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HARDWARE

More than half of Apple devices jailbroken

More than half of iPhone and iPad users in China have jailbroken their Apple devices to avoid paying for applications despite Apple making it easier in November for owners to pay using the yuan. In the first quarter the jail-breaking rate in China was 34.6%, according to UMeng, a mobile system research firm. With detailed guides which can be easily found in online forums, many Chinese users jail-break the Apple devices and download the paid applications for free. "The new payment won't change anything," said Sun Peilin, Mobile Analyst at Analysys International, a Beijing-based research firm. "Users who jail-break are not willing to pay for applications. They don't care about paying in dollars or yuan." By the end of September, Apple China's App Store boasted more than 450,000 applications, of which over 56% are

applications that have to be bought. The rival Android market has about 250,000 applications, said Analysys International.

Intel Capital to continue investing in China

Intel Capital, the investment arm of Intel Corp, said it may probably have invested up to USD100 million in China in 2011 and hopes to quicken its expansion in the market by sealing at least 10 deals this year. Since entering China in 1998, Intel Capital has invested in more than 100 Chinese enterprises, including Sohu.com, Phoenix New Media and Shanghai Media Group. The total China investment has surpassed USD650 million, according to Arvind Sodhani, President of Intel Capital and Executive Vice President of Intel Corp. China would maintain its position as the second-largest investment destination for Intel Capital behind only the United States. Intel Capital invested in 10 Chinese enterprises last year, with a total investment of about USD70 million, about 15% to 20% of its world-wide investments. "China is very critical in the global innovation industry. It owns a broad market and enjoys a high growth rate. Without China, the world's technology supply chain is not complete," Sodhani added. Intel Capital's international investments increased from less than 5% in 1998 to about 44% in 2010. Intel Capital launched two China Technology Funds, one of USD200 million in 2005 and the other of USD500 million in 2008. Of the 100-plus Chinese companies Intel Capital has invested in, it has exited 19 enterprises through initial public offerings (IPOs) or mergers and acquisitions (M&As). The company was rated as the No 7 foreign venture capital investor in 2010, out of 50 venture capital and private equity foreign investors that conduct business in China, according to Beijing-based research firm Zero2IPO Group, the China Daily reports.

Apple in controversy over iPad trademark in China

Apple may not be able to call its iPad an iPad in China, as a court in Shenzhen has rejected a suit brought by Apple in which it sought to gain control of the iPad trademark from the Shenzhen branch of Proview Electronics (Taiwan), which had tried to launch a tablet computer called the I-Pad a decade ago, a project it canceled due to lukewarm market response. Proview registered the trademark in Europe, but sold its rights outside China to UK-based IP Application Development (IPAD), which subsequently transferred the trademark to Apple. However, Proview Electronics (Taiwan) said the trademark for the Chinese mainland market was not included in the 2006 agreement because Proview Technology (Shenzhen) held it and not the Taiwan unit. Proview is seeking to get the highest possible compensation from Apple through the trademark case, as the company faces financial difficulties. Apple now must choose between the prospect of a drawn-out litigation or the expediency of a settlement. Apple Spokeswoman Carolyn Wu declined to say what action the company would pursue. Li Su, of the public relations firm Hejun Vanguard Group, which represents Proview Technology, said the Shenzhen firm would ask for CNY10 billion in compensation from Apple in its own copyright-infringement lawsuit. "No matter how successful Apple's iPad is, the trademark belongs to Proview Technology, and that is an unchangeable fact — unless it buys the trademark (from the Shenzhen company)," said Liu Chunquan, a lawyer at the Panocean Law Firm in Shanghai. "Someone may ask if iPads will be banned from the Chinese market if Apple fails to win the case. The answer is yes — if we firmly execute the court's ruling," he said. But that will not eliminate the black market. More iPads are smuggled from overseas than are purchased from authorized Apple outlets, said Li Yi, Secretary General of the China Mobile Internet Industry Alliance. "But authorized Chinese retailers of the iPad would be greatly influenced," said Li. He added that the likelihood of Apple finding a new name to call its tablet computer is "less than the chance of a comet hitting the Earth".

