

TECH TALK

E-content providers look to cash in

E-reader sales forecast to surpass 3 million units in China this year

By CHEN LIMIN
CHINA DAILY

BEIJING — As the popularity of wireless reading devices like Amazon's Kindle or the Sony Reader grows, Chinese companies have been stepping up efforts to tap into the country's burgeoning digital-reading industry.

INTERNET But navigating the new market, closely intertwined with copyrights issues, is proving to be a complex one.

Apart from e-reader makers flooding the market, companies focusing on content integration also appear to be a sizeable new force.

One such company, Shucang.com, is a website where users can upload, read, and download e-books for free.

Online since last September, Shucang.com now has 150,000 users who have uploaded about 30,000 e-books.

Users often locate and read both pirated and copyrighted digital copies of their favorite books on the Web, and later upload them to the site for "credits". These credits can then be exchanged for downloads of other books from the site for free.

According to Zheng Xiaoyun, chief executive officer of the website, the free online-content platform plans to build user loyalty now and later profit by converting to a fee-based format.

"We will later turn the free platform into an online book-

store, which we can really cash in on," said Zheng.

The ambitious Zheng is one of many entrepreneurs looking to profit from digital reader content at a time when e-reader makers are doubling their efforts to satisfy consumer demand for the devices.

According to IT research firm DisplaySearch, China's e-reader sales will soar from 800,000 units in 2009 to 3 million units this year, accounting for a whopping 20 percent of global e-reader sales.

Ironically, copyrighted versions of Chinese-language books aren't available in electronic formats online, and if they are, they are more often than not pirated.

Nevertheless, Shucang.com's Zheng is predicting a rosy future for digital reading, despite the fact they could end up in hot water over pirated resources being uploaded by their users.

"We will gradually focus on e-books that don't have copyright problems and bring in publisher resources," said Zheng. "But it will take some time to make the transition."

While copyright problems remain a headache for many smaller websites, bigger players have taken a broader approach to the digital reading market by selling e-readers, building online sales channels and providing copyrighted editions of e-books.

Digital publishing solutions provider the Founder Group Inc, last July launched Fanshu.com, a platform to con-



An electronic book-reading device made by Hanvon. Chinese companies have been stepping up efforts to tap into the country's burgeoning digital-reading industry.

AN XIN / CHINA DAILY

duct e-book searches as well as the reading and purchasing of digital content. The company's site is touted as a combination similar to Google's book search service and Amazon's Kindle Store.

The website claims to have 600,000 e-books available for trial reading and purchasing online.

Buying online is definitely more friendly to the pocket-book, with a Chinese-language copy of *Pride and Prejudice* retailing at stores for around 13 yuan, while a digital version goes for a mere 4 yuan online.

Shanda Literature Limited, the online publishing arm of Nasdaq-listed Shanda Interactive Entertainment Limited, said it plans to mimic the format used by Apple Inc's App

Store in the near future.

The Shanda store will provide five million online novels and 10,000 e-books, some of which the company owns the copyrights to.

Both the Founder Group and Shanda Literature hope to sell their own copyrighted resources in an effort to link different parts of the industry chain together. The Founder Group has also gotten into the e-reader market, releasing a digital reading device called the "WeFound" last year, which is priced at 4,800 yuan. Shanda Literature has also teamed up with e-reader makers to share e-reader content.

Bringing all the various parts of the e-reader puzzle together has not been easy.

"The most difficult problem

in the digital content market is the lack of a comprehensive platform connecting publishers, e-reader makers, and users," said Zhao Ge, chief executive officer of Founder Group's Fanshu.com.

The market entry of large companies like Shanda Literature and the Founder Group into the digital reading market may help improve consumer recognition at an early stage in industry development, said analysts. But even the big boys are not without challenges.

"The copyrighted resources Shanda Literature has are mostly entertainment-oriented online novels, which are far from what the average person is interested in reading," said Zhang Yanan, an analyst with domestic research firm Analy-

sys International.

