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InfoCom says China is driven by mobile services and broadband.

China telecom market to top US\$144 billion in 2015 — Mobile competition to revolve around differentiated, innovative data 3G services — In 2015, China expected third largest telecom market in the world — DSL subscriber base expected to increase at 5% a year.

Manila, Philippines — From 2011 to 2015, the Chinese telecom industry will grow by a compounded annual average rate (CAAGR) of 3%. Mobile services and datacom will grow at a rate of 3% while Internet at 9%. Fixed telephony, on the other hand, will steadily decline at a CAAGR of about 3%. In mobile services, competition will revolve around providing differentiated, innovative and relevant data 3G services. Non-voice service revenues will grow at an annual average rate of 7% as compared to only 1% for voice services. In 2015 China should be overall the third largest telecom market in the world, well after the US but quite close to Japan.

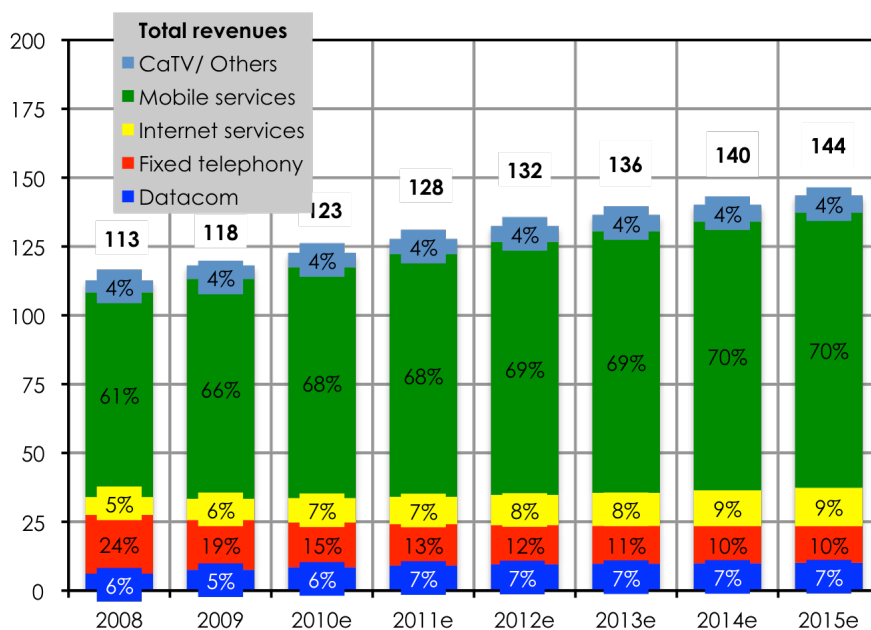


Fig. 1- 2008-2011 revenues (billion \$US) and 2015 forecasts

In mobile services, China's subscriber base remained at the top in Asia, with 805 million mobile subscribers and a penetration rate at 60% (2Q10). Incumbent China Mobile increased its subscribers by 12% to 552 million (YoY, 2Q10) while China Telecom almost doubled its subscriber base to 75 million. The three operating mobile carriers began 3G commercial operations as early as 4Q09 and by mid-2010, the 3G subscriber base already reached 25 million users, accounting for 3% of the total mobile subscriber base in the country.

Mobile operators will continue to roll out mobile networks at a faster pace, supported also by government initiatives, especially in those areas, which are not covered by fixed broadband services. The launch of 3G services alongside the significant subscriber base growth overall is pushing demand for data-related value-added services, which should positively impact non-voice mobile revenues. "Nevertheless, "an analyst at InfoCom Manila commented, "mobile data services and 3G handsets are still not enough accessible for many mobile users, especially for lower-income social classes. Therefore, ARPU overall has suffered as a result of the total mobile base increase and especially a larger prepaid base. And this trend is expected to continue".

Aside from 3G, the telecom carriers focused their resources on broadband access services as these carry a high revenue potential. In particular, operators invested heavily on infrastructure to extend coverage and bandwidth, and lowered charges, making services more affordable. As a result, fixed broadband subscribers in China grew by 20% to 126 million (YoY, 2Q10), about half of the total subscriber base for Asia in the same period. DSL dominates the broadband access market, representing 75% of the total broadband access base, with the remaining 25% represented by cable modem and fibre optic. Operators will further extend their DSL infrastructure in the rural areas and, hence, the DSL subscriber base is expected to increase at a rate of 5%.

About this contribution: InfoCom has just released 2010 values and 2015 updated market shares already for a large number of countries in Asia. New figures and data are available in TELESEEQ, InfoCom's interactive dataroom, available online. TELESEEQ is ONE system comprised of the entire telecommunications and related markets with data available for a huge number of services, with split a large number of indicators, by region, country and carrier, for 85 countries and 10 regions, containing forecasts for 5 years over the current year.

About InfoCom: InfoCom is a market research and consultancy company with over 20 years experience providing strategic analyses and planning assistance to stakeholders in the telecommunications, IT and multimedia industries. InfoCom's independent and fact-based analyses highlight trends and opportunities, supporting decision makers to understand market dynamics in order to improve their competitive advantage.

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