Samsung seeking approval for flash memory plant

Samsung Electronics is seeking government approval to set up a flash memory manufacturing plant in China, its first manufacturing base for semiconductors there, to meet strong demand for smartphones and tablet computers. Samsung's move to set up a chip-manufacturing plant in China highlights the increasingly competitive nature of the capital-intensive memory-chip industry. Until now, Samsung only had testing and assembly lines in China due to concerns about technology transfer, which might erode its lead in the industry by allowing competitors abroad to adopt its production techniques. If approved by the South Korean and Chinese governments, the new plant will be Samsung's second chip manufacturing plant located outside South Korea, after its Austin, Texas, facility. "This new NAND flash memory line will enable us to meet fast-growing demand from our customers and at the same time strengthen our overall competitiveness in the memory industry," said Jun Dong-soo, President of the

memory business. The new plant will make so-called NAND flash memory chips, which are used to store data in electronic devices even when power is switched off. The company plans to use under 20-nanometer-class technology, Samsung said. "In the past, our key customers were largely based in the U.S. or in Europe, but demand for NAND-based devices from China is expected to rapidly expand in the next few years and we can't hold back our plans," Samsung Spokesman James Chung said. He added that Samsung isn't concerned about technology transfer because by the time the plant is up and running in 2013, NAND flash memory chips using 20-nanometer class technology will become more commonly used and will be behind the technology used in its South Korean manufacturing plants.

Google triples investment in HK data center

Google has tripled to USD300 million its investment in a data center in Hong Kong, one of three the company plans to establish in East Asia as part of an aggressive expansion program. In December Google broke ground at its 2.7-hectare site in Tseung Kwan O, with operations expected to start by early 2013. The two other centers will be built in Singapore and Taiwan. The Hong Kong government has actively supported data-center projects to step up the city's adoption of cloud computing, which allows the delivery of software, online storage and other resources over the internet. Simon Chang, head of Asia-Pacific hardware operations at Google, said operating the data center in Hong Kong would lead to significantly faster access to all Google services by users in the region. Google Vice President John Liu, who heads its operations in the mainland, Hong Kong and Taiwan, said a combination of factors made Hong Kong an ideal data-center location, including reliable energy infrastructure, a skilled workforce, a vibrant internet economy, cheap and ubiquitous ultra-fast broadband connections, a competitive telecoms sector and an environment that enabled "trade, finance and new ideas to flourish online by allowing information to flow freely". The three new data centers planned by Google will be the first ones established by the company in Asia. It has six data centers in the U.S., with an average cost of USD600 million for each site. It has also spent €250 million on a facility in Belgium and €200 million on another in Finland, the South China Morning Post reports.

MOFCOM approves Seagate's takeover of Samsung's hard drive business

China's Ministry of Commerce (MOFCOM) conditionally endorsed the acquisition of Samsung Electronics' hard disk drive (HDD) business by the United States' Seagate Technology. The merger will have a negative impact on the interests of Chinese consumers as China has become one of the world's largest personal computer markets, the Ministry said. It approved the deal after Seagate and Samsung agreed to come up with solutions to reduce the negative impact on competition. The ruling came after two extensions of an anti-monopoly review of the acquisition since Seagate submitted its application in China more than six months ago. During the review period, the Ministry found that the global HDD market was highly concentrated, with the market shares of Seagate, Western Digital, Hitachi, Toshiba and Samsung reaching 33%, 29%, 18%, 10% and 10%, respectively. Seagate agreed to buy Samsung's HDD business for USD1.375 billion in April.

- The revenue of China's telematics industry soared more than 20% annually to CNY220 billion in the first three quarters of 2011. "Shanghai will play a leading role to develop the telematics industry nationwide. The city has a high science research level and a strong automotive industry favorable for telematics to develop," Shao Zhiqing, Deputy Director of the Shanghai Municipal Commission of Economy and Information Technology said.
- An explosion and fire at Ri-Teng Computer Accessory Co in Shanghai's Songjiang district injured 61 people in December, as the aluminum powder in a polishing workshop exploded. The injured employees suffered serious burns. The factory was founded in 2005 and has more than 12,000 employees.
- Philips (China) Investment Co announced plans to invest more than €25 million in the next four years to build a plant to make light-emitting diodes (LEDs) in the Chengdu High-tech Industrial Development Zone.
- Lenovo Group plans to introduce a new sub-brand for Ultrabooks to challenge the dominance of Apple with its Macbook Air. Lenovo launched the new ideapad U300s in Shanghai, which features super mobility and an 8-hour battery life.

