four models of TD-LTE smartphones. The newly unveiled handsets are all multi-mode, multi-band devices, which means customers can use one smartphone to connect to different mobile networks, including those that support the other mainstream FDD LTE 4G standard. China Mobile also for the first time released two TD-LTE terminals under its own brand. The MiFi products CM 512 and CM 510 act as mobile hotspots on the TD-LTE network. China Mobile is now conducting large-scale trials of TD-LTE networks in 13 major Chinese cities. The company constructed 20,000 TD-LTE base stations and expects the number to rise tenfold this year. He Shiyong, Executive Vice President of ZTE, expects all three Chinese telecom carriers to obtain a TD-LTE 4G license. Worldwide, there were 14 TD-LTE commercial networks deployed as of February. Currently, 10 chipset vendors have launched TD-LTE terminal chipsets. According to the Global Mobile Suppliers Association, 125 TD-LTE terminals were launched by January, the China Daily reports.

- Hong Kong's SmarTone Telecommunications, which saw its interim net profit decline by 3%, aims to target more lower-spending 3G network users to offset falling roaming revenue and stiff price competition in Hong Kong's 4G mobile market. SmarTone, a subsidiary of Sun Hung Kai Properties, posted net profit for the six months ended December 31 of HKD459.4 million, down from HKD475.3 million a year earlier. The operator's interim revenue grew 16% to HKD5.89 billion from HKD5.06 billion the previous year. SmarTone's total customer base increased 7% to 1.74 million at the end

of December.

- Shanghai's 8,000 public phone booths, which are being used less and less, will become new smart devices with features including wi-fi and touch-screens with public transportation and weather information. Shanghai Telecom, the operator of the local 8,000 booths, is losing money because people are using mobile phones more often. It has added wi-fi functions in 500 downtown booths. The carrier also plans to change the booths into smart devices with touch screens.
- China's three mobile-phone operators posted a 0.9% month-to-month increase in the number of mobile subscribers to 1.12 billion, still the largest of any country in the world, in January. China Mobile grew its subscriber pool 0.62% from December to 714.7 million; the number of China Unicom's users rose 1.51% to 242.9 million; and China Telecom gained 1.59% more subscribers, for a total of 163.2 million.
- China Mobile's Mobile Market, considered to be the world's largest Chinese-language application store, has more than 1.57 million applications and has recorded 1.92 billion downloads so far.
- China Mobile Chairman Xi Guohua said international roaming charges could be cut further. From February 1, China Mobile cut down fees to between CNY1 and CNY3 for calls to 180 destinations including the United States, Hong Kong, South Korea and Singapore. On average, they are 46% cheaper compared with the previous rates. China Unicom also said recently it had cut fees to 32 countries and regions by 45% on average.

RADIO, FILM & TV

Hisense to increase overseas revenues from TV sales

Hisense, China's largest TV maker by market share, is looking to increase its overseas revenues over the next three years, to account for 50% of total TV sales from the current 30%, with an emphasis on the United States. Chairman Zhou Houjian said its TV sales revenue in the U.S. is expected to grow from less than USD600 million in 2012 to USD700 million this year. The Qingdao-headquartered company plans to increase production at its joint venture in Mexico, which currently has an annual production capacity of between 300,000 and 500,000 TV sets. Its U.S. products will focus on providing a top quality product at a reasonable price. Hisense reported total sales revenue of CNY81 billion in 2012, a year-on-year growth of 13.2%. Net profit was CNY5.2 billion, a 21.8% increase on the previous year. Hisense currently has a 16.35% share of China's LCD TV market, and has been the top seller for nine consecutive years. Zhou said he was confident of holding onto that title for a 10th year, but that Hisense's current global rank of fifth or sixth, in terms of overall TV sales, does not match its domestic status. In 2012, Hisense's global revenues increased 20% year-on-year, with the U.S., Europe and Australia contributing most of that growth. Over the past decade, its overseas sales revenue has grown 23-fold, and it now ranks top in South Africa, and in the top five in Australia.