While some publishers remain cautious about throwing their support behind content providers, others have established partnerships with both e-reader makers and content providers. One publisher says the incentives to forming partnerships are just not there.

"We are usually offered an extremely low price for granting digital copyrights. It is so low, in fact, that we just can't accept their offers," said the deputy editor of one of the largest publishers in China, who declined to be named.

He added that publishers are in a weak position in the digital reading industry and therefore tend not to sell the copyrights to other players in the industry.

TECH BYTES
digits**700**
million yuan

Total investment by Microsoft in China Shanghai Science and Technology Park, which officially opened in Shanghai on Wednesday. This is the first Microsoft technology park outside the United States and now employs 1,500 staff.

15.3
billion yuan

The amount of money Internet users in China spent fighting Internet bugs and viruses last year, according to a report by the China Internet Network Information Center. More than half of all Internet users have been plagued by Internet bugs or viruses, said the report.

Voices

Google's smart-phone, NexusOne, will be launched in China in April as the Dopod T8188."

WU ZHENGQUANG VICE-PRESIDENT OF HANDSET-MAKER DOPOD, ACCORDING TO A REPORT FROM NANFANG METROPOLIS NEWS ON WEDNESDAY. THE SMARTPHONE WILL SUPPORT CHINA MOBILE'S TD-SCDMA NETWORK.

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For enquiries, please contact:

Zhang Ranran

Tel: 86-10-64995784

E-mail:

zhangranran@chinadaily.com.cn,

ipr@chinadaily.com.cn



Rich energy resources, including oil, coal and electricity, will guarantee development (of the Cangzhou Bohai Sea New Area)."

ZHANG LIZHONG
DEPUTY DIRECTOR OF THE CANGZHOU BOHAI SEA NEW AREA'S MANAGEMENT COMMITTEE



The Huanghua Comprehensive Port in Cangzhou.

PROVIDED TO CHINA DAILY

Construction to fuel growth in Cangzhou's coastal region

By XU XIAO

Cangzhou, a city in Hebei province, aims to further develop the Cangzhou Bohai Sea New Area this year, Zhang Lizhong, deputy director of the new area's management committee, said at a recent media conference.

In the southeast of Hebei province, the 2,400 square kilometer new area has 130 km of coastline and is at the heart area of the Bohai Sea region, the third-most important national economic center following the Yangtze River and Pearl River deltas.

Just an hour's drive from Tianjin and two hours to Beijing, the area serves as an

important hub connecting Hebei province and eastern China with the west.

"During this year's Two Sessions, the governor of Hebei province Chen Quanguo emphasized the urgency in developing the new area," said the deputy director.

"The governor asked the entire province to boost the development of Huanghua, Qinhuangdao and Caofeidian, three port cities with millions of people. The goal is to build a continuous coastal urban area along the east of Hebei province."

In 2009, the new area had 24 billion yuan in GDP, an increase of 16.5 percent compared with the previous year.

Fixed assets investment totaled 27.2 billion yuan, a surge of 59.2 percent.

Its fiscal revenues reached 3.71 billion yuan, a 36.2 percent increase.

"It is estimated that by the end of this year, the area's financial income will surpass 5 billion yuan, and will break through 10 billion yuan by the end of 2013," said Zhang.

Advantages

Huanghua Comprehensive Port is the second link in the nation for transport of coal from western China to the east and handled 80 million tons last year.

The area has over 1,700 sq km of land available so "as long

as there is construction, the government will provide land and services," Zhang said.

Its highways, railways and airports are also crucial to boosting the economy.

As well, "rich energy resources, including oil, coal and electricity, will guarantee development," Zhang added.

Zhang told China Daily that the government's work is based on building big ports, cultivating big industries and developing big cities.

The deputy director said that the new area also has to build a recycling economy and boost the development of environmentally friendly industries.