- Taiwan's six DRAM memory chip makers are struggling to keep afloat as falling prices and stiff competition saddle them with huge losses. While their demise is not imminent, they are forced to make difficult choices: move into higher-value chips, tie up with foreign partners to gain scale, seek government help or fade away. DRAM chip prices have dropped 50% since the beginning of last year alone.
- Apple's iPhone 4S will be officially launched in China on January 13.

OPERATORS

China Mobile building Wireless City platform

China Mobile plans to offer a wireless service platform in about 200 Chinese cities. Li Yue, the company's CEO, said building the Wireless City is the most important task for the company during China's 12th Five Year Plan (2011-2015). In the past two years, China Mobile has set up 1.6 million wireless access points and plans to build another 6 million such points in the next three years, Li said. China Mobile's Mobile Market, the first store selling mobile-phone applications that has been set up by a telecom operator, will contribute various applications to the Wireless City plan, the company said. The number of times applications were downloaded from Mobile Market reached 600 million by November. The store has attracted about 150 million registered users and 2.95 million developers who want to offer their applications through the store. China Mobile also introduced a Mobile Market cloud computing service. Rival China Unicom (Hong Kong) introduced its "Wo-plus Opening System" — which will let users access various mobile applications — last month.

Broadband access slow and expensive

Half of Chinese broadband users don't enjoy the speed promised by telecom companies because the real speed is far below that claimed by telecom operators, a report by Beijing-based Data Center of China Internet claimed. By the end of the third quarter of last year, the center's data showed that 91% of users had broadband speeds of less than 400 kilobits per second (kbps) though they subscribed to a 4 megabytes per second (Mbps) service. Meanwhile, 53.2% of users were not satisfied with broadband services in China, according to the center. The average 1 Mbps bandwidth in China costs USD13.13 — four times the United States level and more than 400 times that of Hong Kong, the center said. In November, the National Development and Reform Commission (NDRC) began an anti-monopoly probe into the broadband business, targeting China Telecom and China Unicom. The two promised to cut broadband rates and raise speeds over the next five years. At present, China has about 150 million broadband users with China Telecom and China Unicom having almost 90% of the market. China Telecom promised to cut broadband rates by 35% within five years. Both carriers also started to improve speeds in the past two months to more than 10 Mbps or even 20 Mbps, 4 to 10 times the previous speed. "Bandwidth just represents the ability of internet speed but the real speed is determined by bandwidth, the internet environment and number of users in a specific region," said Jiang Junmu, Editor with C114, a professional website. Usually, the real speed is an eighth or a 10th of the claimed bandwidth speed, experts said. At present, China's broadband bandwidth is ranked No 71 in the world.

- The China Mobile branch in Changsha, Hunan province, was fined CNY150,000 for cheating consumers with misleading pricing packages, the provincial pricing authority said. The branch was fined for misleading users about discounts the telco was offering on phone calls and ordered to refund consumers who signed up for the package.
- China United Network Communications Group Co has announced its overall mobile internet strategy. The company launched the "Wo-plus Opening System", which will provide users with easy access to mobile internet applications, allow developers to share the company's resources, provide effective application marketing both on and offline, and construct "smart pipes" to allow the precise allocation of network resources. China Unicom also announced a mobile internet alliance with 31 industry partners.

RADIO, FILM & TV

Tsun Yip cleared for Xinhua TV takeover deal

Tsun Yip, a provider of waterworks engineering and roadworks services, will acquire Xinhua TV Asia-Pacific Operating for HKD700 million through a share and convertible bond issue. Xinhua TV is a branch of China Xinhua News Network Co (CNC). "We have no experience in the media industry, but we are very interested in exploring new businesses, especially in advertising," Tsun Yip's Chief Executive Eric Chia said. In return for the stake, CNC, a subsidiary of Xinhua News Agency, will own 28.49% of Tsun Yip to become the single-largest shareholder of the company. Chia said the firm's core business would be strengthened even as it expanded into the media sector. "Annual costs to run the media business will be about HKD7 million, including HKD1 million for content payment to CNC, HKD2.5 million to the satellite operator and HKD2.5 million and HKD1 million for broadcasting rights in Hong Kong and Macao, respectively." Chia said that assuming the channel sold 10 minutes of advertising every hour, the company would make a profit if the per-minute advertising fee was above HKD81. Wu Jincai, Deputy Editor-in-Chief at Xinhua who will now be an Executive Director of Tsun Yip, said in three to five years CNC expected to reach audiences worldwide as extensively as CNN and BBC. CNC broadcasts to 57 countries and regions. Zou Chendong, a CNC Director who will also become an Executive Director at Tsun Yip, said there had been no advertising income since the launch of the television station at the end of 2009, the South China Morning Post reports.

