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CN

Alcatel-sbell and Huawei share nationwide deal from China Netcom

The China Netcom Group Co., Ltd. (NYSE: CN) has chosen the Alcatel Shanghai Bell Co., Ltd. and the Huawei Technologies Co., Ltd. as equipment suppliers in its next generation network (NGN) nationwide upgrade plan.

Huawei will undertake the construction of NGNIP carrying network, VIP NGN business network and part of NGN DDD network covering 31 provinces in seven areas, while Alcatel-sbell is to construct the NGN DDD commercial test network covering 31 provinces and the local NGN network in two provinces.

After the upgrade completed, China Netcom will provide more data and multimedia businesses covering color ring back tone for fixed-line, pre-pay telephone and distant video phone. Simultaneously, the NGN can support the 3G network, and provide new businesses such as IPTV and VOIP.

It is predicted that the number of NGN users in China would reach seven million by the end of this year as against no more than one million in 2004.

CHU

China Unicom increases investment in Macao

The China Unicom Co., Ltd. (NYSE: CHU) has invested an additional two million yuan in its CDMA network in Macao to guarantee a operating soundly network for the 4th East Asian Games in Macao.

In the period of the Games, China Unicom newly provides a group of customer services to the CDMA users traveling in the special administrative region as delegations, visitors and media.

The company launched CDMA 1X network in Macao in October.

CHL

China Mobile to regulate SPs

The China Mobile Hong Kong Ltd. (NYSE: CHL) issued the Regulations on SMS



Provided by Monternet SPs as the first detailed provisions in the field, according to its recent announcement.

In accordance with the regulations, the company will grade all SPs (Service Providers) in cooperation, punish those lacking of integrity, and even halt services of those seriously violating relevant provisions, according to their accumulated points.

It is learned that China Mobile would popularize the regulations nationwide recently.

In 2004, some large SPs, including Sina, Sohu and Netease, were punished by China Mobile for their out-of-line behaviors, which impacted their share price in NASDAQ heavily.

CHA

China Telecom to end test IPTV equipment bidding

China Telecom Co., Ltd. (NYSE: CHA) will end the test IPTV equipment bidding nationwide.

In Shaanxi, ZTE won the bidding of Shaanxi Telecom, covering only about 10 million yuan. In Zhejiang, industry insiders predicted that UTStarcom (NASDAQ: UTSI) would beat down other competitors, including Huawei, ZTE and Onewave Technologies Inc. In Jiangsu, Huawei, ZTE, UTStarcom and Powerwise were still in test.

Simultaneously, six factories joined the second round test in Shanghai, including UTStarcom, Siemens, Alcatel-sbell, Microsoft, ZTE and Huawei. In Guangdong, Huawei, ZTE, UTStarcom and Powerwise joined the test.

According to industry insiders, the hottest competitors in the nationwide bidding of China Telecom were UTStarcom and ZTE, which are expected to get the largest piece of cake. However, no one will take the lion's share, according to experts' prediction.

At present, the company is testing the three IPTV standards, which are MPEG4, H.264 and VC-1. And more than one standard will be supported by the future commercial system.

ASIA

Asiainfo announces 3Q financial report and directorate changes



Asiainfo has recently published its 3Q'05 financial report and the quit of Sun Qiang and Wu Ying from its board.

According to Asiainfo's report, the company's net income in 3Q'05 reached 22 million dollars, up 53% year on year and its gross profit rate was 43%, higher than the corresponding 41% in 2004.

Asiainfo claims that it has generally attained its planned goal and realized the fourth continuous quarterly growth of the company's gross profit, though its 3Q net profit shrank from 3Q'04's 4.97 million dollars to 430,000 dollars.

The company expects to earn a net income of 18 million to 20 million dollars in 4Q'05 with a year-on-year increase of 13% to 22% but a fall of 9%-18% from that of 3Q'05.

According to Asiainfo, Sun Qiang from Warburg Pincus and Wu Ying from UTStarcom will quit Asiainfo's board of directors while Tom Manning, Chairman of China Board Directors Ltd., will become Asiainfo's independent director.

Asiainfo also declares that it would sell its Human Resources (eHR) and Business Intelligence (BI) to Hinge Software Co., Ltd. at 1.85 million dollars.

