

# Huawei becomes top telecom gear maker

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Huawei Technologies Co Ltd has become the world's biggest manufacturer of telecom equipment, after its first-half revenue beat that of Swedish rival Telefon AB LM Ericsson.

Huawei reported late Tuesday that its first-half revenue was 102.7 billion yuan (\$16.07 billion), up 5.1 percent year-on-year.

The figure is \$850 million more than that of Ericsson's first-half revenue.

However, analysts said that Ericsson is still by far the largest cellular infrastructure maker in the world. The Stockholm-based company has developed

a business portfolio different from that of Huawei and is strengthening its position in the telecom service market.

"Ericsson holds the No 1 position in mobile network infrastructure and telecom services," Melody Li, a spokeswoman for Ericsson China, told China Daily on Wednesday. She said that Ericsson's market share in the mobile equipment market reached 38 percent with \$34.9 billion in 2011, twice as big as its closest competitor in the segment.

Huawei held 16.5 percent of the world market for mobile network infrastructure in 2011, bringing in \$13.5 billion in revenue, according to Gartner Inc. "The situation did not change much this year, which means

Ericsson still dominates the market," said Xiang Ligang, a telecom expert in Beijing. He added that Ericsson gained an upper hand over Huawei because it has full access to the North American market, while Huawei was blocked from this profitable region due to security concerns by the US government.

Ericsson also drew back from the mobile phone business after selling its 50 percent stake in Sony Ericsson Mobile Communications AB, a 10-year-old mobile-phone joint venture with Sony Corp, back to Sony in October 2011.

By contrast, Huawei has sizable handset and enterprise businesses. Huawei's smart-phone shipments soared 500 percent to 20 million units in

2011. Total mobile phone shipments hit 55 million units, according to its annual report.

Yu Chengdong, CEO of Huawei Consumer Business Group, said in an interview in May that the company expects its sales of consumer devices to reach \$9 billion this year, up more than 32 percent from the \$6.8 billion in 2011.

However, there is something in common in both Huawei's and Ericsson's half-year financial reports, as well as in that of other major telecom gear makers — almost all of them suffered significant profit drops, or forecast big profit decreases.

Huawei announced a 22 percent decline in its first-half operating profit to 8.79 billion yuan. Ericsson posted a 64 per-



LA MENG / XINHUA

Visitors at the Huawei pavilion at the Mobile World Congress 2012 in Barcelona, Spain, in March.

cent drop in its second-quarter earnings, while France's Alcatel-Lucent SA warned it would miss its 2012 earnings forecasts.

ZTE Corp, another major telecom equipment maker based in Shenzhen, has predicted that half-year earnings will drop 60 percent to 80 percent, to between 154 million yuan and 308 million yuan.

"The eurozone crisis was a heavy blow to us," Liu Peng, vice-president of ZTE, said.

Many of ZTE's contracts in Europe are for several years, but at fixed exchange rates. The company stands to lose when the euro depreciates against the yuan, he said.

In addition, the global economic turmoil and slower spending of worldwide telecom carriers are also having a

negative impact on the telecom market.

"The peak of 3G network construction has passed, while the new wave of 4G network deployments is yet to arrive. With a sluggish economy, the whole year prospect of the world's telecom industry is not optimistic," said Ji Chengdong, an analyst with the research firm Frost & Sullivan.

# Private equity, venture capital firms hit by economic slowdown

By CAI XIAO  
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The amount of fundraising and investments by Chinese venture capital and private equity funds plummeted in the first half of the year, as did the number of times they exited investments in companies.

Meanwhile, the prospect is gloomy for Chinese IPOs in the United States this year, according to latest industry reports.

As the global economy continues to weaken, Europe's debt troubles become more serious and Chinese economic growth

slows, 150 venture capital and private equity funds that can invest in the Chinese market raised \$8.59 billion in the first half. That amount was down 77.1 percent year-on-year, said a report by Zero2IPO Group, a company that researches venture capital and private equity.

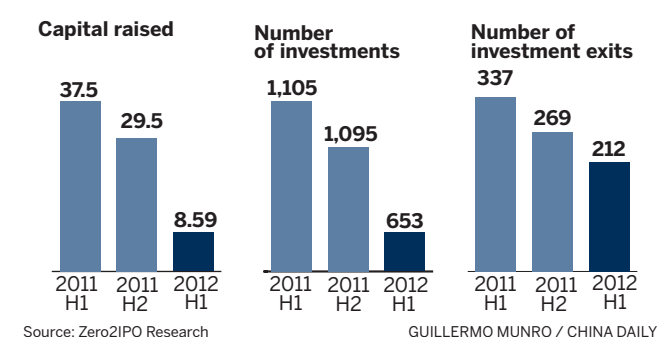
The report said eight of those 150 funds were foreign.

The first half of the year saw 653 investment deals involving venture capital and private equity in China, a decrease of 40.9 percent year-on-year.