China's first 3-D TV channel goes live

China's first 3-D television channel started broadcasting despite the vast majority of television sets being unable to display 3-D images. Cai Fuchao, Director of the State Administration of Radio, Film and Television (SARFT), said the nationwide launch marked an important step forward in the development of China's broadcasting industry. The three-dimensional viewing experience would not only prove enormously entertaining to viewers but would create new industries through the need for new hardware and content, he predicted. Most television sets in China, thought to number about 500 million, cannot display 3-D images, and many still use analogue cathode-ray tube (CRT) technology. Manufacturers will soon have a market worth more than CNY100 billion when viewers decide to replace their old sets, Cai said. "It signifies that the Chinese television industry has closely followed international trends and has arrived at a new era of development," he added. While China Central Television (CCTV) is to take the lead, municipal and provincial channels in Beijing, Tianjin, Shanghai, Jiangsu province and Shenzhen will also provide a range of original content from documentaries to sports and cartoons, Cai said. While the channel is free, users must have a high-definition cable service, available mostly only in cities, as well as a 3-D-capable television set to view the content. The channel's website is accessible at 3d.tv.cn. In July, the channel will broadcast the Olympic Games live from London. According to the domestic research company All View Consulting, 3-D TVs accounted for only 2.6% of the market in China in the first quarter of 2011. However, the share increased to 15.7% in August and 3-D capability is expected to be a "must have" for TV shoppers this year.

- The average price of a Blu-ray Disc (BD) media player has dropped almost by half to below CNY1,000 in the past year. The price is now affordable to most Chinese families who have big-screen LCD TV sets at home, Zhao Guizhi, Director of the Blu-ray Disc Association (BDA) China, said. Film companies, including Sony Pictures and Walt Disney, plan to launch more than 100 Hollywood titles in the BD format in China this year. Hualu, the biggest China-brand Blu-ray disc publisher, said it will publish 70 titles in 2012.

SOFTWARE

SAP to acquire SuccessFactors

SAP, the world's leading provider of business-management software, will buy online software supplier SuccessFactors for USD3.4 billion in a deal that will help accelerate the German company's expansion in China. SuccessFactors, which was founded in San Mateo, California, delivers software for human capital resources management over the internet. The firm is the first of the major so-called cloud-computing-services specialists to push for the establishment of its own data-center operation in China. "The cloud is a core of SAP's future growth, and the

combination of SuccessFactors' leadership team and technology with SAP will create a cloud powerhouse," said Bill McDermott, Co-chief Executive at SAP. "The acquisition will help us address the top priority for CEOs globally – managing people and talent." SuccessFactors has applied to Chinese authorities several months ago for permission to establish a data center in Shanghai, from which it will deliver software online, to support its growing number of domestic customers. The company currently runs eight data centers, most of them in the United States. Established in May 2001, SuccessFactors has signed up 179 multinational corporations and 25 Chinese companies since setting up shop in China in 2009. It also had 14 corporate customers in Hong Kong as of June. The company will remain independent and be known as "SuccessFactors, an SAP company". SAP said it expected SuccessFactors' human-capital-management systems to be highly complementary to its own human-resources software offerings and existing cloud-computing assets, such as SAP Business ByDesign and SAP Sales on Demand. SAP, which set up direct operations in China in 1992, said in November that it would hire about 2,000 staff in the country by 2015 and open about five new offices. More than 4,000 companies in China currently run software from SAP, which has 176,000 customers worldwide. The acquisition of SuccessFactors will also help bolster SAP's competitiveness against main global rival Oracle, the South China Morning Post reports.

- All government departments in more than 600 cities and 2,900 counties will use licensed software by the end of 2013 in the latest move to protect intellectual property rights (IPR). Industry insiders predicted that the move will create a wave of business opportunities for software providers, especially for foreign brands. Statistics showed that from 2007 to 2010 government procurement of software was worth CNY1.07 billion.

TELECOM MFG. CO.

ZTE to launch high-end smartphone in the U.S.