CHG

Chinese power plants benefit from policy change

All Chinese power plants have begun to improve their performances and arrested their loss-making situation, thanks to implementation of price pegging between electricity and coal starting on May 1.

According to a recent industry survey, Chinese power plants began to report positive profit growths since the beginning of July and the number of loss-making power plants has been dropping month by month.

In January-September, the 4,623 power plants covered by statistics of the power industry realized a total profit of 68.319 billion yuan, a rise of 7.55% year on year.

By the end of September, 450 power plants of the five major power groups belonging to the State Power Grid and the South China Power Grid had reported a total installed capacity of 206.62 million kw, 17.8% more than in the same period of 2004, accounting for 42.83% of the national total. They had generated 673.4 billion kwh of electricity, rising by 20.13% year on year, accounting for 37.96% of the national total.



CHG

Huaneng joins in FutureGen program

China Huaneng Group (CHG) has recently signed an agreement to participate in FutureGen Program that involves a plan to build the world's first prototype zero-emission fossil fuel power plant in the United States.

With an investment of 2% of the project's total, CHG, as other participants, will be able to share the technological achievements gained in the project.

CHG is the only Chinese company of the 12-member consortium participating in the one-billion-dollar power plant project.

The 275,000 kw prototype plant will establish the technical and economic feasibility of producing power by utilizing coal gasification technology combined with cyclic electricity generation, sequestration of carbon dioxide emissions and hydrogen production, which is expected to treat 1 million tons of carbon dioxide a year and raise power generating efficiency to 60%.

The project is coordinated by the Department of Energy (DOE) of the US and implemented by the enterprise consortium. DOE will provide a 500-million-US-dollar fund to support the program, a carbon dioxide program of DOE to provide 120 million, and the enterprise consortium to provide 250 million, leaving the rest of 80 million to foreign governments.

Besides CHG, other members already in the consortium includes AEP, Southern Company, Peabody Energy, Kennecott Energy, Consol Enregy, Foundation Coal, and BHP Energy Coal.

Besides, CHG has a similar innovation plan at home. Known as Green Coal Burning Plant Plan, it is scheduled to start in 2005 by transforming two of its power plants in Shantou (Guangdong) and Chongqing. HPG's move falls in with China's energy-efficient and environmental protection development strategy.

SMIC

SMIC reports negative profit on sales growth in 3Q

Semiconductor Manufacturing International Corporation (SMIC) reports a net loss of 26.115 million dollars in 3Q'05, the company's fourth quarterly deficit in a row,



though its sales went up 10.9% from 279.5 million dollars in 2Q to 310 million dollars.

In the same period of 2004, the company reported a net profit of 39.343 million dollars.

Meanwhile, SMIC reveals that it will introduce sample chips that use 65-nanometer (nm) manufacturing technology in 2006.

SMIC said earlier that it would start producing pilot products using 90nm technology by yearend 2005 and commercialize them later on, and 65nm technology will be the company's focus in 2006.

It will also use 90nm logic process with the technology licensed from Israeli Saifun Semiconductors to manufacture a 2-gigabit NAND flash product. It has also entered into a definitive agreement with Elpida to migrate our customer's capacity from 100nm to the 90nm process at Fab 4 in Beijing.

BAIDU

21CN exclusively purchases media rights of Greatstar

When BAIDU is trapped in a copyright lawsuit of music, 21CN has signed a 5-year contract with Guangdong Greatstar Film Co., Ltd. to exclusively purchase and transmit the latter's movies and TV plays online.

The cooperation between 21CN and Greatstar will accelerate the perfection of wide-band (WB) services alliance and likely to rewrite the game rules in the WB entertainment service and further influence the structure of the entire internet industry.

21CN says that the company determines to do so because Copyright law of the People's Republic of China (newly revised) defines that the right of communication through information network includes not only the traditional internet but all information terminals such as IPTV and mobile TV transmitted on the basis of IP agreement as well.

PTR

PetroChina to take over listed subsidiaries with 6.15 billion yuan

PetroChina may have to pay 6.15 billion yuan on purchasing three listed subsidiaries, Liaohe Oilfield (Shenzhen, 000817), Jinzhou Petrochemical (Shenzhen 000763) and



Jilin Chemical (Shenzhen, 000618).

According to the announcements by the three aforesaid companies, PetroChina will spend 1.76 billion yuan on acquiring Liaohe Oilfield and 637.5 million yuan on Jinzhou Petrochemical, both of which are listed on Shenzhen Stock Exchange.