- China's censors have unblocked popular movie website Internet Movie Database (IMDB), an unexpected move many consider a signal that more changes are coming. Both the English- and Chinese-language websites of IMDB were blocked by the government in January 2010 without an official explanation. Many believed IMDB had offended Chinese authorities when its homepage featured a preview of "When the Dragon Swallowed the Sun", a documentary about the Free Tibet movement. Facebook, Twitter and Youtube remained blocked.

SOFTWARE

Ministry decries domination of Android mobile OS

Google has too much control over China's smartphone industry via its Android mobile operating system and has discriminated against some local firms, the Ministry of Industry and Information Technology (MIIT) has said in a white paper. It also said China had the ability to create its own mobile operating systems, which now account for only 1% of the total in use in China. "Our country's mobile operating system research and development is too dependent on Android," the paper said. "While the Android system is open source, the core technology and technology roadmap is strictly controlled by Google." The paper added that Google had

delayed the sharing of codes and had used commercial agreements to restrain the business development of the mobile devices of domestic companies. Analysts said the white paper, which lauded Chinese companies such as Baidu, Alibaba and Huawei for creating their own systems, could be a signal to the industry that regulations against Android are in the making. Android has been Google's bright spot in China. In the third quarter of last year, Android accounted for 90% of all mobile operating systems in China while Apple's iOS system was at just 4.2%. "It is not difficult to launch an operating system, but without a sound ecosystem, building an operating system will not get Chinese brands a better market share, Yang Yuanqing, Chairman and CEO of Lenovo Group said. "With Chinese IT companies continuing to gain a global presence, it will be an opportunity for us to build our own operating system in the future. But our opportunity is yet to come," Yang added.

TELECOM MFG. CO.

Chinese companies shine at Mobile World Congress

The blitz of Chinese brands at the Mobile World Congress signaled a determination to lift the global profile of domestic manufacturers and catapult them into the high-end of the market. Lenovo exhibited its K900, with Intel's new dual-core chips, and ZTE unveiled the world's first Firefox system phone. Huawei unveiled a new mobile, the Ascend P2, which it claims is the fastest in the world. Thinner than a pencil at 8.4 mm, the company said it can achieve speeds of 150 Mbps, fast enough to download a two-hour high-definition movie in less than five minutes. The mobile, which has a 4.7-inch, high-definition screen, has a powerful 1.5 GHz quad-core processor and is able to use 4G mobile networks being rolled out worldwide. The smartphone was presented at the Mobile World Congress in Barcelona on February 25-28 and is expected to be available worldwide during the second quarter of this year.

ZTE establishes North American division

ZTE Corp has established its North American Business Group, headed by Cheng Lixin, Senior Vice President of ZTE and CEO of ZTE (USA). The majority of ZTE's U.S. sales come from its mobile terminal business. It became the fifth-largest terminal vendor in the U.S. by shipments last year, with a market share of about 5%, behind Samsung Electronics Co, Apple, LG Electronics and Motorola. Two years ago, ZTE did not even make the top 10 in the U.S. market. ZTE has launched more than 30 mobile phone models in the U.S. since 2009, and plans to step up the pace this year with another 20. All the major U.S. telecom carriers, including Verizon, AT&T and T-Mobile, have cooperated with ZTE in selling its handsets. But recent U.S. investigations into Chinese telecom companies have had some negative effects on its reputation in the market. "For now, we are focused on promoting our terminal businesses," Cheng Lixin said. He Shiyou, Executive Vice President of ZTE, previously said he had set a target for terminal shipments in the U.S. to surpass those in the Chinese market by 2015. Cheng said that the U.S. market is huge, and is now the leader in developing fourth generation (4G) LTE networks, as well as in developing its mobile internet industry. Over the past six years, wireless data traffic has increased 750 fold in the United States. "I predict the figure will continue growing another 300 fold over the next six years," Cheng said.

