

## China 3G Industry Report, 2008-2009



In Jan 2009, China Ministry of Industry and Information Technology issued 3G license to China Mobile (TD-SCDMA), China Unicom (CDMA2000) and China Telecom (WCDMA), which marked China formally entered into 3G era.

In the short term, 3G will not benefit operators due to the growth of capital expenditure, marketing expenses growth and fiercer price competition. During 2009-2012, only by the growth of depreciation expenses, the annual growth rate of operators' profit will drop by 10%. However, the operators will benefit by gaining more loyalty users and improving ARPU in the long term.

Driven by 3G, telecom investment in china will experience another growing period; the investment scale is expected to reach CNY867.5 billion by the year of 2011, which will have a positive impact on telecom device sector, especially in the first half of 2009.

### Fixed Assets Investment Value and Growth of China's Telecom Industry, 2003-2011E



Source: MIIT

Moreover, Value-added service providers and relevant IT service providers will grow up to a great extent in the next few years.

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