Venture capital funds found the Internet industry to have the most attractive investment prospects, making 72 deals and

## CHINA'S VC/PE INDUSTRY

Unit: \$ billion



Source: Zero2IPO Research

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putting \$470.9 million into it in the first half of 2012.

Private equity funds, meanwhile, most liked the medical and health industry, making

23 deals in it from January to June.

Of the 128 Chinese enterprises whose shares were listed on stock exchanges in the first

half of the year, about 100 launched IPOs on mainland exchanges. The remaining 24 held them in overseas markets, a number down almost 50 percent year-on-year.

In the same period of 2011, 167 companies launched IPOs on mainland exchanges.

Shan Xiangshuang, chairman of the board of China Science and Merchants Capital Management Ltd, said: "the outlook for venture capital and private equity firms reflects the situation in the Chinese and global economies."

China was home to more than 10,000 venture capital and private equity firms at the

end of last year. Those companies managed nearly 2 trillion yuan (\$313.9 billion) in assets, according to Liu Jianjun, an official of the National Development and Reform Commission's department of fiscal and financial affairs.

Gu Shengzu, a deputy to the National People's Congress Standing Committee, said investments made in companies that are about to launch an IPO usually produce less returns than do those that are made earlier.

Venture capital and private equity firms therefore should put their money into companies that are a long way off from selling shares.

In the first half of this year, only one Chinese company went public in the United States, according to China Venture Group.

Shares in the Chinese online retailer VIPshop, backed by the venture capital firms DCM and Sequoia Capital, tumbled in their US debut in March.

According to China Venture, 43 Chinese enterprises went public in the US market in 2010, raising \$4 billion. But Chinese companies have been effectively shut out of North American markets since June 2011, a result largely of short-selling and accounting scandals at some Chinese companies.

## Joanna Real Estate

<b>Beijing Riviera - 香江花园</b> ID: 7365 450sqm, 5bedrooms ¥53,000 type A, phase I, detached, big garden, big balcony	<b>Dragon Bay Villa - 龙湾别墅</b> ID: 6672 400sqm, 4bedrooms ¥45,000 detached, under floor heating	<b>River Garden Villa - 裕京花园</b> ID: 0904 220sqm, 5bedrooms ¥30,000 type A, phase II, detached, big garden	<b>Yosemite - 伏山美地</b> ID: 6820 447sqm, 4bedrooms ¥45,000 type C5, semi-detached, big garden, open kitchen
<b>Central Park - 新城国际</b> ID: 4410 195sqm, 3bedrooms ¥21,000 phase I, high floor, south facing, good sunlight	<b>Park Avenue - 公园大道</b> ID: 7455 195sqm, 3bedrooms ¥21,000 south facing, garden view, lake view	<b>Pop Moma - Pop Moma</b> ID: 2991 210sqm, 3bedrooms ¥30,000 garden view, open kitchen	<b>Palm Springs - 棕榈泉</b> ID: 5007 175sqm, 3bedrooms ¥21,000 middle floor, garden view, value for money

