

Statistical Report on Internet Development in China

(July 2014)



China Internet Network Information Center

Preface

In 1997, China's state competent department authorized China Internet Network Information Center (CNNIC) to organize relevant Internet organizations to jointly carry out an Internet development survey. Ever since then, CNNIC has successfully published 33 statistical reports on Internet development in China, and this report is the 34th report. Internet has become a key sector that affects the development of the society and economy of China and changes people's lifestyle. The reports of CNNIC have witnessed the entire development process of China's Internet industry from startup to prosperity. With precise and objective data, the reports provide an important basis for government departments and companies to understand the development of Internet in China and make relevant decisions. Therefore, they have attracted much attention from all walks of life and have been cited widely both at home and abroad.

Since 1998, CNNIC has been issuing the Statistical Report on Internet Development in China every January and July by convention. The continuous survey and study on the scale of Internet users, structural features, access modes and network applications were provided in the 34th report, following the contents and style of the previous reports.

Data collection in this Report also received great support from the government, enterprises and all walks of life. All surveys went smoothly and the data collection of basic resources was completed in time under the cooperation of Internet organizations, survey support websites and media. We hereby express our sincere gratitude to all of them. Meanwhile, we would like to extend our sincere thanks to Internet users who have participated in our 34th statistical survey.

China Internet Network Information Center

July 2014

Contents

Preface	1
Abstract	3
Chapter I Introduction	7
I. SURVEY METHODOLOGY	7
Chapter II Size and Structural Features of Internet Users	13
I. SIZE OF INTERNET USERS	13
(I) Overall Size of Internet Users	13
(II) Size of Mobile Internet Users	16
(III) Scale of Rural Internet Users	17
II. ATTRIBUTES OF INTERNET USERS.....	18
(I) Gender Structure	18
(II) Age Structure	18
(III) Education Structure	19
(IV) Occupational Structure	20
(V) Income Structure	21
III. ACCESS MODES	22
(I) Internet Access Devices	22
(II) Locations to Surf Internet	23
(III) Online Duration	24
Chapter III Basic Internet Resources	25
I. OVERVIEW OF BASIC RESOURCES.....	25
II. IP ADDRESSES	26
III. DOMAIN NAMES	27
IV. WEBSITES	28
V. INTERNATIONAL INTERNET GATEWAY BANDWIDTH.....	28
Chapter IV Internet Applications of Internet Users	31
I. OVERALL CONDITION OF INTERNET APPLICATIONS	31
II. DEVELOPMENT OF INFORMATION ACQUISITION APPLICATIONS	35
III. DEVELOPMENT OF BUSINESS TRANSACTION APPLICATIONS	36
IV. DEVELOPMENT OF COMMUNICATION-TYPE APPLICATIONS	44
V. DEVELOPMENT OF ONLINE ENTERTAINMENT APPLICATIONS	49
Appendix 1 Attached Tables of Basic Internet Resources	55
Appendix 2 Organizations Supporting the Survey	61
Appendix 3 Introduction to CNIDP	62



Abstract

1. Basic Information

- ◇ By the end of June 2014, China has had 632 million Internet users, an increase of 14.42 million compared with that at the end of 2013. The Internet penetration rate was 46.9%, a growth of 1.1 percentage points compared with that at the end of 2013.
- ◇ By the end of June 2014, China has had 527 million mobile Internet users, an increase of 26.99 million compared with the end of 2013.
- ◇ By the end of June 2014, the Internet users in rural areas of China accounted for 28.2% of the overall Internet users in China, reaching 178 million.
- ◇ By the end of June 2014, the overall Internet users with primary and secondary school or below accounted for 12.1% which increases by 0.2 percentage points than the end of 2013, junior collage degree or above dropped by 0.3 percentage points.
- ◇ The Internet users who surfed the Internet via mobile phones accounted for 83.4%, a growth of 2.4 percentage points compared with that at the end of 2013. The proportion of desktop computers and notebook computers dropped slightly to 69.6% and 43.7% respectively.
- ◇ By the end of June 2014, there were totally 19.15 million domain names in China. Specifically, the .CN domain names totaled 10.65 million which is accounting for 55.6% of the total domain names in China. The .中国 domain names totaled 280,000.
- ◇ By the end of June 2014, there were totally 2.73 million websites in China, including 1.27 million websites under .CN.

2. Trends and Features

The proportion of mobile phones as access to the internet overtaking the traditional PC for the first time ¹, and the mobile Internet has driven the overall development of the Internet.

By the end of June 2014, the utilization ratio of mobile phone (83.4%) exceeds the traditional PC (80.9%) for the first time, the role as the biggest Internet terminal was enhanced. Meanwhile, the mobile phone's utilization ratio in mobile e-business, entertainment, information acquisition and communication applications grows rapidly, the mobile Internet has driven the development of various Internet applications.

Internet develops from "extensive" to "deep", and Internet users' life becomes entirely "networked"

The Internet has developed from "extensive" to "deep", the Internet applications have changed people's life from point to surface, the Internet penetration into Internet users' lives further enhanced. In the first half of 2014, weekly average online duration of the Internet users in China reached 25.9 hours, an increase of 0.9 hours over the second half of 2013. In addition to the traditional consumption and entertainment applications, such new mobile applications as mobile finance and mobile health care have satisfied users' networked demands in multiple facets, and facilitated Internet users' life to become further "networked".

Payment applications take the lead, boosting e-commerce genes to penetrate into more offline consumption scenarios

In the first half of 2014, payment applications grew the fastest in both the entire market and the market of mobile terminal. Mobile payment users' scale growth rate reach to 63.4% for half a year, with a utilization ratio rising from 25.1% at the end

¹ The proportion of users who use traditional PC to access the Internet means the proportion of traditional PC users to all Internet users. The users who used desktop computers or notebook computers or both in the past six months are collectively referred to as "traditional PC users". The proportion of those who use PC to access the Internet is calculated by dividing the number of users who use PC by all the Internet users.



of 2013 to 38.9%. The mobile online payment has been closely connected with consumers' life, expanded more application scenarios and data services (such as bill function), and boosted the rapid development of mobile business applications. Internet users' scale growth rate in mobile shopping, mobile group purchase and mobile travel booking reaches to 42.0%, 25.5% and 65.4% respectively over the end of 2013.

Mobile games have sprung up, boosting the reversed growth of the overall utilization ratio of online games

By the end of June 2014, the number of online game users in China reached 368 million, with a utilization ratio rising from 54.7% at the end of 2013 to 58.2%, which has reversed the downward tendency of its utilization ratio, and basically restored it to the level at the end of 2012. The mobile game had a utilization ratio of 47.8%, up by 4.7 percentage points, the number of users grew by 36.48 million that becomes the main growth impetus of the whole game users.

Users of Internet financing ² begin to take shape, online financial service innovations spring up

The number of users of Internet wealth management products has reached 63.83 million in just one year after the launching of the products, with a utilization ratio of 10.1%. The Internet's convenience has opened up capital chains and reduced management and operation costs of wealth management products. The Internet's long tail effects have converged the scattered funds of individual users, not only increasing the status of Internet financing operators in business negotiations, but also reaping higher returns for scattered funds of individuals.

² Internet financing products refer to those financial products issued by Internet companies or banks and can only be purchased through Internet channels, such as Yu'e Bao, and such products are featured by high yield, low threshold and high liquidity.



Chapter I Introduction

I. Survey Methodology

(I) Survey on Individual Internet Users

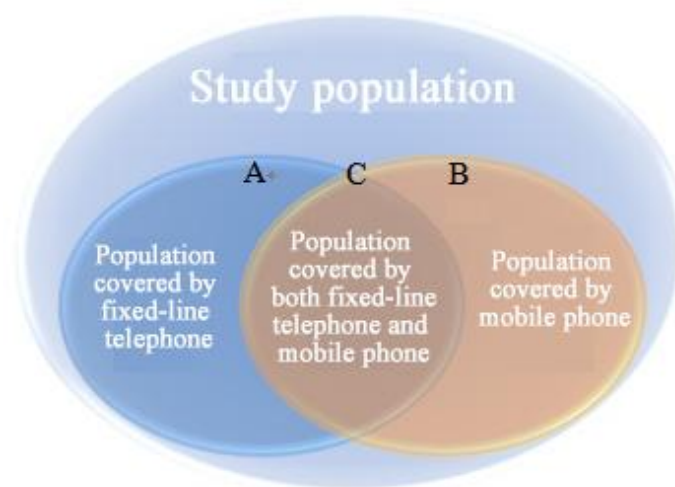
1.1 Survey Population

Permanent residents at the age of 6 or above who have fixed-line telephones (including home phones, PHS and dormitory telephones) or mobile phones.

◇ Sample size

A total of 30,000 survey samples in which 15,000 for fixed-line telephones and the other 15,000 for mobile phones, covering 31 provinces, autonomous regions and municipalities directly under the Central Government in Mainland China.

◇ Subdivision of survey population



The survey population can be divided into three categories:

Subpopulation A: Survey subpopulation using fixed-line telephones (including residents with home phones, PHS users, students with dormitory telephones, and other users with dormitory telephones);

Subpopulation B: Survey subpopulation with mobile phones;

Subpopulation C: Survey subpopulation with both fixed-line telephones and

mobile phones (there is overlap between subpopulation A and subpopulation B, the overlapped part is subpopulation C), $C=A\cap B$.

1.2 Sampling method

CNNIC surveys subpopulation A, B and C. Double sampling is adopted for the survey so as to cover utmost Internet users. The first sampling frame is subpopulation A, the people with fixed-line telephones. The second sampling frame is subpopulation B, the people with mobile phones.