To acquire Jilin Chemical, which is traded in Shenzhen, Hong Kong and New York stock exchanges, PetroChina will have to spend 1.05 billion yuan on its domestically listed shares and 2.701 billion HK dollars on public shares quoted in Hong Kong and New York.

The acquisitions aim to privatize the public listed subsidiaries so as to avoid horizontal competition and streamline connected transactions, noted PetroChina's announcement.

Market analysts believe that the ultimate purpose of PetroChina's acquisitions is to approach international standards as a vertically operated oil & gas company, further integrate the resources with domestic listed subsidiaries and to realize the company's integrated listing on China's A-share market.

However, Liu Zhaohui, PetroChina's board secretary, said the company had no concrete plans on when to land on the A-share market by now. He hinted it would depend on market conditions.

Together with PetroChina, Sinopec and China Aluminum, another two large-scale state-owned enterprises, are also said to acquire their listed subsidiaries traded at home and abroad.

Sinopec, which has Shanghai Petrochemical (Shanghai, 600688), Yizheng Chemical Fiber (Shanghai, 600871) traded both in A-share and H-share markets, Zhenhai Refinery traded in H-share market only, as well as Qilu Petrochemical (Shanghai, 600002) and Yangzi Petrochemical (Shenzhen, 000866) listed on domestic A-share market, has fixed on the direction of privatization and integration of its subsidiaries, though no any detail has been released.

The management of China Aluminum, which is listed on Hong Kong Stock Exchange, owns Lanzhou Aluminum (Shanghai, 600296) and Shandong Aluminum (600205) in A-share market at present, also expressed the intention to acquire its domestic-listed subsidiaries earlier.

SNP



China's government-prescribed oil prices dim petrochemical companies 3Q results

Sinopec announced in its 3Q'05 reports that its refining section lost 7.926 billion yuan in the third quarter, citing "the control imposed by the government over prices of refined oil products" as the culprit.

Nearly the same time, Shanghai Petrochemical also releases its 3Q result. The company's earnings per share were only 0.014 yuan, with a year-one-year decrease of 90.91%. It also contributed the loss to "the stagnant selling prices of major products, in particular for petroleum products". The company also said, "in view of high crude oil prices and stagnant selling prices of downstream products, which has narrowed the profitability of the Group's products, the Group's net profit for whole 2005 is expected to decrease by more than 50% as compared to 2004.

Facing more and more opposition voice, Zhang Guobao, vice director of SDRC, said on "Resource Price's Reforming Proseminar" not long ago, that the final aim is to liberalize oil products' prices, but it is still under consideration that whether to link the track of international prices, because it is impossible for the government to give up its macro-control measure.

So, analysts said, petrochemical enterprises' deficit situation won't be changed in the short term.

LFC

CIRC: New Life-Table not to urge insurance premium up

The kickoff of China's new life-table for the domestic life insurance dealers will not urged the premium payment to rise, Ding Xu, an official with the China Insurance Regulatory Commission (CIRC) told reporters to refute a recent rumor.

He explained that the life insurance companies are allowed to adopt different mortality for different clusters of clients and work out tailored premium schemes for them. The occupational and regional factors may affect the price. The rumor that the life-table will boost the premium hike is rootless.

Meanwhile, the life-table will stimulate the specialization of the insurance companies and force them to study on the market and clients earnestly.

However, the new life-table is the legal benchmark for valuating the liability reserves of the life insurance companies. It will help CIRC better supervise the solvency of the



dealers.

During the transition period of the old and new life-tables, the withdraw of insurance reserves for large insurance companies is estimated at 0.2% or lower while the solvency will moderately increase. Their profit is forecast to lift slightly in the first accounting year. However, the impact on small insurers is tiny.

The life-table is revised to fit for the improvement of people's daily life in China and the lower mortality based on the available clients database in the six main life insurers including China Life Insurance Co., Ltd., (NYSE: LFC, 2628.HK), Ping An Insurance (Group) Co., of China, New China Life, Taikang Life Insurance and American International Assurance, which occupy 98% the insurance market, and LFC takes more than 50% share.

The last census unveiled that China's per capita life-span increased more than 2 years, while that in the non-pension column rose about 3.1 years and that in the pension column increased some 4.8 years.

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