ZTE Corp plans to launch a high-end smartphone in the U.S. in the middle of the year, marking a change from its low-cost emphasis and putting it in head-to-head competition with Apple, HTC, Samsung and Nokia. "By 2015, we expect the U.S. to be the largest market for handsets for ZTE," Lixin Cheng, President of ZTE's North American region, said. ZTE is shifting its focus to building its own brand of mobile devices, and is building market share. In the third quarter, it had 5% of the global handset market, pushing it past Apple to No 4 by shipments, according to research firm Strategy Analytics. In the U.S. smartphone market, where the company's share is so small it is lumped in the "other" category — trailing, among others, Apple and Taiwan-based HTC — ZTE offers a model that retails for as little as USD89 in the U.S. with a carrier's subsidy. The company is in talks with the top four U.S. carriers about the launch of the high-end LTE phone, likely to be based on Android software or the Windows 7 platform. Typically, a high-end smartphone costs more than USD400. Samsung has forecast that by 2015, smartphones selling for less than USD200 will represent about 50% of the market by volume. The company's U.S. shipments of mobile devices in the third quarter were up 157% from a year earlier, the Asian Wall Street Journal reports. The company is also considering building a manufacturing facility to make mobile devices in the U.S., where it now has 10 offices and three research and development (R&D) facilities. ZTE has 400 employees in North America.

Huawei pledges not to pursue business in Iran

Huawei Technologies has pledged not to pursue new business in Iran as it seeks to contain damage to its reputation in Western markets. Criticism is rising in the U.S. — an important market for Huawei — that equipment Huawei sold to Iran's state-controlled mobile operators allegedly helped the Iranian authorities locate and arrest dissidents and censor the news. "Due to the increasingly complex situation in Iran, Huawei will voluntarily restrict its business development there by no longer seeking new customers and limiting its business activities with existing customers," Huawei said. The company has close to 1,000 staff in the country. The Wall Street Journal reported in October that Huawei had signed a deal earlier last year to supply Mobile Communication Co of Iran (MCCI) with products that could help track users' locations. Huawei has denied this. In November, the company said it had won a contract to provide a mobile news delivery platform to MTN Irancell, the country's second-largest mobile operator. "As we transform our business and broaden our customer base away from just operators, we need to consider other things and may start taking a slightly different approach," said one executive. Because Huawei's founder, Ren Zhengfei, once worked for the People's Liberation Army as an officer, Huawei has been unable to shake off suspicions that it might be

an arm of the Chinese military and government. Huawei has failed to win a single network infrastructure contract with a first-tier U.S. operator.

- Apple's smartphone market share shrank to 10.4% in the third quarter of last year from 13.3% in the previous quarter. Samsung's shot up to 19.2% from 14.6% and Huawei's to 11% from 7.3%. Nokia, the market leader, is fast-losing traction. It holds the top slot with 26.8% share but that has dropped from 36.2% in the previous quarter and 71.4% a year earlier. The real missing link for Apple is a tie-up with China Mobile, the country's top mobile carrier, analysts said.
- Huawei Technologies has started implementing a rotating CEO system to pave the way for a smooth management handover from current CEO and Founder 67-year-old Ren Zhengfei. The company is jointly owned by its employees and is not listed. The new structure requires a number of top Huawei executives, including Vice Chairman Guo Ping and several executive directors of its board, to act as Chief Executive for six months at a time. Ren hopes the new system will help strengthen corporate governance as Huawei seeks to grow globally.
- Philippine prosecutors filed a criminal case against former President Gloria Macapagal Arroyo over an overpriced deal with China's ZTE Corp that allegedly involved huge kickbacks. Arroyo, under arrest on separate electoral fraud charges, has previously denied wrongdoing in the ZTE case. But under public pressure in 2008, she cancelled a flagship USD330 million deal to set up a nationwide broadband network. The complaint is based on Senate testimonies in 2008 by ZTE consultant Dante Madriaga, who said the deal was originally priced at USD130 million, but ballooned to accommodate the kickbacks.