For the survey population with fixed-line telephones, stratified two-stage sampling is adopted. To ensure the sufficient representation of samples, the whole country is divided into 31 tiers according to province, autonomous region and municipality directly under the central government and the sampling is made independently at each tier.

The self-weighted sampling method is adopted for each province. The sample sizes are allocated for each city and prefecture (including the districts and counties under its jurisdiction) in accordance with the proportion of the people at the age of 6 or above in the city covered by fixed-line telephones to the total population covered in the whole province.

Sampling in subpopulation B is similar to that in subpopulation A. The whole country is divided into 31 tiers according to the provinces, autonomous regions and municipalities directly under the central government, and sampling is made independently in each tier. Samples are allocated in accordance with the proportion of the residents in each district or city to make the sample allocation in each province conform to the self-weighting method.

To ensure the residence fixed-line telephones are taken with almost the same probability in each city or prefecture, that is, the local number with more residence fixed-line telephones will be more likely to be taken, and for easier operability in the visit and implementation work, the residence fixed-line telephone numbers in each city and prefecture are taken according to the following procedures:

The survey of the subpopulation with mobile phones is to take all mobile phone



local numbers in each city and prefecture; then certain 4-digit numbers are generated randomly in combination with the valid sample size in each city or prefecture, and then combined with the mobile phone numbers in each city or prefecture to form a number library (local number + the random 4-digit number); randomly order the number library; dial the randomly sorted number library. Survey of the subpopulation with fixed-line telephones is similar to that of the subpopulation with mobile phones: a random number is generated to form a telephone number with the local number, and then these numbers are dialed. To avoid repeated sampling, only the people with fixed-line telephones are visited.

1.3 Survey method

The computer-assisted telephone interviewing (CATI) system is adopted for the survey.

1.4 Differences between survey population and targeted population

A study carried out by CNNIC about the population without telephone covered in 2005 shows that Internet users are very few in this subpopulation. Currently, the subpopulation is downsizing gradually with the development of the telecom industry of China. In this survey, there is an assumption, i.e.

Internet users who are not covered by fixed-line telephones and mobile phones are negligible.

(II) Online Survey

Online survey focuses on the use of typical Internet applications. CNNIC conducted online survey from June 20 to June 30, 2014. The questionnaire is posted on the CNNIC website and the links are available on portal websites of China. Internet users voluntarily participated in and filled out the questionnaire.

(III) Automatic Online Search and Data Report

Automatic online search is used to conduct technical statistics about quantity of

domain names and websites, and their geographical distribution. Statistical data for reporting mainly includes the number of IP addresses and international Internet gateway bandwidth.

4.1. Total number of IP addresses

The data of IP addresses counted by province come from the IP address databases of Asia-Pacific Network Information Center (APNIC) and CNNIC. Registered data that can clearly distinguish the provinces of the addresses in each database can be added respectively by province to generate data of each province. As address allocation is a dynamic process, the statistical data are only for reference. The Ministry of Industry and Information Technology, China's national authority of IP addresses, will require IP address allocation organizations to report the IP addresses they own biannually. To ensure accuracy of IP data, CNNIC compares and verifies APNIC statistical data and the reported data to confirm the final quantity of IP addresses.

4.2. Total number of domain names and websites in China

Total number of domain names and websites in China can be derived from:

Number of domain names: The number of domain names with .CN and .中国 comes from CNNIC database; the number of gTLDs comes from the data released by WebHosting.Info, a domain name statistical agency.

Number of websites: It is worked out by CNNIC according to the list of domain names. The list of domain names with .CN and .中国 comes from the CNNIC database, while the list of gTLDs comes from relevant international domain name registries.

4.3. International Internet gateway bandwidth

The Ministry of Industry and Information Technology can regularly obtain the total number of bandwidth of Internet connecting Chinese operators with other countries and regions through the report system. The reported data are included in the



II. Definitions of Terms in the Report

◇ **Internet users:** Chinese residents at the age of six or above who have used Internet in the past 6 months.

◇ **Mobile Internet users:** Internet users who have used mobile phones to access and surf Internet in the past 6 months, but not limited to those who surf Internet via mobile phones only.

◇ **Computer Internet users:** Internet users who have used computer to access and surf Internet in the past 6 months, but not limited to those who surf Internet via computers only.

◇ **Rural Internet users:** Internet users who spent most of their time in rural areas of China in the past 6 months.

◇ **Urban Internet users:** Internet users who spent most of their time in urban areas of China in the past 6 months.

◇ **IP address:** As the basic resource in Internet, the IP address functions to identify online computers, servers and other devices on Internet. Connection with the Internet can be realized only when an IP address (in any form) is acquired.

◇ **Domain name:** Domain name in the Report refers only to the English domain name, which is a string comprised of numbers, English letters, and hyphens (-) and separated by dots (.). It is a hierarchical structural Internet address identifier corresponding to the IP address. The common domain names are divided into two categories: country code top-level domain (ccTLD), such as the domain names ended with “.CN” which represents China; and generic top-level domain (gTLD), such as the domain names ended with “.COM”, “.NET” or “.ORG”.

◇ **Website:** It refers to the websites with domain name itself or “WWW. + domain name” as the web address, including the websites under the top-level domain name “.CN” and gTLD. The registrant of the website is within the territory of P.R.C. For example: for the domain name of “cnnic.cn”, it has only one website and the corresponding web address is “cnnic.cn” or “www.cnnic.cn”. Other web addresses

like “whois.cnnic.cn” and “mail.cnnic.cn” with such domain name as the suffix are regarded as different channels of the website.

◇ **Scope of survey:** Unless otherwise expressly indicated, data in this Report only involve mainland China, excluding Hong Kong, Macao and Taiwan.

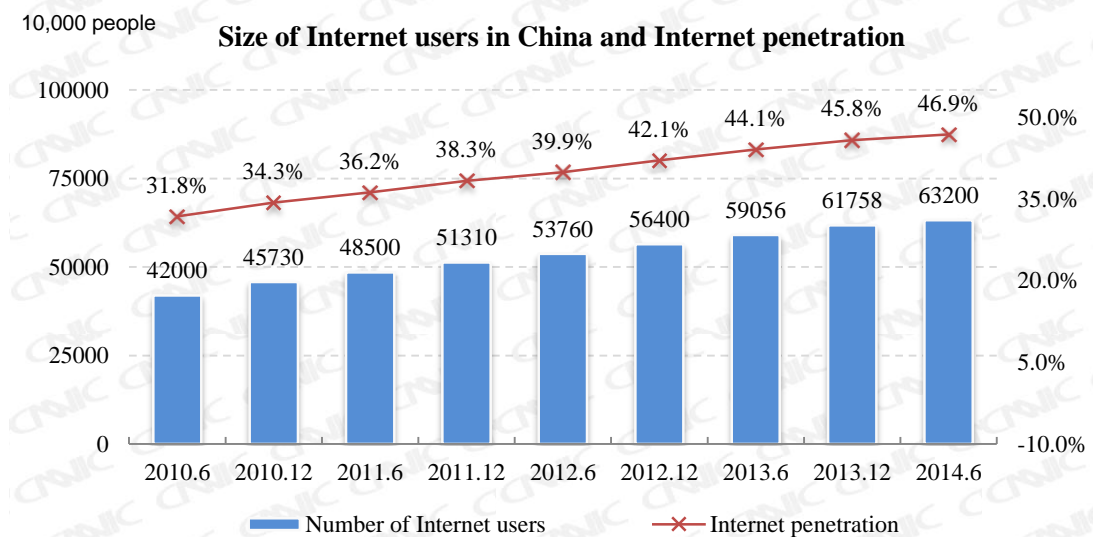
◇ **Deadline of survey data:** The deadline of the statistical survey data is June 30, 2014.

Chapter II Size and Structural Features of Internet Users

I. Size of Internet Users

(I) Overall Size of Internet Users

By the end of June 2014, China has had 632 million Internet users, with an increase of 14.42 million in the past half year. The Internet penetration was 46.9%, increased by 1.1% compared the end of 2013.



Source: CNNIC Statistical Survey on Internet Development in China

2014.6

Figure 1 Size of Chinese Internet users and Internet penetration rate

In the first half of 2014, the replacement of functional mobile phones with smartphones was basically completed, and smartphones' stimulation on the growth of Internet penetration were weakened. According to the data released by the Ministry of Industry and Information Technology, the sales of smart terminals in China reached 118 million and 224 million in 2011 and 2012 respectively, the sales of smartphones in China in the first 11 months of 2013 was 348 million, and the sales of smartphones

in China in the first quarter of 2014 was 100 million, a year-on-year decrease of 24.7%³. Smartphone users have formed a large scale, and the market has become saturated, with growth tending to slow down. In addition, due to the easily-converted population has been gradually included into Internet users, increasing the difficulty of Internet penetration. People with low education levels among the non-Internet-user accounted for a high percentage, a very low Internet surfing intention of as well. This survey shows that, in rural areas, the non-Internet-user population with the education level of junior high school or below, except for students, accounted for 87.9%, and only 6.1% of such population said they would definitely or probably surf the Internet in the next six months. In cities and towns, the non-Internet-user population with the education level of junior high school or below, except for students, accounted for 66.3%, and only 9.4% of such population said they would definitely or probably surf the Internet in the next six months.