Nokia again partners with China Mobile to launch new handsets

Chris Weber, Nokia's Executive Vice President for Global Sales and Marketing, announced the release the new Lumia 720 and 520 smartphones, which run on the Microsoft's Windows Phone 8 operating system, through China Mobile. Also scheduled for release are the budget Nokia 105 and 301 internet-ready mobile phones, with some Lumia-type features, for first-time handset buyers. China Mobile, which had 714.7 million subscribers at the end of January, was also Nokia's partner last year for the release of the Finnish company's high-end Lumia 920 phone. Weber declined to provide a timetable for when China Unicom and China Telecom would also be able to provide the new Lumia models to their subscribers. Unicom also currently sells the Lumia 920. The starting prices for the Lumia 720 and 520 are €249 and €139 respectively. The Nokia 105 has a suggested retail price of €15, while the 301 costs €65. Weber said pricing is expected to vary from market to market. Nokia and Microsoft are also expected to combine their resources in pushing the Lumia line of smartphones in the Chinese business market. Nokia hopes to be competitive in China against low-cost devices that run Google's Android operating system and even the new Windows-powered smartphones from HTC, Samsung Electronics and Huawei Technologies. However, Nokia missed opportunities during the past Lunar New Year holiday shopping season as only 30,000 Lumia 920T models

were delivered up to January 30 out of the 90,000 ordered, the South China Morning Post reports.

- Huawei Technologies Spokesman Scott Sykes said that that Singapore “Institute of Microelectronics (IME) approached Huawei on one occasion for cooperation in the GaN field, but we decided not to accept, and consequently do not have any cooperation related to GaN”. American engineer Shane Todd was found hanging in his apartment in Singapore in June, and it was reported that he had worked on the development of gallium nitride (GaN) at the Institute in a project involving Huawei. The company added that “Huawei does not do military equipment or technology nor do we discuss it with partners.” IME’s Director Dr Dim-Lee Kwong said that the Institute “did not go beyond preliminary talks with Huawei on a commercial project and does not have, and has never had, a project with the company on GaN amplifiers.”
- Samsung and Apple accounted for more than half of all smartphone sales worldwide in the final quarter of 2012 – 29% for Samsung and 22.1% for Apple – according to research firm Strategy Analytics. Behind Samsung and Apple, however, Chinese firms held the third, fourth and fifth spots – with 5.3% for Huawei, 4.7% for ZTE and 4.4% for Lenovo. The Chinese firms were offering attractive smartphones at lower prices, and could grab a larger market share in developing countries.
- ZTE, which sold 65 million phones in 2012 and ranked fourth in the global market, is predicting it will be among the top three players by 2015. “But we still face big pressure in promoting models costing more than CNY2,000,” said Ma Wenlong, ZTE’s Handset Business Brand Director. “The TD-LTE market will be a spotlight of the domestic handset market in 2013, with nice profit margins for players,” said Wang.

WEB

China refutes hacking allegations

Foreign Ministry Spokesman Hong Lei said allegations of Chinese hacker attacks are groundless, commenting on a report by U.S. security company Mandiant stating it had traced cyber attacks waged against companies and government agencies in the United States to a unit of the People’s Liberation Army (PLA). “Groundless criticism is irresponsible and unprofessional, and it will not help to solve the problem,” Hong said. China had been a major victim of cyber attacks and opposed all forms of such activity, Hong said, adding that China had made and enforced laws banning such activity. He cited a report released by China’s National Computer Network Emergency Response Technical Team Coordination Center stating that 73,000 foreign IP addresses had been linked to attacks on 14 million Chinese computers. He said the number of attacks originating in the U.S. ranked at the top. Hong added that the government also objected to allegations that hacker attacks had been traced to a building in Shanghai. Hong said he did not know how such evidence could be discovered, as cyber attacks were often carried out anonymously and were difficult to trace. Virginia-based Mandiant said it traced the hacking to a neighborhood on the outskirts of Shanghai that included a 12-story building run by “Unit 61398” of the PLA. The unit “has systematically stolen hundreds of terabytes of data from at least 141 organizations,” Mandiant said. It added that the unit has been in operation since at least 2006. China’s Defense Ministry also issued a flat denial of the accusations and called them “unprofessional”. It said hacking attacks were a global problem and that China was one of world’s biggest victims of cyber assaults. “The Chinese army has never supported any hacking activity,” the Defense Ministry said. Mandiant is headquartered in Alexandria, Virginia, and was started in 2004 by Kevin Mandia, a retired Air Force officer who carved out a lucrative niche investigating computer crimes. Mandiant says it can detect and trace even quiet intrusions, such as the theft of employee passwords or trade secrets that a company otherwise might not be aware are happening. Mandiant said it was time to call out China for its systematic hacking and that releasing as many details as possible will help security professionals.

