

## TECH TALK

# 3G takes China to top of world

Cellphone operators reveal highest revenue growth across the globe

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The booming third generation (3G) wireless service businesses in China have helped three Chinese telecom operators to lead the world's telecom industry in terms of revenue growth since last year.

The nation's three telecom carriers — China Mobile Ltd, China Unicom (Hong Kong) Ltd and China Telecom Corp — caught the spotlight on the world stage by obtaining double-digit year-on-year revenue growth rates based on their performance in the fourth quarter, 2011, according to the latest world's operator ranking study conducted by Wireless Intelligence, a research branch under the GSM Association.

China Mobile achieved a quarterly revenue increase of 13.8 percent to \$22.7 billion year-on-year in Q4 last year, while more impressive revenue

growth had been reported by its two Chinese rivals: China Unicom increased sales by 31 percent to \$4.3 billion; China Telecom grew sales by 56 percent to \$2.9 billion over the period.

By contrast, many mobile operators who have a strong presence in Europe, including Vodafone Group, Deutsche Telekom Group and Telefonica Group, recorded year-on-year revenue declines.

Matt Ablott, senior editorial analyst at Wireless Intelligence, attributed their revenue drops to some extent to "a consequence of market saturation, fierce price competition and a slowdown in consumer spending due to the eurozone's economic crisis."

Elsewhere, operators in the United States and Japan maintained a steady growth rate because of the rapid development of data businesses as more people surf the Internet through mobile phones and

created large traffic volumes. US-based Verizon Wireless posted a year-on-year revenue growth of 6.4 percent to \$15.1 billion in Q4, 2011.

In the first half of this year, the 3G momentum continued to enable Chinese telecom carriers to outperform their global counterparts. The first quarter revenue of China Mobile reached 127.4 billion yuan, up 7.8 percent over the same period last year; China Unicom realized a 24.8 percent increase in sales in the first quarter and China Telecom gained 15.7 percent year-on-year.

However, Vodafone, Europe's largest mobile phone company, posted a revenue slump of 7.7 percent in the three months ending June 30, noting that "macroeconomic and competitive pressures in southern Europe have intensified further."

Emeka Obiodu, senior analyst at research firm Ovum, said the contribution from Vodafone's emerging markets is no longer sufficiently rescuing poor performances from Vodafone's European markets. "Telecoms revenues tend to



China Mobile, together with other telecom operators in the country, have seen their business growth maintaining a strong upward momentum thanks to an increasing number of subscribers using smartphones and the rapid development of 3G technology in the country.

lag (behind) economic trends. People firstly experience deteriorating personal finances before they start cutting back on telecoms spend(ing). Therefore, as long as the economic headaches persist in southern Europe (and with concerns mounting in the UK, too), the road ahead will be uncertain for Vodafone and other Europe-centric telecom operators," Obiodu wrote in a research note.

Because of limited overseas business, Chinese telecom carriers are relatively safe and are

not likely to face pressure from the world's economic turbulence, analysts said.

"China developed its 3G networks a few years later than many developed economies," said Feng Mingyuan, a telecom analyst with Ping An Securities. Chinese telecom operators received 3G licenses in 2009 and started the deployment of 3G networks in the same year.

"Therefore, Chinese carriers are behind other countries' operators in reaping the fruit from 3G services," Feng added. China's 3G development

gained momentum last year after more affordable smartphones hit the market.

The number of China's 3G service subscribers is approaching 200 million, out of a total of more than 1 billion mobile accounts in the nation. Joss Gillet, senior analyst at Wireless Intelligence, estimated that a quarter of the Chinese mobile market was running on 3G networks by June.

"It took China only 13 quarters after it launched 3G to achieve this milestone, which was faster than in Europe,

where it took 20 quarters after launch," Gillet told China Daily. He also predicted that half of the Chinese mobile market would 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 this year. China Unicom's revenue from 3G services was 40 billion yuan (\$6.26 billion) in 2011. The figure is expected to surpass 70 billion yuan this year, Shao said in an interview in May.

## TECH BYTES

### digits

# 11

percent

The percentage of Chinese online shoppers who bought goods from overseas, compared with the total number of people who shopped online in 2011, according to Chinese research company iResearch.

# 16.56

million

The user number of Zong, China Mobile Communications Corp's first international brand, in Pakistan. Zong was the fourth-largest telecom carrier in Pakistan as of May, data from Pakistan Telecommunication Authority showed. The South Asian country has nearly 120 million mobile users.

# 10

million

The sales number of Samsung Electronics Co's Galaxy III within two months, according to Chinese news portal Sina.com on July 23.

China's biggest third-generation carrier China Unicom launched Galaxy III in China simultaneously with other countries and introduced another Samsung's smartphone B9120 to boost sales.

## voices

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## 'Insidious' apps pose threat to smartphones

By GAO YUAN  
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Chinese smartphone users face increasing threats from malicious applications as a rising number of applications designed to hack the phones' operating systems have poured into the market over the past

two months, said an industry report.

The amount of malware surged in May and June, according to a half-year mobile Internet safety report released by NQ Mobile Inc, China's largest mobile security provider by user number.

More than 10,000 apps designed to hack smartphones were detected as of June. There were fewer than 2,000 detected in April.

Nearly 3.7 million smartphones were attacked by malicious apps in June, the highest number ever recorded.

Smartphones running the Android system were the biggest victims. A total of 3 million Android phones were attacked last month, according to the report, adding that the number of attacks against the world's most used open-source operating system jumped by 62 percent in the first six months of this year compared with the second half of 2011. The infection rate of smartphones running the Android system hit 78 percent in June. The figure was 40 percent at the end of last year.

Nokia Corp's Symbian was the second-biggest target for malicious software, with fewer than 500,000 new infections each month, far lower than Android's figures. However, the disparity is not because Symbian users have better malware protection than Android's. Rather, experts say it reflects the fact that Symbian is a dying operating system.

Last year, Nokia decided to adopt Microsoft's Windows operating system and abandoned Symbian, letting its user numbers decline.

"A great number of apps started to shift from Symbian to Android because fewer people



GOU BEN / FOR CHINA DAILY

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are buying smartphones running it, while the user numbers of the Android system keep growing," said the report.

The Android system had nearly 70 percent of the market share in China by the end of last year.

In addition, the Chinese mainland has become the hardest-hit area globally. The number of infected smartphones in China took more than a quarter of the world's total.

The infection rate was actually the highest worldwide, followed by Russia, the United States and India, where each country took more than 15 percent of the global infections.

"The large number of third-party online app stores provide an easy download platform for apps made for insidious purposes," said Shi Wenyong, co-founder and chief operating officer of NQ Mobile. He added that a disreputable underground

profit chain has been forged over the years.

"From programming, spreading to user fee deductions, all kinds of jobs were assigned to different interest groups. Their teamwork poses a serious security threat to smartphone users."

The spread of malicious apps seems to have a direct correlation with a region's economic development level. Smartphone users in the nation's coastal regions are more at risk than users inland.

South China's Guangdong province is suffering the worst safety situation across the country, followed by Jiangsu, Beijing, Sichuan and Fujian, said the report.

Security engineers warned that mobile phone payments — an online funds transfer service which is frequently used in economically developed regions — could become the next victim of bad apps.

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