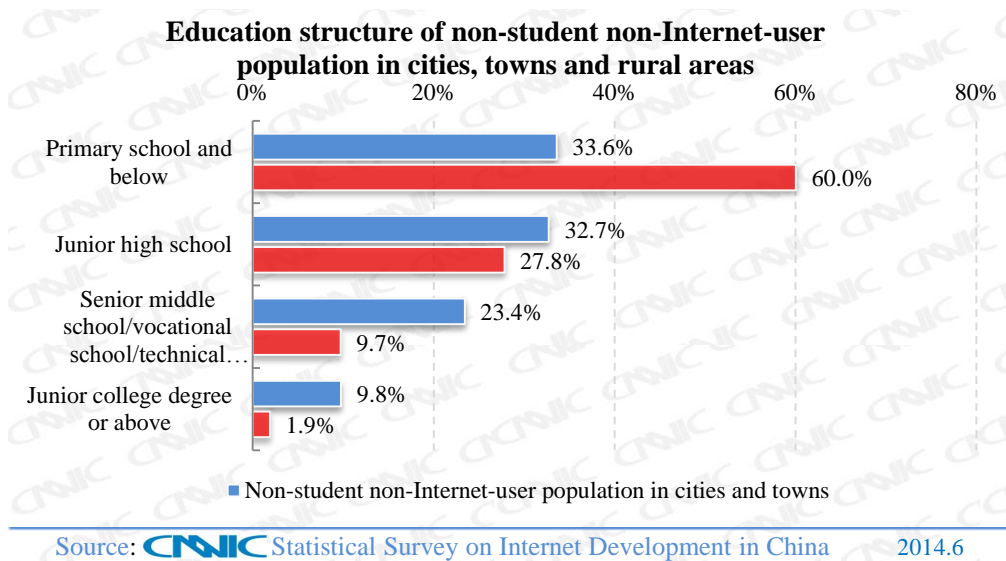


Figure 2 Education structure of non-student non-Internet-user population in cities, towns and rural areas

³ Data source: Report on *Operation of Mobile Phone Industry in China* for the first quarter of 2014 issued by the Ministry of Industry and Information Technology



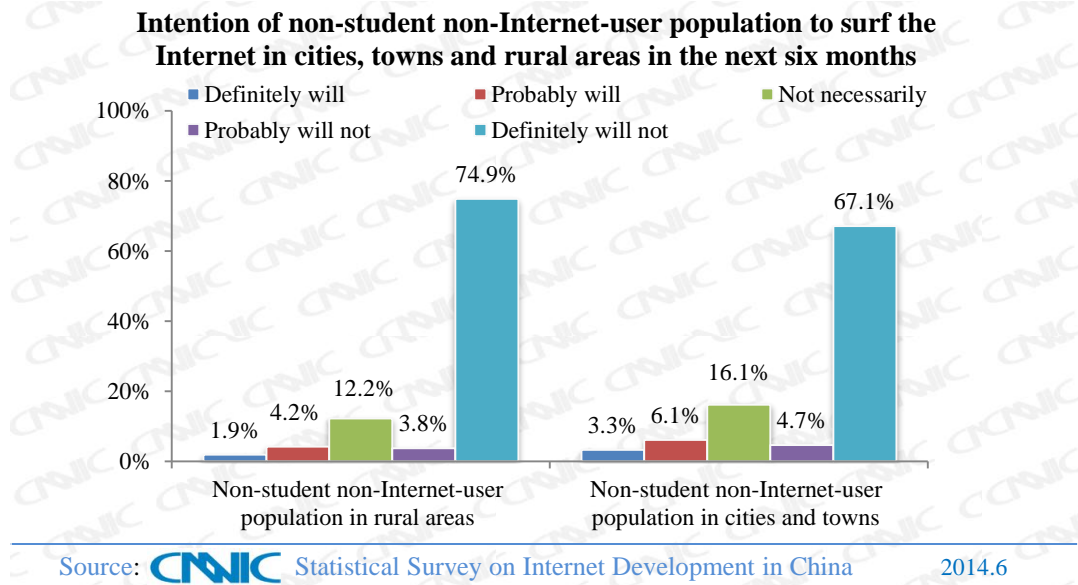


Figure 3 Intention of non-student non-Internet-user population to surf the Internet in cities, towns and rural areas in the next six months

Currently, the non-Internet-user population is 450 million in rural areas of China, and is the important target of Internet penetration in the future. Differentiated converting strategies should be taken for different populations. This survey shows that of the new student Internet users in rural areas, the population aged under 10 accounts for only 16.1%, which is far below 54.2%, the corresponding figure in cities. Therefore, strengthening construction of information-based infrastructures for primary schools in rural areas in China and offering Internet education courses to low-age students in rural areas will help increase the Internet penetration in China. The analysis on the Internet applications for new non-student Internet users in rural areas shows that the utilization ratio of instant messaging, online news, online music or music downloading is 72.2%, 61.3% and 43.3% respectively, far higher than those of other network applications. Considering the fact that the non-student Internet users in rural areas are poorly educated and difficult in mastering IT technologies, manufacturers should develop easy-to-use software for instant messaging, news and music in order to widen the network access for them. In addition, more efforts should be made to develop tool applications related to production and living in rural areas, and offer practical information to farmers.

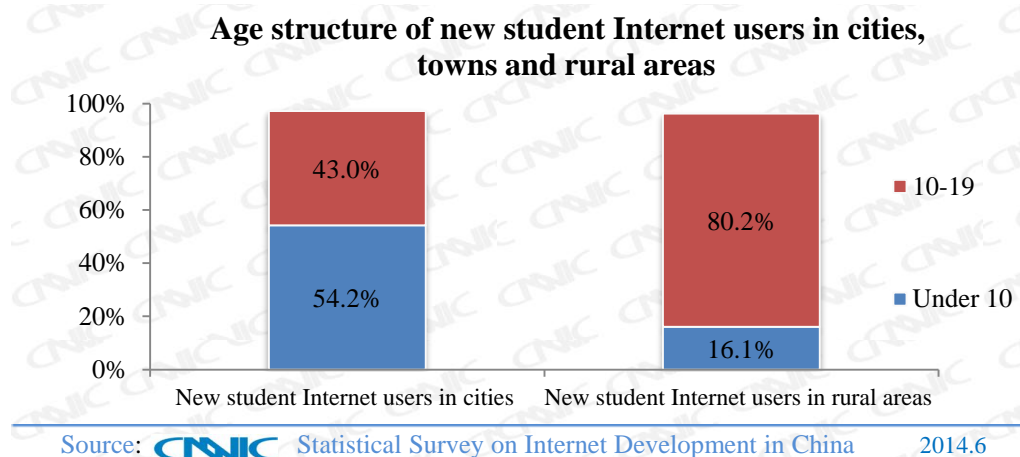


Figure 4 Age structure of new student Internet users in cities, towns and rural areas

With more policy support and the continuous improvement of the network application environment, the Internet gives a more profound impact on traditional industries. Firstly, the government continued to speed up Internet infrastructure construction. In January 2014, the Ministry of Industry and Information Technology promulgated Instructions on Setting Up State-level Backbone Direct Connection Points for the Internet, which improves the performance of the internetwork in China and boosts the geographical layout of the Internet industry. Secondly, the 4G business has been officially put into commercial operation, and the mobile operators have enhanced the construction of the 4G network. The introduction of 4G has made it possible to use those applications requiring a big broadband mobile network, such as high-definition video conference, mobile online game and 3D navigation, and has created an innovation upsurge among the Internet enterprises. Thirdly, the Internet genes have penetrated further into the traditional industries, and its innovations in business model have had more significant renovation and overturning effects on traditional industries.

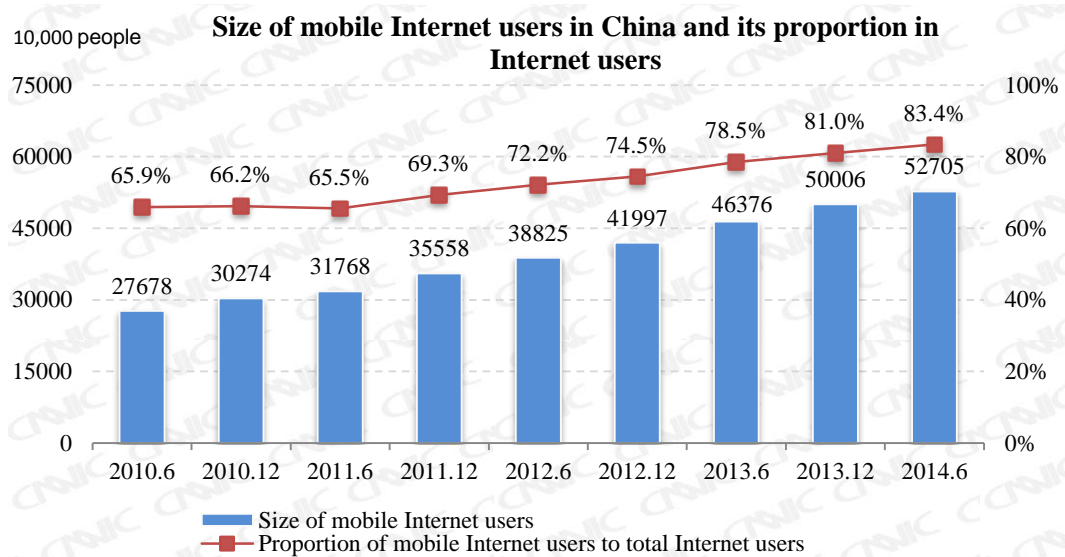
(II) Size of Mobile Internet Users

By the end of June 2014, China had 527 million mobile Internet users, a growth of 26.99 million compared with that at the end of 2013. Among all the Internet users,



the proportion of those who use mobile phone to access the Internet rose further from 81.0% in 2013 to 83.4%, and the size of mobile Internet users exceeded that of traditional PC Internet users for the first time.