Sina reports promising fourth quarter

Sina Corp reported surprisingly better fourth-quarter earnings due to improving advertising income. Net profit in the final three months of last year was USD2.4 million. Although it fell 74% from USD9.3 million a year ago, it still beat previous estimates of losses, the Nasdaq-listed company said in a statement. Revenue grew 4% from a year ago to USD139.1 million,

with advertising sales climbing 7% to USD110.7 million. For the current quarter, Sina sees revenue at between USD115 million and USD119 million. In a separate statement, Sina announced the appointment of Jack Xu, former Vice President at Cisco, as Chief Technology Officer (CTO) and co-President. Sina also promoted Chief Operating Officer (COO) Du Hong as co-President while concurrently staying on as COO. Sina Chairman and CEO Charles Chao said the overall macro-economic conditions in China are improving and the company was cautiously optimistic about the general advertising market and online advertising growth for 2013. China's online advertising market increased by 46.8% in 2012, down from 57.6% in 2011, according to domestic research company iResearch. The number of Sina's average daily users grew by 9% from September to December, lower than in previous quarters, and there was also a slight decrease in the average time they spent on Weibo, partly because of competition from mobile applications. The number of Weibo's registered accounts rose 73% to 503 million by the end of 2012, of which about 9.2% were daily users in December. Qiu Lin, IT Analyst with Guosen Securities Co in Hong Kong, said the prospects of generating revenues from Weibo were "not optimistic" in 2013. "The fourth quarter should be a busy season for advertising, but Weibo's contribution to Sina's total advertising revenue fell to 8% in the quarter, which suggested its efforts to monetize Weibo over the past three quarters have been unsatisfactory," Qiu said. Sina started generating revenue from Weibo during the second quarter of last year. The service accounted for 10% of Sina's advertising revenues in the second quarter of 2012, and 16% in the third quarter.

IT professionals could earn up to 30% more in China

Experienced managers in online marketing, e-commerce and mobile internet operations are expected to be the most in-demand information technology executives in China this year. Train Luo, the Managing Partner for China at the New York-based executive search firm CTPartners, said the high demand for these senior managers is likely to result in higher salaries being offered compared with those in North America or Europe. "The compensation level could be 10% to 30% higher than in developed markets, including stock options," Luo said. According to CTPartners, the five most-wanted senior technology executives in China this year are Vice President of online marketing, head of e-commerce, head of mobile internet, Vice President for Research and Development on cloud technology and Country General Manager for enterprise technology in storage and security software. The most active sectors searching for those executives include internet, enterprise technology, consumer goods and retail, and financial services. Luo said the top seven executive search firms in China earn up to USD20 million a year in retainers to help multinational companies and large domestic enterprises fill their technology-related senior management vacancies. JP Morgan has estimated that the gross merchandise value of China's online shopping market will be USD436 billion by 2015, accounting for 8.5% of the country's total retail sales.

