



## Market News Snapshots

### China Mobile Preps 3G Surge

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China Mobile Ltd. (NYSE: CHL) is set to have more than 160,000 TD-SCDMA base stations in operation by the end of this year as it ramps up its 3G activities, according to local media reports. The carrier finally received its 3G license in early January and has been busy engaging equipment vendors during the past few months. (See China Awards 3G Licenses, China Mobile Picks AlcaLu, and Nokia Siemens Scores China 3G Deals.)

Chinese news agency Interfax, citing a source from a government-backed industry alliance, reported that the mobile giant, which boasted nearly 464 million customers at the end of January 2009, is set to have 161,000 3G base stations deployed by 2010. TD-SCDMA is China's home-developed, standardized version of 3G. Of that total, about 5,000 will be deployed in Shanghai, providing coverage similar to the operator's existing 2G service.

The rollout in Guangdong province is set to be even larger. According to a report from *China Daily*, citing China Mobile Guangdong general manager Xu Long, 6 billion Renminbi (\$877 million) will be spent this year alone on deploying 6,300 TD-SCDMA base stations.

According to the report, China Mobile Guangdong had already built out 4,600 TD-SCDMA base stations before it officially received its license. That initial build is part of what the carrier referred to as its "large-scale trial," which also involved connecting customers. China Mobile noted in its January 2009 subscriber statistics that it already has 226,000 TD-SCDMA customers.

The aggressive rollout will provide coverage to a large percentage of China's population, but expectations of the rate of take-up vary massively, with anything up to 100 million subscribers predicted by 2011.

However, according to Wireless Intelligence, it will be the end of 2013 before that magic figure is met, at which time it will equate to 12 percent of China Mobile's subscriber base.

Senior analyst Joss Gillet told *Unstrung* that user take-up trends are likely to mirror those of HSPA (high-speed packet access) in other markets, with data-orientated services and high-end users characterizing the early days of service.

"It won't be a mass market product at launch," says Gillet. Instead, he feels it will be 2010 or 2011 before TD-SCDMA products and services will be mature enough to attract the attention of the masses, and only then would the subscriber growth curve steepen sharply.

And while that subscriber base is growing, China Mobile will be developing its LTE (Long term Evolution) strategy. The carrier told *Unstrung* last year that it is building its TD-SCDMA cell sites with its LTE rollout plans in mind. (See China Mobile Preps LTE Network.)

Source: Catherine Haslam, Asia Editor, *Light Reading*