After the number of mobile Internet users rose sharply by 80.09 million in 2013, a large number of potential mobile Internet users have been converted, and the proportion of mobile Internet users has been quite high among the Internet users. For a period of time in the future, the growth of mobile Internet users in China will mainly rely on innovative mobile applications which cater to the potential network demands of non-mobile Internet users.



Source:  Statistical Survey on Internet Development in China 2014.6

Figure 5 Size of mobile Internet users in China and its proportion in Internet users

(III) Scale of Rural Internet Users

By the end of June 2014, the rural Internet users had accounted for 28.2% of the total in China, reaching 178 million, up by 1.69 million compared with that at the end of 2013. As urbanization proceeds, the population in some relatively-developed rural areas in China is being turned into the urban population, resulting in a slight drop of the proportion of rural Internet users to the total nationwide.

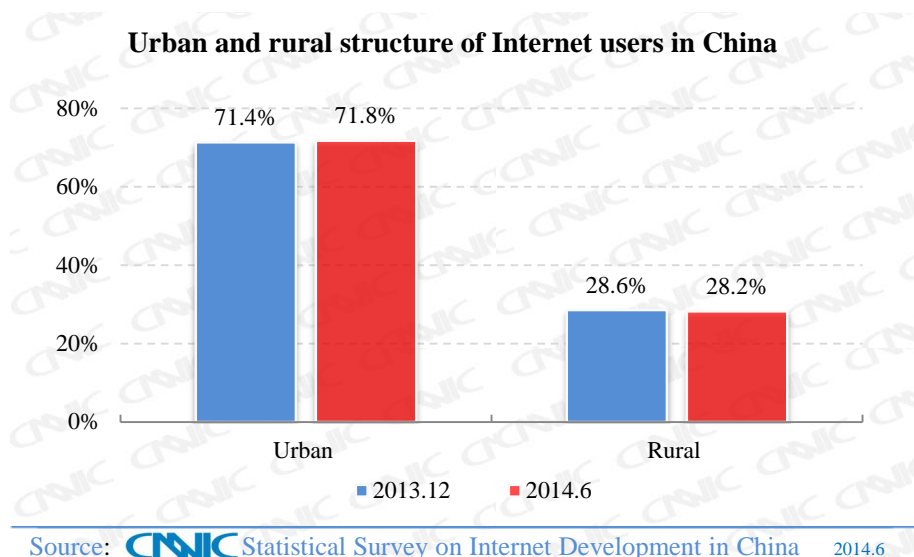


Figure 6 Urban and rural structure of Internet users in China

II. Attributes of Internet Users

(I) Gender Structure

By the end of June 2014, the sex ratio of Internet users was 55.6:44.4, similar to that at the end of 2013. The sex ratio of the Internet users in China basically remains stable under the impact of the huge base number of Internet users.

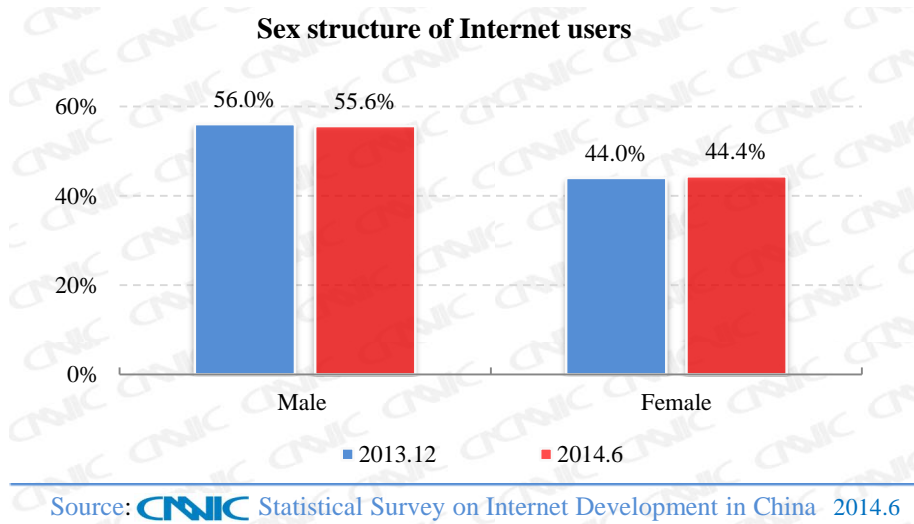


Figure 7 Sex structure of Internet users in China

(II) Age Structure



By the end of June 2014, the Internet users aged between 20-29 had accounted for 30.7%, the largest proportion of the total. The proportion rose by 0.6 percentage points for the Internet users aged under 20, and by 0.3 percentage points for the Internet users aged above 50 compared with that at the end of 2013. The Internet is continuing to penetrate into the elderly and low-age populations.

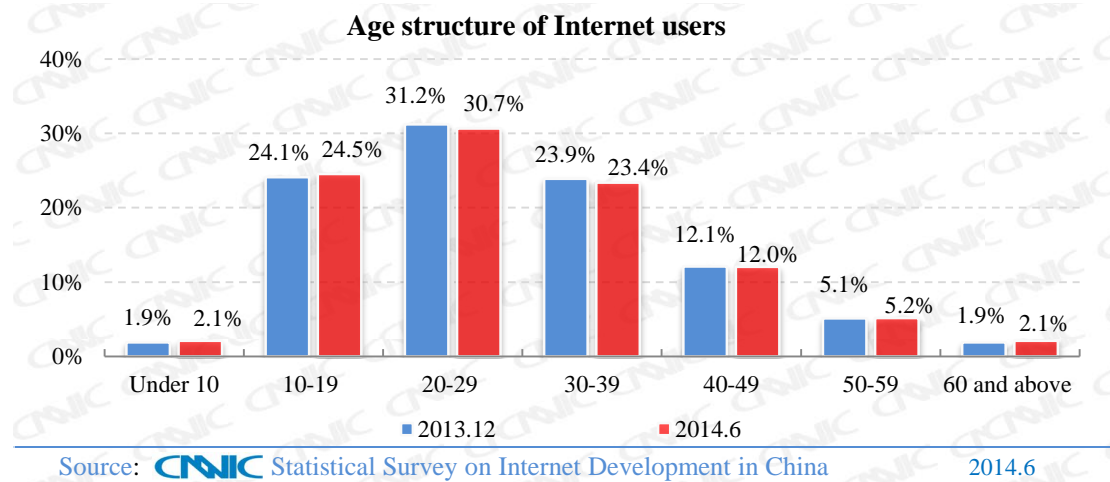


Figure 8 Age structure of Internet users in China

(III) Education Structure

By the end of June 2014, the population with primary and middle school education or below accounted for 12.1% of the total, up by 0.2 percentage points compared with that at the end of 2013. In the meantime, the proportion of the population with junior college degree or above dropped by 0.3 percentage points. More Chinese people with low levels of education are becoming Internet users.

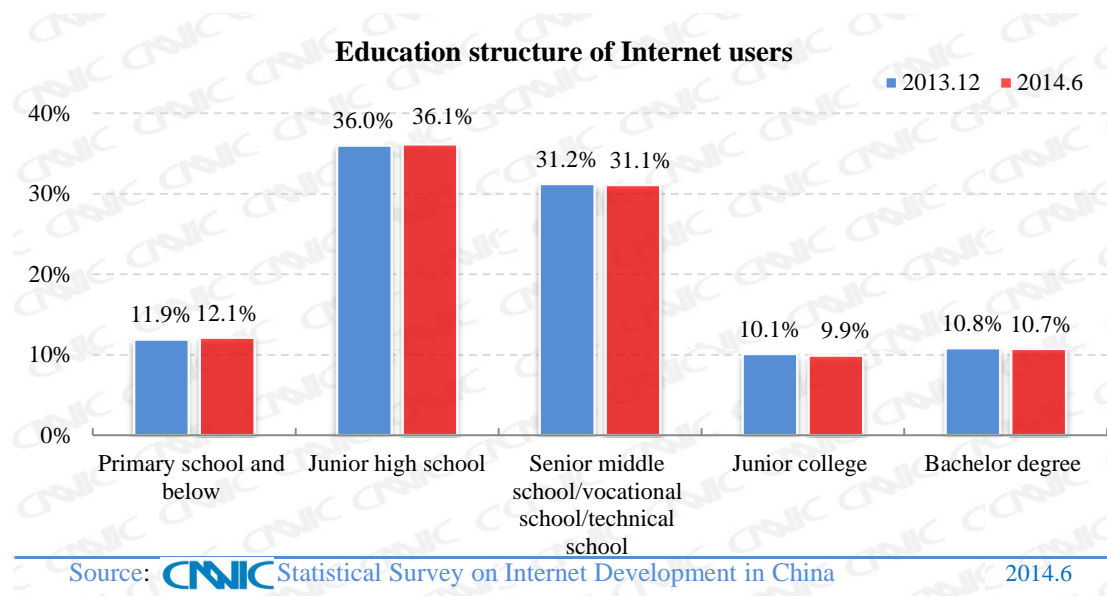
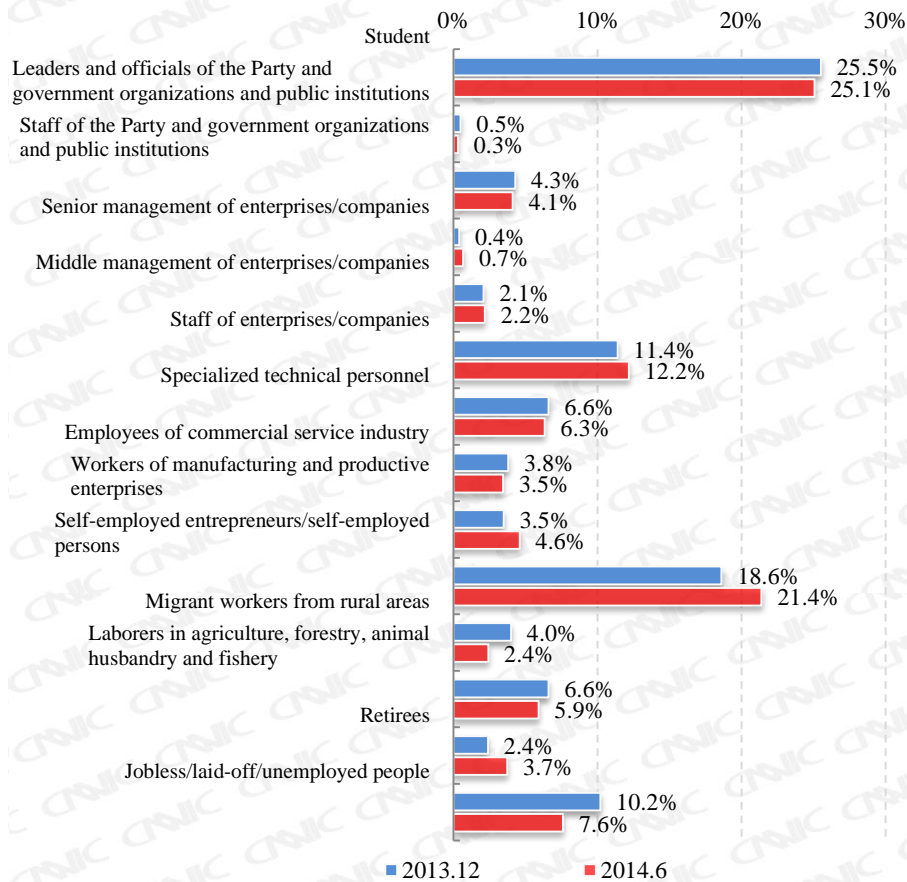