WEB

Yihaodian No 1 in this year's Deloitte ranking

Online supermarket Yihaodian has topped 2011's ranking of the 500 fastest-growing technology companies in the Asia-Pacific region. Shanghai-based Yihaodian, in which retail chain giant Wal-Mart Stores is a minority shareholder, saw its revenue rise 19,218% over three years, according to global advisory firm Deloitte's 10th annual regional survey. The top-10 companies in the latest survey realized average three-year revenue growth of 6,949%, up from 6,300% a year ago. Jolyon Barker, Managing Director at Deloitte's global technology media and telecommunications unit, said growth in the Asia-Pacific was led by technology companies involved in semiconductors – led by suppliers to smartphones and media tablets – and the internet. Yihaodian started with two people in July 2008 and now has a staff of more than 4,200. It now sells about 120,000 products and has built relationships with thousands of suppliers. It also has established storage centers in Beijing, Shanghai, Guangzhou, Wuhan and Chengdu to help cover customers nationwide. To further widen its reach, the company plans to join other Chinese online retailers in an open business-to-consumer platform being established by Hangzhou-based Taobao Mall, part of the Alibaba Group. According to internet consultancy iResearch, the total online shopping market in China will be worth CNY771.9 billion this year, up from CNY498 billion last year. Other firms in China that made Deloitte's top-10 were information security software specialist Tendyron at No 3, with three-year revenue growth of 9,150%, and No 4 Jiaying Mbaobao Network Technology, an online retailer with revenue growth of 6,288%, the South China Morning Post reports.

Tencent raises USD600 million with five-year unsecured bonds

Shenzhen-based Tencent has completed its sale of USD600 million worth of five-year U.S. dollar-denominated bonds, the company's first international debt offering. Tencent, which operates popular web portals that provide online games, social networking, instant messaging and other services, expected net proceeds to reach USD592.44 million after deducting underwriting fees and other expenses. In a filing with the Hong Kong stock exchange, the company said the bonds due in 2016 were not secured by any of its assets. The notes bear an interest rate per year of 4.625% and are listed on the Singapore Exchange Securities Trading. Tencent President Martin Lau said the successful pricing of the notes showed that "investors have responded favorably to our business model, financial policy and financial profile". U.S. and Asian investors each accounted for 45% of the allotments, while Europe made up the rest, according to a report by Thomson Reuters. It said funds received 65%, banks 21%, retail

investors 8%, and insurers and central banks 6%. Tencent said net proceeds from the notes offering would be used for general corporate purposes, including working capital, replacing some of its existing short-term borrowings and potential strategic acquisitions. Last year it bought stakes in U.S. video game developer Riot Games, software company Kingsoft, movie producer Huayi Brothers Media and online travel services provider eLong. The company also took a minority shareholding in Russian internet firm Digital Sky Technologies, which has since been renamed Mail.Ru Group.

Number of government-related micro-blogs on the rise

The number of government-related micro-blog accounts has risen threefold since the beginning of last year, as governments at all levels use the service to explain their policies. The number of government-related weibo accounts on Sina.com has reached nearly 20,000, including more than 10,000 for government departments and about 9,000 for officials from all provinces, according to a report by the People's Daily Online's Public Opinion Monitoring Office. Analysts say that, if used properly, micro-blogs can be an effective tool in countering negative news. Micro-blog reports in the wake of the deadly high-speed train crash in Wenzhou in July sparked official concern that negative information spread by micro-blogs was out of control and could provoke social unrest. The authorities have since tightened their control over micro-blogs, while also trying to use them to their own advantage. Professor Wang Yukai from the Chinese Academy of Governance said he believed micro-blogs had transformed the dialogue between government and the public. But users say many micro-blogs are not updated regularly and are reluctant to interact with the public. Government agencies issued new rules requiring new micro-blog users in Beijing to provide proof of their true identities when registering for new accounts, although they are free to choose their screen names, said a Spokesman with the Beijing Internet Information Office (BIIO). "The new rules are aimed at protecting web users' interests and improving credibility on the web," he said. The real-name rule is expected to be enforced nationwide. There are currently seven microblog operators registered in Beijing – Sina, Sohu, NetEase, Phoenix, Soufun, 139 and Hexun. China currently has about 300 million micro-bloggers, according to Liu Zhengrong, Deputy Director with the Internet Department of the State Council Information Office (SCIO).

Sogou hires more staff to compete in internet search

Sohu.com plans to double the number of people working for its online-search unit this year to 1,400, as competition with Baidu and Google intensifies. Sogou has started to draw more Chinese search-engine traffic than Google since September 30, according to the data tracker Cnzz.com. In November, 7.67% of all internet searches in the country were conducted through Sogou and 5.32% through Google. Baidu had the heaviest traffic with 80.51%. Sogou expects to double its annual revenues this year, taking in more than USD100 million. The third quarter of last year saw Sogou break even for the first time, when it reported collecting USD18.4 million in revenue, up 244% from the year before. Meanwhile, Tencent Holdings, the biggest internet company in China measured by revenue, will spend about CNY1 billion this year on research and development (R&D) for its search engine Soso.com, Jeff Xiong, Tencent Chief Technology Officer, said as Soso started a promotional campaign in nine cities. In 2010, the company recruited Zhu Huican, the designer of Google's photo search, to be the Chief Architect of Soso. Xiong said the company hopes Soso can break even within two to three years and become one of the top two money makers among Chinese search engines. Although Baidu is meeting most of the Chinese demand for online searches, an increasing number of players have emerged, including Alibaba Group Holding and the online video site Youku.com, the China Daily reports.