<b>Upper East Side - 阳光上东</b> 3Br, 160sqm high floor ¥12,000 3Br, 220sqm south facing ¥20,000 4Br, 248sqm high floor ¥23,000 4Br, 270sqm garden view ¥30,000 4Br, 270sqm garden view ¥30,000 3Br, 218sqm middle floor ¥25,000 3Br, 230sqm 1st floor, nice garden ¥30,000 3Br, 235sqm middle floor ¥23,000 4Br, 253sqm south facing ¥24,000 4Br, 280sqm good view ¥30,000	<b>Richmond Park - 丽都水岸</b> 2Br, 121sqm middle floor ¥12,000 3Br, 180sqm good view ¥17,000 3Br, 217sqm south facing ¥25,000 4Br, 339sqm big balcony ¥38,000	<b>Chaoyang Park Area</b> Greentake Place - 观湖国际 3Br, 180sqm nice furniture ¥13,000 4Br, 225sqm high floor ¥20,000 4Br, 260sqm middle floor ¥23,000 4Br, 298sqm good view ¥30,000 Palm Springs - 棕榈泉 2Br, 138sqm south facing ¥15,000 3Br, 180sqm high floor ¥24,000 3Br, 225sqm good view ¥28,000 3Br, 230sqm high floor ¥30,000 4Br, 370sqm good view ¥45,000 Park Avenue - 公园大道 3Br, 170sqm nice balcony ¥20,000 3Br, 193sqm high floor ¥22,000 3Br, 256sqm park view ¥33,000 3+1Br, 212sqm high floor ¥28,000 4Br, 370sqm park view ¥45,000 Oceanwide Int'l Residential District - 泛海国际 3Br, 185sqm spacious layout ¥15,000 4Br, 245sqm high floor ¥24,000 4Br, 300sqm high floor ¥33,000 Boya Garden - 博雅园 2Br, 135sqm good view ¥11,000 3Br, 170sqm middle floor ¥14,000 4Br, 228sqm high floor ¥20,000 Star River - 星河湾 3+1Br, 260sqm garden view ¥23,000 3+1Br, 320sqm nice garden ¥33,000 4Br, 500sqm duplex ¥60,000	<b>United Apartment - US联邦公寓</b> 2Br, 166sqm high floor ¥15,000 3Br, 200sqm high floor ¥18,000 4Br, 230sqm high floor ¥22,000 Chevalier - 赛马都 3Br, 220sqm garden view ¥22,000 4Br, 290sqm high floor ¥25,000 Mission Residence - 九都汇 1Br, 92sqm good view ¥10,000 1+1Br, 110sqm brand new ¥13,000 2Br, 140sqm open kitchen ¥15,000 3Br, 180sqm good view ¥25,000	<b>Dongzhimen Area</b> Seasons Park - 海晏名苑 2+1Br, 140sqm good view ¥13,000 3Br, 150sqm garden view ¥14,000 4Br, 250sqm garden view ¥33,000 MOMA - MOMA 3Br, 230sqm high floor ¥22,000 4Br, 245sqm special offer ¥25,000 4Br, 303sqm south facing ¥32,000 POP MOMA - 当代MOMA 2Br, 147sqm high floor ¥13,000 3Br, 210sqm south facing ¥25,000	<b>Villas for Rent in Beijing</b> Airport Expressway Area Chateau Regalia - 丽高王府 3Br, 250sqm nice garden ¥20,000 4Br, 323sqm viscount ¥30,000 5Br, 465sqm earl ¥38,000 Dynasty Garden - 丽都花园 3Br, D 286sqm 50sqm garden ¥21,000 4Br, D 400sqm two gardens ¥25,000 5Br, 500sqm full furniture ¥35,000 5Br, H 600sqm big garden ¥45,000 Rits Garden - 丽高花园 4Br, 410sqm nice garden ¥40,000 4Br, 450sqm big garden ¥45,000 5Br, 500sqm full furniture ¥50,000 Australian Garden - 澳景园 4Br, 450sqm 400sqm garden ¥38,000 5Br, 600sqm nice garden ¥55,000 LA GRANDE VILLA - 壹天下 4Br, 275sqm nice garden ¥18,000 4Br, 375sqm full furniture ¥20,000	<b>Jing Shun Road Close to I58</b> Yosemite - 伏山美地 4Br, B1 495sqm detached ¥48,000 4Br, B2 570sqm nice garden ¥55,000 4Br, B6 508sqm big garden ¥53,000 4Br, C6 453sqm nice garden ¥52,000 4Br, C9 358sqm big garden ¥38,000 Beijing Eurovillage - 欧陆苑 4Br, 280sqm nice garden ¥25,000 4Br, A 682sqm big garden ¥50,000 4Br, B 578sqm big garden ¥45,000 4Br, C 516sqm 100sqm garden ¥40,000 3Br, F 286sqm full furniture ¥20,000 Capital Paradise - 名都园 3Br, 159sqm semi-detached ¥13,000 3Br, 196sqm nice garden ¥17,000 4Br, 229sqm detached ¥23,000 River Garden Villa - 裕京花园 3Br, A 200sqm 200sqm garden ¥25,000 4Br, B 247sqm big garden ¥30,000 3+1Br, C 260sqm nice garden ¥32,000 Dragon Bay Villa - 龙湾别墅 3Br, 290sqm special offer ¥25,000 4Br, 370sqm 100sqm garden ¥30,000 Lane Bridge Villa - 长岛湖桥 4Br, 350sqm big garden ¥28,000 4Br, 400sqm big garden ¥34,000 4Br, 400sqm luxury decoration ¥40,000
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<b>Upper East Side : 3Br 3Ba 196sqm ¥23,000 value for money ID:7174</b> This newly decorated fully furnished apartment has spacious rooms including a big kitchen, high windows, good natural light, wooden flooring, and great views of the river flowing below, under floor heating.	<b>Victoria Gardens : 3Br 2Ba 167sqm ¥20,000 value for money ID:7527</b> Fully furnished apartment, two large balconies, open kitchen with cooker and dishwasher, wooden flooring with under floor heating, quiet compound near convenience stores, restaurants and Chaoyang Park.
<b>Central Park : 3Br 2Ba 180sqm ¥29,000 ID:0495</b> This newly renovated 21st floor apartment comes with dark wooden flooring and new high quality furniture throughout, with a beautiful garden and city view from its big balcony. It is located in a quiet compound.	<b>Central Park : 2Br 2Ba 136sqm ¥19,000 ID:2066</b> A newly furnished beautiful apartment located in the popular Central Park compound. The apartment boasts stylish modern décor, dark wooden flooring throughout, and a great garden view.
<b>Four Seasons : 3Br 2Ba 256sqm ¥48,000 ID:11176</b> This lovely apartment comes with a spacious living room, brand new modern furniture, and a stunning garden/river view. Four Seasons is a brand new property in walking distance of Kempinski Hotel.	<b>Hotline: 010-8458 5475/ 137 0108 0877</b>