Figure 9 Education structure of Internet users in China

(IV) Occupational Structure

Students are still the largest population among the Internet users in China, accounting for 25.1%. The Internet penetration has been high among this population. Self-employed persons/freelances are the second largest population among the Internet users, accounting for 21.4%. Managers account for 2.9% and general employees account for 12.2% of the total Internet users in companies and enterprises.



Occupational structure of Internet users

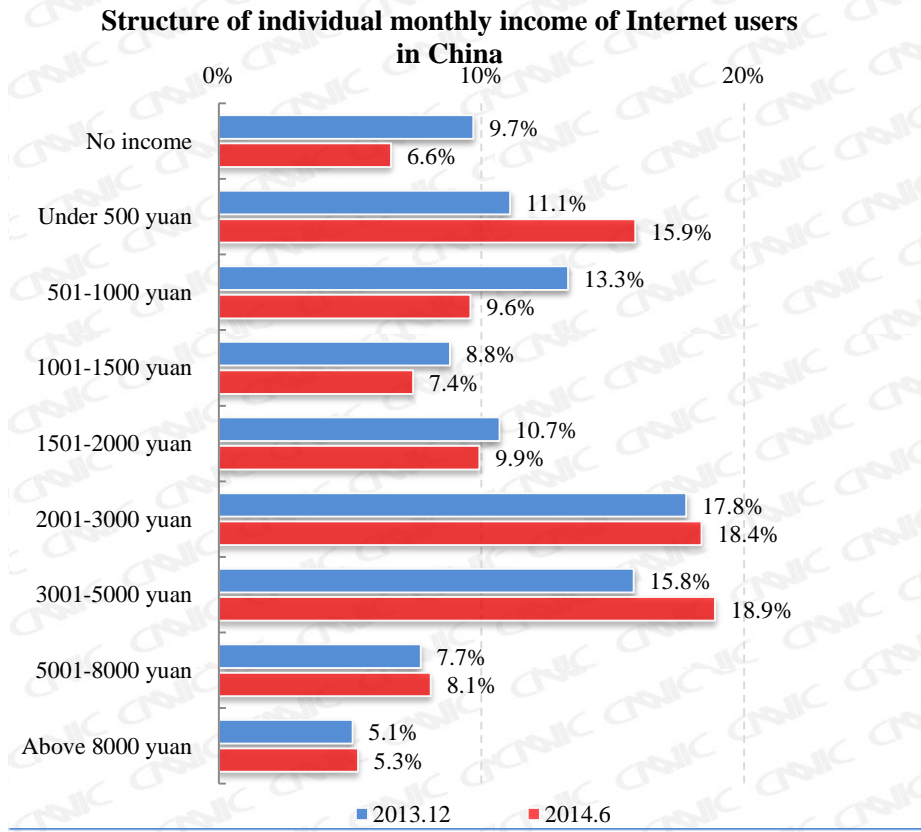
Source: **CNIC** Statistical Survey on Internet Development in China 2014.6

Figure 10 Occupation structure of Internet users in China

(V) Income Structure

The population with a monthly income ⁴ above RMB 3,000 yuan rose significantly of the total, reaching 32.3%, up by 3.7 percentage points compared with that at the end of 2013, which complies with the income growth trend of the residents in China.

⁴ Specifically, the income of students includes living allowances provided by families, salary earned from work-study programs, scholarships and others. The income of farmers includes the living allowances provided by children, income of agricultural production, and government subsidy. The income of those who are jobless, laid off or unemployed includes the living allowances provided by children, government relief and subsidy, pension, and subsistence allowances. The income of retirees includes the living allowances provided by children and pension.



Source: CNIC Statistical Survey on Internet Development in China 2014.6

Figure 11 Structure of monthly income of Chinese Internet users

III. Access Modes

(I) Internet Access Devices

In the first half of 2014, the Internet users who used mobile phones to surf the Internet kept growing in China, rising from 81.0% to 83.4%, a growth of 2.4 percentage points. The proportion of the Internet users who used desktop computers and notebook computers to access the Internet dropped slightly. The proportion of Internet users who use mobile phones to access the Internet has exceeded that of those who use traditional PC ⁵ (80.9%) in China this year, and mobile phones' role as the No. 1 Internet terminal has been consolidated.

⁵ Traditional PCs only include desktop computers and notebook computers, and do not include new personal terminal devices, such as tablet PC.



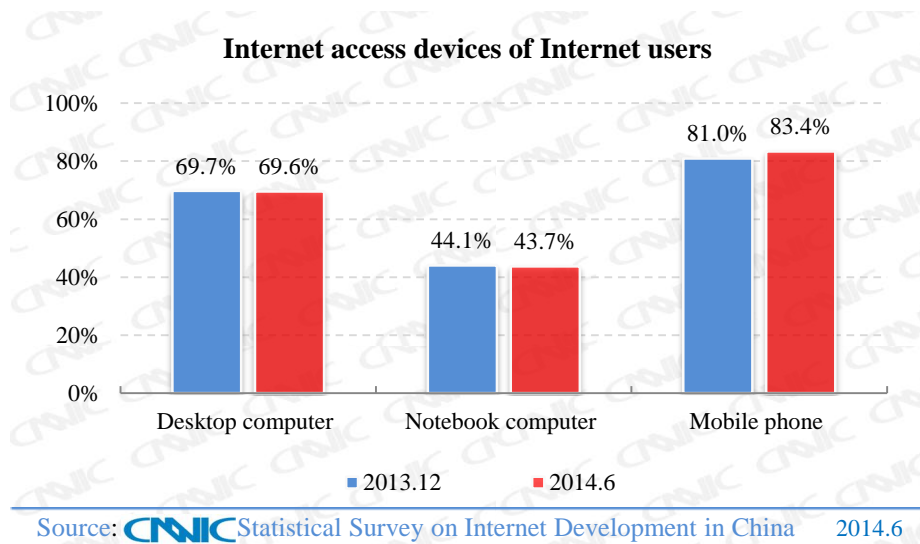


Figure 12 Internet access devices of Internet users

(II) Locations to Surf Internet

In the first half of 2014, the Internet users who accessed the Internet from such locations as homes, schools and public places increased slightly by 1.5 percentage points, 2.5 percentage points and 0.8 percentage points respectively compared with those at the end of 2013. With more diversified Internet access devices and more convenient network access, Internet users enjoy more diversified Internet access scenarios.

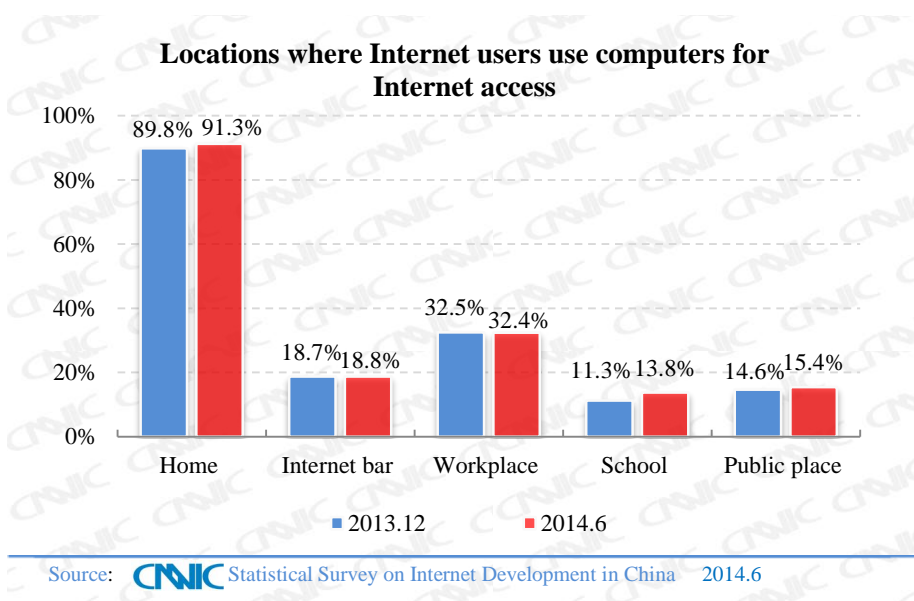


Figure 13 Locations for Internet users to surf Internet on computers

34th Statistical Survey on Internet Development in China

(III) Online Duration

In the first half of 2014, weekly average online duration of the Internet users in China reached 25.9 hours, an increase of 0.9 hours over the second half of 2013. Larger Wi-Fi coverage, maturity of 3G and launch of 4G have provided Internet users with a better Internet access environment. There have been more mobile Internet applications, which have met the Internet access demands of users in various ways, and boosted the continuous growth of the weekly online duration of Internet users in China.