Beidou Navigation System starts trial operation

China began trial operations of its home-produced navigation system with more than 100,000 people, including fishermen, bus drivers, emergency workers and military personnel using the Beidou Navigation Satellite System. It currently consists of 10 satellites and has an accuracy of about 25 meters, said Ran Chengqi, Director of the China Satellite Navigation System Management Office. China is the third country after the United States and Russia to have an independent satellite navigation system in operation. The accuracy of Beidou, which means the Big Dipper in Chinese, will be improved to around 10 meters, almost the same as GPS, by the end of this year after six more satellites are put into orbit. By then, the service will cover most of the Asia Pacific region, Ran said. The system will eventually have more than 30 satellites, he added. The GPS system has 24 working satellites and three backups. Beidou is

expected to provide a global service to the public by 2020. "The global services from Beidou will be free," Ran said at a press conference in Beijing. Compared with the satellite navigation systems developed by the U.S. (GPS), Russia (Glonass) and Europe's Galileo system, Beidou is the only one that also offers text messaging. The first Beidou satellite was launched in April 2007 and the 10th last month. The U.S. is currently the dominant provider of navigation services for vehicles in China, with its GPS system used in 95% of the country's navigation market. The Management Office put a test version of the system's Interface Control Document online, which is a technical document vital for the manufacturing and development of receivers and chips. The number of satellite navigation application terminals in China has grown from less than 100,000 in 2000 to more than 10 million in 2009. The number is expected to reach 340 million by 2015.

- Shanda Interactive Entertainment expects its expansion initiatives to remain on track despite posting a 90% dive in earnings during the third quarter of last year to CNY9.7 million. Revenue rose 28% to CNY1.77 billion, from CNY1.38 billion a year ago. The poor results followed the Shanghai-based media firm's deal to be privatized by a buyout group led by Chen Tianqiao, its Chairman, Chief Executive and President. The takeover is expected to be completed in the first quarter.
- American luxury brand Coach has reached a landmark deal with Taobao intended to prevent counterfeits of its products from being sold on Taobao Marketplace. The initiative will apparently pave the way for the company to start building its online shopping presence in China and Hong Kong within the next 12 months. According to internet consultancy iResearch, the total online shopping market in China will be worth CNY1.096 trillion in 2012, up from an estimated CNY771.9 billion last year.
- Netdragon Websoft's English-language multiplayer game for iPad users worldwide called Conquer Online is now available on Apple's App Store, the Fuzhou-based game developer said. The company in December received a venture capital investment of USD20 million for its mobile application platform. Chinese game developers, including The9 and Shanda, are expanding from the traditional online game sector to mobile platform and overseas markets, industry insiders said.
- One of Shanghai's leading group-purchase websites, 55tuan.com, was fined CNY30,000 for posting a fake driving school training course to lure customers. 55tuan.com featured a driving school ad, saying people can buy a coupon valued at CNY1,200 for CNY200, and that it could be used at several different schools. The page showed that nearly 700 people bought the coupon, but the person who provided the coupon had no driver-training certificate, and none of the schools listed in the ad were cooperating with him. The culprit was detained by Pudong New Area police.
- Shanda Interactive Entertainment went to court against Shenzhen-based Teelio Technology Co, which claimed Shanda infringed its trademark by using a similar name in a popular online game and sought CNY56 million to sell its trademark. In court, Teelio asked Shanda to stop its infringement and destroy all the products marked with "Long Zhi Gu," claiming that the infringing trademark could mislead the public.
- Tudou plans to sue rival Youku.com in Beijing and will demand CNY150 million in compensation for infringement of patented content. Tudou has said Youku is illegally airing the entertainment program series "Kangxi is Coming," whose exclusive online broadcasting rights on the Chinese mainland were granted to Tudou by Taiwan's TV station CTI Television. Earlier Youku also filed a lawsuit against Tudou in Shanghai, alleging Tudou is broadcasting more than 50 other TV series whose patents are owned by Youku.
- Six areas in Beijing – including Xidan, Wangfujing and Zhongguancun – now enjoy free internet access. This will soon be extended to three railway stations – Beijing, Beijing West and Beijing South. Free WiFi is also available in Shanghai's Lujiazui area, which launched its "wireless financial city" program.
- A website operator who illegally downloaded nearly 10,000 online novels and reproduced them on his own site to make profits was sentenced to 10 months in prison with a one-year reprieve for copyright infringement, the Pudong New Area People's Court said. The 25-year-old convict was also fined CNY50,000. Prosecutors accused the webmaster of having made a profit of more than CNY600,000 from ads.
- Yahoo is considering cutting its 40% stake in Alibaba Group Holding to about 15%. The deal, which may let Alibaba repurchase the stake in a tax-free manner, values the