Number of broadband users to rise 30% this year

The number of China's broadband users will increase by 30%, or 60 million, this year under the "Broadband China" project and the country will also add over 100 million 3G phone users in 2013. China will raise the number of high-speed fiber-to-the-home (FTTH) users by 35 million in 2013 from 94 million by the end of last year. It will also boost the normal home broadband user base by 25 million to 200 million by the end of this year, the Ministry of Industry and Information Technology (MIIT) said. The "Broadband China" project seeks to propel China's average broadband bandwidth capacity in urban regions to 20 megabytes per second by 2015, five to 10 times faster than the current level. The project was unveiled in response to several consumer complaints about the low speed and high prices of previous family broadband services. In 2012, the average bandwidth cost dropped 30% annually, it said. China, the world's No 1 telecommunications market, will also add 100 million new 3G phone users this year, up from 232.8 million by the end of last year. By 2015, the Ministry envisages China to have 450 million 3G users. U.S.-based Nielsen said by the end of last year the 66% penetration rate of smartphones in China had surpassed the 53% of the United States and the UK's 51% but was slightly behind South Korea's 67%, the Shanghai Daily reports.

- Saudi Prince Alwaleed bin Talal's Kingdom Holding bought a stake in 360buy Jingdong, a Beijing-based online retailer, as it increases investments in electronic commerce. Kingdom led a group of investors to buy a stake valued at HKD3.1 billion in 360buy, of which Kingdom's investment was about USD125 million. The Prince also

holds stakes in Twitter, Apple and News Corp. 360buy offers more than seven million products through its business-to-consumer (B2C) direct sales and online marketplace platform. It had 80 million registered users at the end of last year.

- Cathay Pacific Airways has seen a surge in direct sales through its online promotion “fanfares” launched on October 30. It puts 1,200 to 1,700 discount tickets up for grabs every Tuesday morning, 90% through Cathay’s website, and the rest by travel agents. As an incentive for passengers to book online, they receive 500 Asia Miles points for every ticket bought directly through the company website. Traffic for Cathay’s website and that of its subsidiary, Hong Kong Dragon Airlines, had gone up by 60%, Cathay said.
- Alibaba Group will offer collateral-free credit loans to qualified small business owners in Guangdong province as it expands its financing arm. There are as many as 10 million registered Alibaba members in the province and eligible vendors may get a maximum loan of CNY3 million. The size of the loan will be based on ratings given by customers to the vendor as well as the number of orders received.
- Just 1% of LinkedIn’s 200 million worldwide users come from China. The company opened an office in Hong Kong last year but has yet to offer a platform in Putonghua, despite already being available in Romanian, Malay and a dozen other languages. “Entry into China is complicated and not something that we take lightly,” said company Spokesman Roger Pua. “We’re focused on getting it right.”
- China’s mobile gaming market surged nearly 25% in the fourth quarter of last year to CNY1.68 billion, registering the fastest growth since 2011, Beijing-based research company Analysys International said. The number of Chinese people accessing the internet via mobile devices increased to a record high of 420 million by the end of last year, and smartphones have become the most widely used tool to access the internet. The turnover of the paid mobile game market could surge to more than CNY14 billion by 2015, a report from iResearch Consulting Group estimated, up from about CNY5.2 billion in 2012.
- Tencent has established a WeChat office in the U.S. to study American users’ habits, maintain client relationships and explore business opportunities, the company said. While Chinese customers make up the majority of WeChat’s user base, foreign users increasingly adopt the service, according to Justin Sun, Director of WeChat’s international operations at Tencent. “But we’re really growing in the U.S. and in Arabic regions,” Sun told the Tech in Asia website. WeChat is similar to the U.S.-based WhatsApp and enables users to chat via text messages, voice and video on their mobile devices. “WeChat has the potential to become the killer app in the 3G mobile internet age, similar to what SMS has done in the 2G era,” JP Morgan said.
- 51buy.com, an online shopping website largely owned by Tencent Holdings, aims to register transactions totaling CNY15 billion to CNY20 billion this year, more than double last year. Bu Guangqi, 51buy’s CEO, said the website aims to “strengthen its position as one of the top three players” in China’s business-to-customer market this year. Last year, the website’s 3.5 million members bought goods worth CNY6.8 billion on the website, almost tripling the total transaction volume of 2011.
- Changes in top management at Ctrip International, one of China’s main online travel agencies, took effect on March 1. Liang Jianzhang, one of the founders of Ctrip, was appointed CEO and Chairman of the company. “Liang will focus on the company’s overall strategy and operation of main business segments,” a Ctrip Spokesperson told China Daily.
- Haier Electronic Group has closed its online shopping platform Argos.cn, which opened just three months ago, as Argos’ main investor British Home Retail Group withdrew. Haier partnered with British Home Retail last year to explore the Chinese market through multiple channels. Argos.cn used a website, a mobile phone application and offline outlets to explore the Chinese market.
- Senior finance executives of Alibaba Group held a closed-door discussion with a representative of New York’s Nasdaq Stock Exchange in Hong Kong. This suggests Alibaba could be actively exploring other public listing options besides Hong Kong. Speculation about Alibaba’s plans to pursue an IPO later this year was fueled by the decision of company founder Jack Ma to step down as Chief Executive on May 10. Alibaba Spokesman John Spelich said the company did not comment on executive meeting schedules. Alibaba had an estimated valuation of USD40 billion.