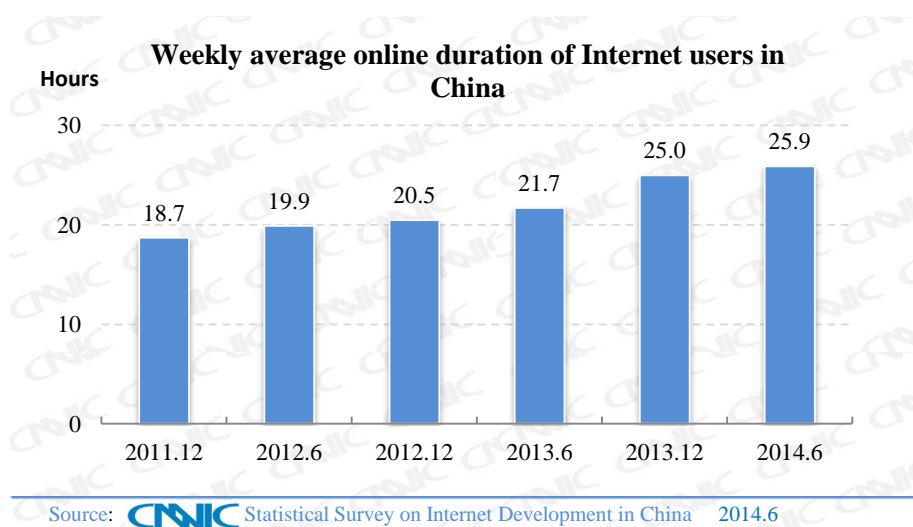


Figure 14 Weekly average online duration of Internet users

Chapter III Basic Internet Resources

I. Overview of Basic Resources

China has had 330 million IPv4 addresses and 16694/32s of IPv6 addresses by the end of June 2014.

There were a total of 19.15 million domain names in China. Specifically, the .CN domain names decreased by 1.6% over the end of 2013 to 10.65 million and accounted for 55.6% of the total domain names in China.

There were a total of 2.73 million websites in China, including 1.27 million websites under .CN.

The international Internet gateway bandwidth was 3776909Mbps, up by 10.9% compared with that at the end of 2013.

Table 1 Comparison of basic resources of Internet in China from December 2013 to June 2014

	December 2013	June 2014	Annual increment	Annual growth rate
IPv4	330,308,096	330,408,960	100,864	0.0%
IPv6 (block/32)	16,670	16,694	24	0.1%
Domain name	18,440,611	19,151,600	710,989	3.9%
Wherein, .CN domain name	10,829,480	10,654,709	-174,771	-1.6%
Website	3,201,625	2,726,000	-475,625	-14.9%
Wherein, .CN website	1,311,227	1,272,704	-38,523	-2.9%
International Internet gateway bandwidth (Mbps)	3,406,824	3,776,909	370,085	10.9%

II. IP Addresses

China has had 16694/32s of IPv6 addresses by the end of June 2014, up by 0.1% compared with that at the end of 2013.

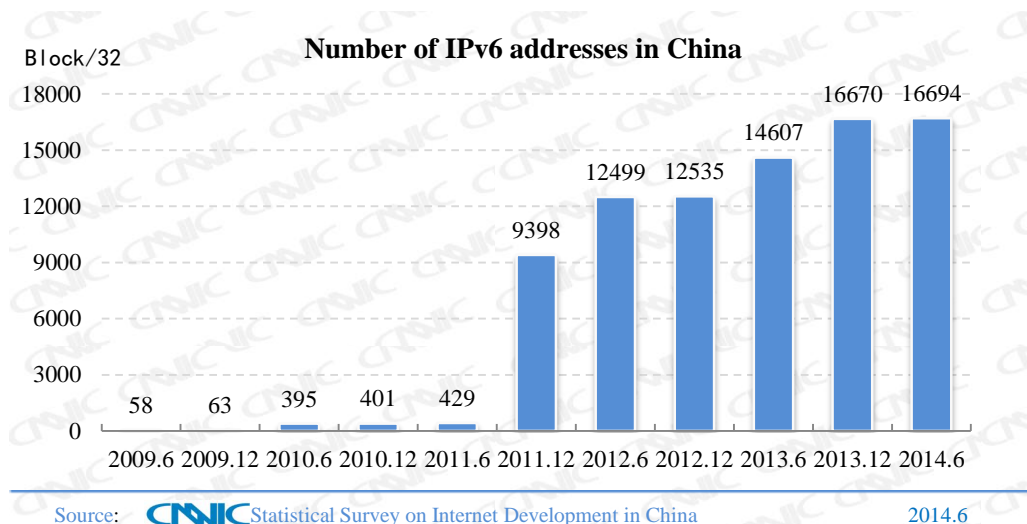


Figure 15 Number of IPv6 addresses in China

All global IPv4 addresses had been allocated as of February 2011, so there has been almost no change in the number of China's IPv4 addresses ever since 2011. By the end of June 2014, there were a total of 330.41 million IPv4 addresses in China.

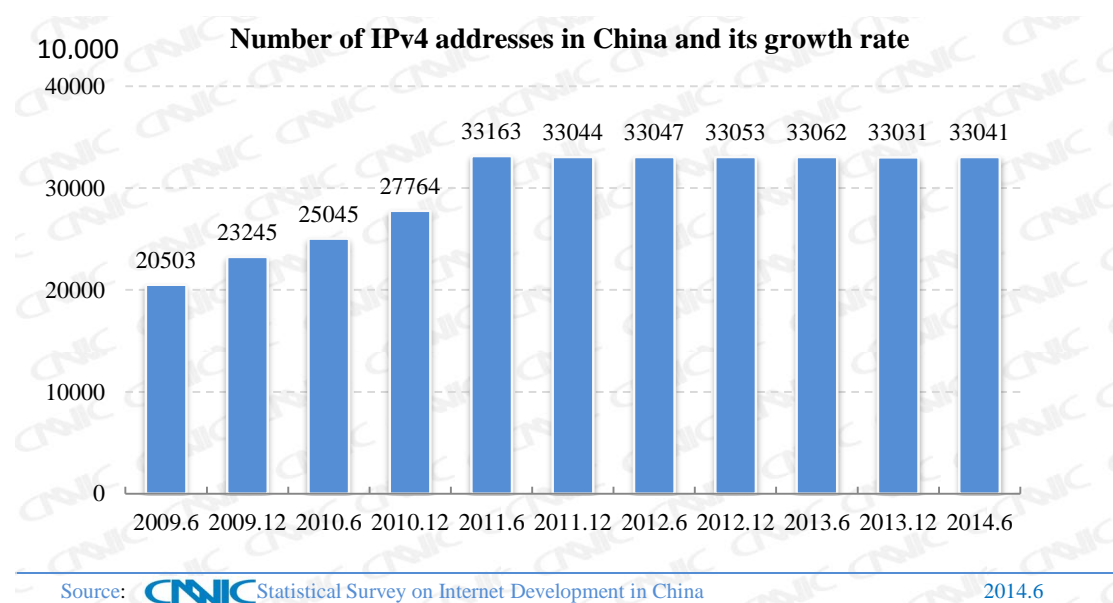


Figure 16 Changes of IPv4 address resources in China



III. Domain Names

Stimulated by the growth of .CN domain names, the total number of domain names in China increased to 19.15 million, up by 3.9% compared with that at the end of 2013.

Table 2 Number of domain names in each category ⁶

	Number	Proportion in total domain names
CN	10,654,709	55.6%
COM	7,058,553	36.9%
NET	832,521	4.3%
中国	280,041	1.5%
ORG	189,214	1.0%
INFO	52,935	0.3%
BIZ	83,231	0.4%
Others	396	0.0%
Total	19,151,600	100.0%

By the end of June 2014, the number of .CN domain names had totaled 10.65 million, decreasing by 1.6% over the same period of 2013, and accounting for 55.6% of all domain names of China; and the number of .COM domain names was 7.06 million, taking up 36.9%. In addition, the ".中国" domain names totaled 0.28 million.

Table 3 Number of .CN domain names in each category

	Number	Proportion in total CN domain names
cn	8,506,143	79.8%
com.cn	1,093,941	10.3%
adm	765,605	7.2%
net.cn	150,207	1.4%
org.cn	66,806	0.6%
gov.cn	56,348	0.5%
ac.cn	11,262	0.1%

⁶Note: gTLDs come from the data released by WebHosting.Info (a statistical agency) on July 1.
34th Statistical Survey on Internet Development in China

edu.cn	4,327	0.0%
mil.cn	70	0.0%
Total	10,654,709	100.0%

IV. Websites

By the end of June 2014, the number of websites in China ⁷ was 2.73 million.