Asian assets at about USD14 a Yahoo share, or more than USD17 billion. Alibaba stepped up efforts to buy back the stake after the September ouster of Yahoo Chief Executive Carol Bartz, who had opposed a sale. Yahoo acquired its stake in Alibaba, based in Hangzhou, for about USD1 billion in 2005.

- The Shanghai government and China Broadband Capital (CBC) will establish a CNY300 million fund to tap the local cloud computing industry which the city intends to develop over the next five years. Besides cooperating with the private sector Shanghai has also set up a CNY320 million fund to directly support cloud computing, including building a cloud demonstration center and public cloud service platforms. More than 110 firms with cloud computing business were operating in Shanghai by the end of 2011.
- Shanghai expects to double e-commerce sales to CNY1.2 trillion by 2015, the Shanghai Commission of Commerce said. The city's e-commerce sales rose 16-fold to CNY425.3 billion in 2010 from 2002. In the first half of 2011, sales increased 24.8% from the same period a year ago to CNY249.5 billion. Twelve companies, including the Shanghai branch of eBay and International Payment Solutions, were acknowledged as the city's model e-commerce firms. The city government plans to build up 30 big e-commerce firms with over CNY100 million in annual sales by 2015.
- Innovation Works, founded by Google China's former President Kaifu Lee, will open its Shanghai branch in March to focus on the mobile internet sector. Tapas Mobile Technology Co, the first firm Innovation Works has incubated, confirmed it would move to Shanghai. Founded in 1999, Innovation Works has incubated over 30 projects in the IT and telecom sectors.
- China targets to adopt the large-scale commercial use of the next-generation internet system called Ipv6 (Internet Protocol version 6) by 2015 after putting it on trial in 2013. The new IPv6 technology opens up a pool of internet addresses that are a billion to trillion times larger than the total pool of the current IPv4 addresses and are virtually inexhaustible for the foreseeable future, experts said. The new IPv6 network bandwidth can reach 2.5-10 gigabytes per second, 100 times faster than the current internet.
- Large e-commerce players are jumping into China's e-book market. China Dangdang started selling e-books, offering 50,000 titles from 200 publishers. Yi Wenfei, the company's Vice President, said the number of e-book titles would soon exceed 100,000, since Dangdang is in talks with 100 more publishers. "We hope the number of e-books sold on Dangdang can surpass that of printed books in the next three to five years," said Yi. The company will provide its e-reader, priced at about CNY499, in the first quarter of 2012. Jingdong Mall said it was also preparing an e-book sales platform.
- The value of China's IT market will surge to CNY985 billion in 2012, as sales rise by 19.9% from 2011, according to International Data Corp (IDC). "About 60% of expenditure will go into the hardware sector, including smartphones and other mobile internet devices," said Kitty Fok, Vice President of IDC Asia-Pacific.
- The registration details of over 40 million users of Tianya.cn, one of China's largest internet forums, were leaked after the site was hacked – one of the biggest leaks of user information in Chinese cyberspace. Internet users also reported password leaks on other major websites. Several websites including douban.com, a social networking site devoted to films, book and music reviews, and Meituan.com, a group-buying website, have warned their users to change their passwords if they use the same passwords to log in to other websites.
- Alibaba Group Holding announced that its group-buying site will serve as an open platform for other sites to sell their goods. The site Juhuasuan.com, which means "group bargains", will offer leading group-purchasing companies the opportunity to open online stores on the platform, said Shao Xiaofeng, Secretary General of Alibaba, at a news briefing in Hangzhou. Potential partners include Meituan.com, Manzuo.com and Gaopeng.com, said Yan Limin, General Manager of Alibaba's group-buying business.

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