- Tencent has set up a joint venture with Indonesia's largest media company PT Global Mediacom. The joint venture, engaging in internet and mobile internet services, launched a WeChat TV commercial to penetrate into the Indonesian market. Hary Tanoesoedibjo, CEO of MNC Group, Global Mediacom's parent, said the combination of Tencent's unique technology and expertise with Global Mediacom will fully explore the vast potential growth of Indonesia's internet-based services.
- Online shopping, followed by after-sales service of home appliances and the quality of food products, topped the list of consumer complaints in 2012. The Shanghai Consumer Rights Protection Commission received about 16,000 complaints about online shopping last year, an increase of 45% from 2011. Most involved the change or cancellation of orders from online retailers and their failure to deliver products. Many involved low-price sale promotions.
- Alibaba Group is back in the loan market for a jumbo financing of up to USD8 billion to refinance existing debts, barely a year after borrowing USD4 billion in loans to finance its share buyback deal with Yahoo.
- Sohu.com is talking to investment banks and private equity funds, including Credit Suisse, about a possible financing plan to take the company private, possibly joining a growing number of Chinese firms delisting from the United States market. Sohu's competitors Sina.com and NetEase are also listed on Nasdaq. Sohu listed on Nasdaq in July 2000 and its shares are now trading at about USD44, giving it a market capitalization of USD1.7 billion. If successful, Sohu.com will be the largest Chinese company to delist from a U.S. stock exchange. Some market watchers expect the company to relist in Hong Kong in a few years' time.
- Alibaba Group Holding, China's biggest e-commerce company by transaction volume, is expected to launch an online credit payment service in some parts of China to increase the turnover generated by customers using mobile devices. The new service will be first available to users of Alibaba's business-to-customer (B2C) and customer-to-customer (C2C) platforms on mobile devices.
- China was subject to an increasing number of cyber attacks in the first two months of this year, with more than half launched from the United States. In the past two months, 6,747 overseas servers were found to use Trojans or botnets to control nearly 1.9 million mainframes in China. Among them, 2,194 servers located in the United States, the National Computer Network Emergency Response Coordination Center said. News portals China.com.cn, People.com.cn and Tibet.cn have all been victims of attacks from foreign IP addresses in the past two months, the report said.

ONE-LINE NEWS

- Asia Satellite Telecommunications (AsiaSat) is looking to obtain a USD306 million long-term loan from the Export-Import Bank of the United States (Ex-Im Bank) to finance its latest expansion program. The Hong Kong-based company, whose major shareholders are Citic Pacific and General Electric, plans to use the funds for the construction and launch of two new satellites, AsaSat 6 and AsiaSat 8. The company posted an 8% rise in net profit to HKD395 million for the six months to June last year, up from HKD367 million in the previous year. Revenue climbed 37% to HKD1.1 billion from HKD802 million. AsiaSat has four satellites in orbit.

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