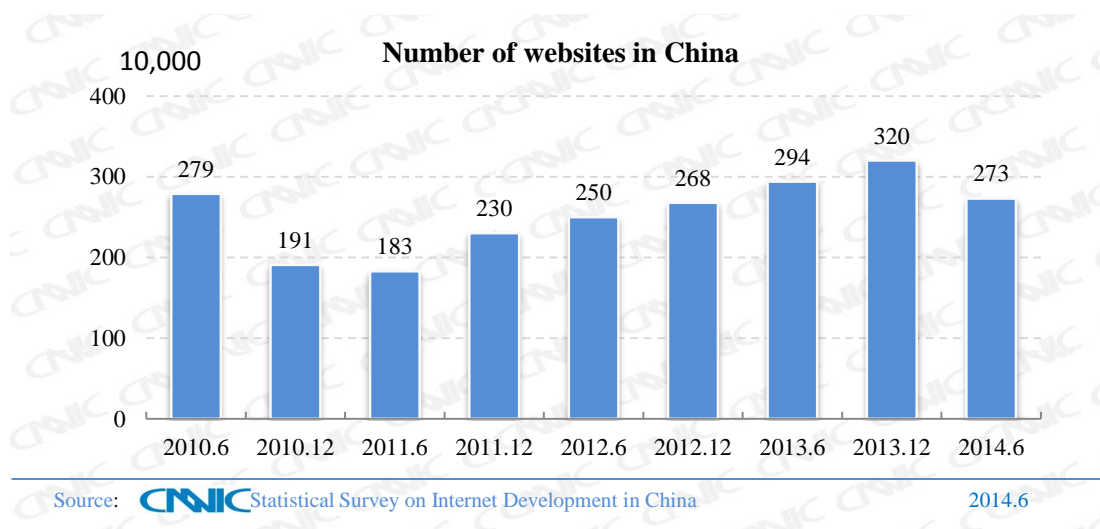


Figure 17 Number of websites in China

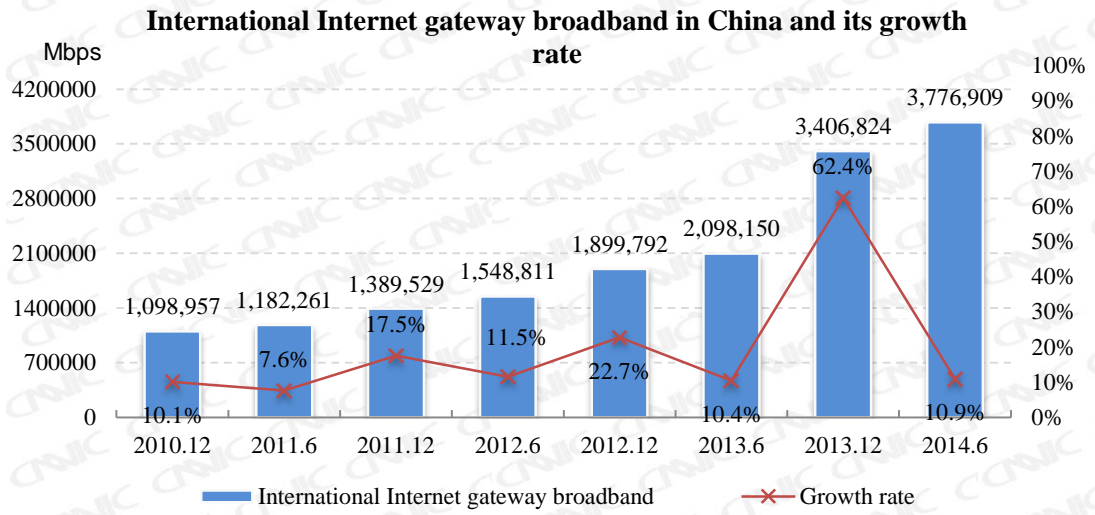
Note: Websites with the domain name of “.EDU.CN” are excluded

V. International Internet Gateway Bandwidth

By the end of June 2014, China has had 3,776,909Mbps of international Internet gateway bandwidth, up by 10.9% semiannually.



⁷ It refers to those websites whose domain name registrants are within the territory of China
34th Statistical Survey on Internet Development in China



Source: **CNIC** Statistical Survey on Internet Development in China 2014.6

Figure 18 International Internet gateway broadband in China and its growth rate

Table 4 Number of international Internet gateway bandwidth of major backbone networks

	International Internet gateway bandwidth (Mbps)
China Telecom	2,428,803
China Unicom	922,875
China Mobile	337,629
China Education and Research Network	65,000
China Science and Technology Network	22,600
China International Economy and Trade Net	2
Total	3,776,909



Chapter IV Internet Applications of Internet Users

I. Overall Condition of Internet Applications

In the first half of 2014, the Internet applications deepened. Of all applications related to communications, instant messaging enjoyed an increasing utilization ratio that consolidated its role as the No.1 network application. The microblog market gradually reached its mature stage, and was showing a trend of centralization. Social network sites kept declining, and mobile sociality was gradually converged to single applications. Stimulated by mobile payment, mobile business applications were experiencing leap-forward development, playing an increasingly important role in network applications. Internet users of mobile online payment, mobile online shopping, mobile online banking and mobile travel booking grew by more than 40% in the past six months, boosting the growth of all the online business applications. Of all the entertainment applications, mobile online game and mobile online music grew rapidly. Against the backdrop of the overall downturn in 2013, the online game and online music were picking up in the first half of 2014, with their utilization ratios recovered to those at the end of 2012. Information acquisition applications developed steadily. However, with the launch of mobile search APPs by various big brands, with the multi-channel promotion of mobile browsers and with user diversion of various applications, the users of mobile search engines still grew strongly while maintaining a high level. The Internet finance application was included into the survey for the first time, and the utilization ratio of Internet wealth management products was more than 10% within just one year.

Mobile payment boosts rapid growth of business applications

In the first half of 2014, mobile payment became the biggest highlight in the

network application development, and the number of users increased by 63.4% in the six months, with a utilization ratio rising from 25.1% at the end of 2013 to 38.9%. Mobile payment made various business applications possible, and boosted the rapid growth of such business applications as mobile shopping, mobile group purchase and mobile travel booking. The number of Internet users of mobile shopping, mobile group purchase and mobile travel booking has increased by 42.0%, 25.5% and 65.4% respectively over the end of 2013, and the business application is becoming increasingly important among the Internet applications.

Mobile games boost growth of online game users

By the end of June 2014, the number of online game users in China reached 368 million, with a utilization ratio rising from 54.7% at the end of 2013 to 58.2%, which has basically restored it to the level at the end of 2012. The mobile game had a utilization ratio of 47.8%, up by 4.7 percentage points, and its number of users grew by 36.48 million, making it the main impetus of growth for all game users.

Users of Internet wealth management products grow

The Internet's convenience has opened up capital chains, and reduced management and operation costs of wealth management products. The Internet's long tail effects have converged the scattered funds of individual users, not only increasing the status of Internet financing operators in business negotiations, but also reaping higher returns for scattered funds of individuals. The number of users has reached 63.83 million in just one year after Internet wealth management products were launched, with a utilization ratio of 10.1%.

Utilization ratio of social networking sites ⁸ continues to decline

In the first half of 2014, the number of social networking site users in China was 257 million, down by 20.47 million compared with that at the end of 2013. The

⁸ Social networking sites refers to those social networking sites in a narrow sense, namely those which are similar to Facebook in form and function, are based on the real social relationships of users, and provide users with a communication and exchange platform. These websites normally encourage users to provide real information as far as possible.



utilization ratio of social networking sites among the Internet users was 40.7%, down by 4.3 percentage points over the end of last year. Both the number of users and utilization ratio kept falling. Social applications have been updated rapidly in recent years and diverted many users of social networking sites.

Table 5 Utilization ratio of network applications of Internet users in China from December 2013 to June 2014

Application	June 2014		December 2013		Semiannual growth rate
	Number of users (in 10,000)	Utilization ratio of Internet users	Number of users (in 10,000)	Utilization ratio of Internet users	
Instant messaging	56423	89.3%	53215	86.2%	6.0%
Search engine	50749	80.3%	48966	79.3%	3.6%
Online news	50316	79.6%	49132	79.6%	2.4%
Online music	48761	77.2%	45312	73.4%	7.6%
Blog/personal space	44430	70.3%	43658	70.7%	1.8%
Online video	43877	69.4%	42820	69.3%	2.5%
Online game	36811	58.2%	33803	54.7%	8.9%
Online shopping	33151	52.5%	30189	48.9%	9.8%
Online payment	29227	46.2%	26020	42.1%	12.3%
Online literature	28939	45.8%	27441	44.4%	5.5%
Microblog	27535	43.6%	28078	45.5%	-1.9%
Online banking	27188	43.0%	25006	40.5%	8.7%
Email	26867	42.5%	25921	42.0%	3.6%
Social networking site	25722	40.7%	27769	45.0%	-7.4%
Travel booking	18960	30.0%	18077	29.3%	4.9%
Group purchase	14827	23.5%	14067	22.8%	5.4%
Forum/bbs	12407	19.6%	12046	19.5%	3.0%
Internet wealth management	6383	10.1%	-	-	-

Table 6 Utilization ratio of network applications of Internet users in China from December 2013 to June 2014

Application	June 2014		December 2013		Semiannual growth rate
	Number of users (in 10,000)	Utilization ratio of Internet users	Number of users (in 10,000)	Utilization ratio of Internet users	
Mobile instant messaging	45921	87.1%	43079	86.1%	6.6%
Mobile search	40583	77.0%	36503	73.0%	11.2%
Mobile online news	39087	74.2%	36651	73.3%	6.6%
Mobile online music	35462	67.3%	29104	58.2%	21.8%
Mobile online video	29378	55.7%	24669	49.3%	19.1%
Mobile online game	25182	47.8%	21535	43.1%	16.9%
Mobile online literature	22211	42.1%	20228	40.5%	9.8%
Mobile online payment	20509	38.9%	12548	25.1%	63.4%
Mobile online shopping	20499	38.9%	14440	28.9%	42.0%
Mobile microblog	18851	35.8%	19645	39.3%	-4.0%
Mobile online banking	18316	34.8%	11713	23.4%	56.4%
Mobile mail	14827	28.1%	12714	25.4%	16.6%
Mobile social networking site	13387	25.4%	15430	30.9%	-13.2%
Mobile group purchase	10220	19.4%	8146	16.3%	25.5%
Mobile travel booking	7537	14.3%	4557	9.1%	65.4%
Mobile forum	6890	13.1%	5535	11.1%	24.5%

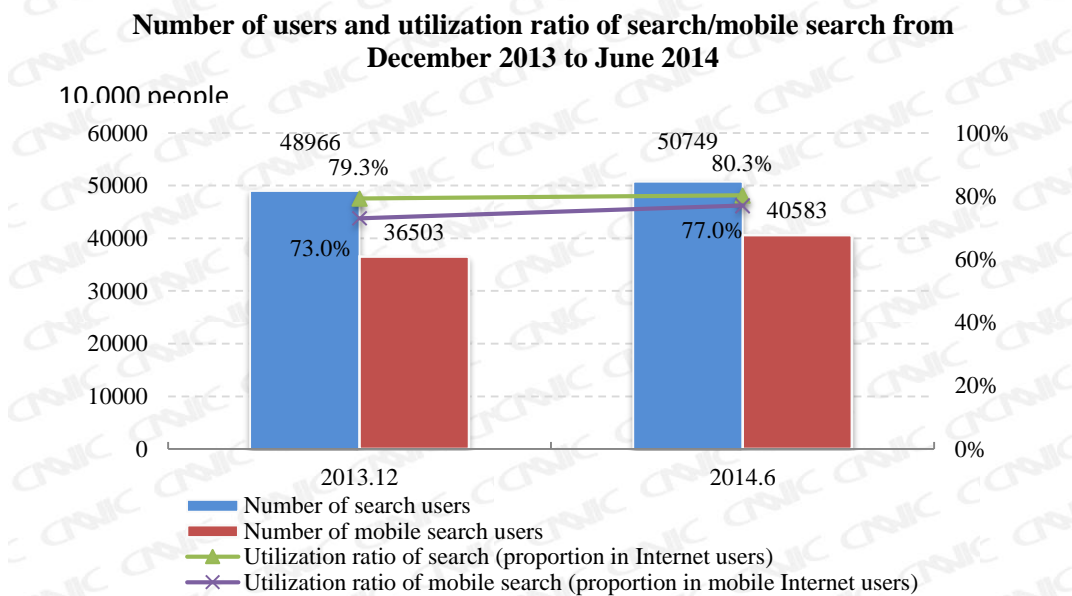


II. Development of Information Acquisition Applications

1. Search Engine

By the end of June 2014, the number of search engine users in China had reached 507 million, with a utilization ratio of 80.3% and representing a growth of 17.83 million, or 3.6%, over December 2013. In the meantime, the number of mobile search users reached 406 million, with a utilization ratio of 77.0% and representing a growth of 40.80 million or 11.2% over December 2013. Mobile search users grew rapidly, and mobile search had outrun mobile news and become the second largest mobile application next only to mobile instant messaging.

In the first half of 2014, some progress was made in the actual application of the innovative technologies for search engines. Based on the technologies of "semantic search" and "mapping knowledge domain", enterprises integrated a variety of information, such as sociality, video, travel, downloading of software applications, developed and launched new search products, increased the search accuracy and optimized the user experience. Meanwhile, search enterprises kept expanding the flow channels: on the one hand, they cooperated with, invested in or merged the Internet service enterprises in such fields as application distribution platform, social networking site and group purchase to enrich the flow sources and the content and form of search products. On the other hand, enterprises launched their independent search APPs one after another to scramble for the mobile-end flow, strived to develop the search within applications, innovated the application distribution mode, presented highly correlated high-quality content to users and increased the accuracy of mobile search by breaking down the information barriers among APPs, increasing the APP activeness and activating the long-tail application market. Search engines offered search services at both the PC end and mobile end, with search products as the core and integrating maps, entertainment, shopping, sociality and local life-support services, improving the user experience and loyalty.



Source: CNIC Statistical Survey on Internet Development in China 2014.6

Figure 19 Number of users and utilization ratio of search/mobile search from December 2013 to June 2014

III. Development of Business Transaction Applications

1. Online Shopping

By the end of June 2014, the number of online shoppers in China reached 332 million, rising by 29.62 million compared with that at the end of 2013, with a semi-annual growth rate of 9.8%. Compared with December 2013, the percentage of online shoppers in China rose from 48.9% to 52.5%. In the meantime, mobile shopping developed rapidly in the mobile business market, the number of users reached 205 million with a semi-annual growth rate of 42% and is 4.3 times of the growth of the total users in the online shopping market. The utilization ratio of mobile shopping rose from 28.9% to 38.9%.

In the first half of 2014, the growth of the online shoppers was mainly attributed to the following five factors: Firstly, the authorities including the Ministry of Commerce and relevant enterprises stepped up the efforts to regulate the market and crack down on fakes so as to improve the network credit environment. Secondly,



the new Law on Protection of the Rights and Interests of Consumers provides that goods bought online may be returned within 7 days without any reason, which enhanced the protection for consumers. Thirdly, the E-commerce platforms and express enterprises introduced such services as appointment delivery and same-day delivery to improve the logistics efficiency, and logistics services enterprises competed with each other in terms of punctuality of delivery. Fourthly, enterprises vigorously promoted mobile-end shopping. The mobile end's convenient payment function and its bigger preferential margin than the PC end have boosted the rapid development of mobile-end shopping. Finally, enterprises introduced the C2B customized innovation mode based on the big data applications, which has better satisfied the personalized needs of users and achieved targeted sales.

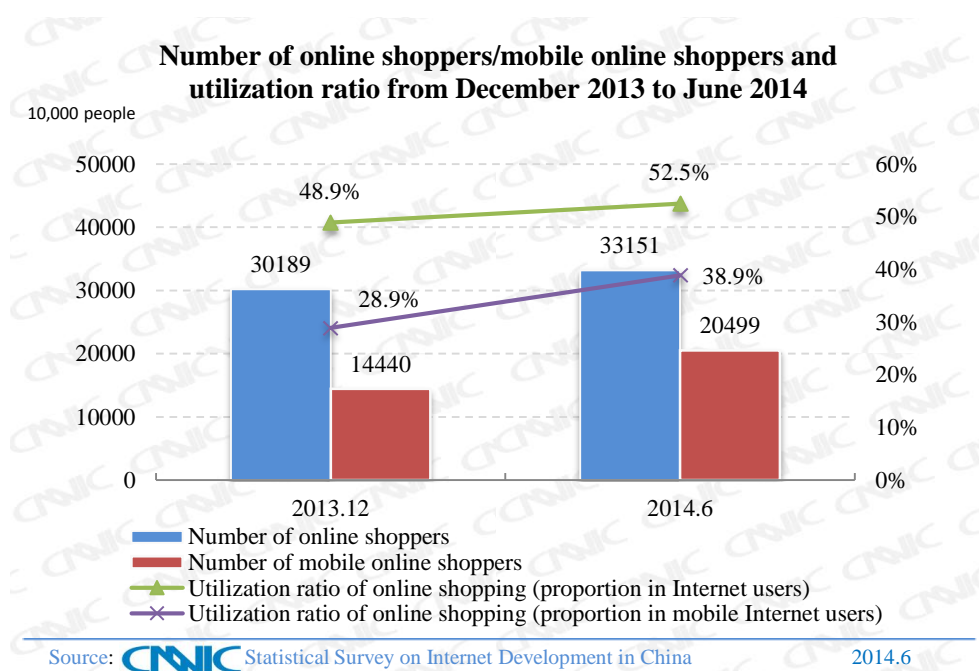


Figure 20 Number of users and utilization ratio of online shopping/mobile online shopping from December 2013 to June 2014

2. Group Purchase

By the end of June 2014, the number of group purchase users in China had reached 148 million, rising by 7.6 million compared with that at the end of 2013, with

a semi-annual growth rate of 5.4%. Compared with December 2013, the percentage of online group purchase users in China rose from 22.8% to 23.5%. Compared with the overall group purchase market, mobile group purchase developed more rapidly. The number of mobile group purchase users had reached 102 million, with a semi-annual growth rate of 25.5%. The utilization ratio of mobile group purchase rose from 16.3% to 19.4%.

In the first half of 2014, the growth of group purchase users gradually slowed down and tended to be steady. The growth of group purchase users may be attributed to the following three factors: Firstly, the overall market environment for the group purchase sector has been effectively improved. The concentration reached a high level after market selection featuring "survival of the fittest", and the top five accounted for 90% or above of the total market shares. Secondly, enterprises kept improving the service quality and user experience. For example, there have been less consumption restrictions and more consumption patterns for group purchase, and the "real-time service mode" featuring synchronous "order placing-payment-consumption" has been achieved through mobile terminal. Thirdly, group purchase has become one of the regular promotion means of local service enterprises, catered to people's attitude of "in pursuit of high performance/price ratio", and encouraged users to form the consumption habit of searching for group purchase activities first. Fourthly, the Internet giants' investment in professional group purchase websites and the competition between E-commerce platforms and professional group purchase websites will increase the overall services of the group purchase sector and thus attract more Internet users to use group purchase services.

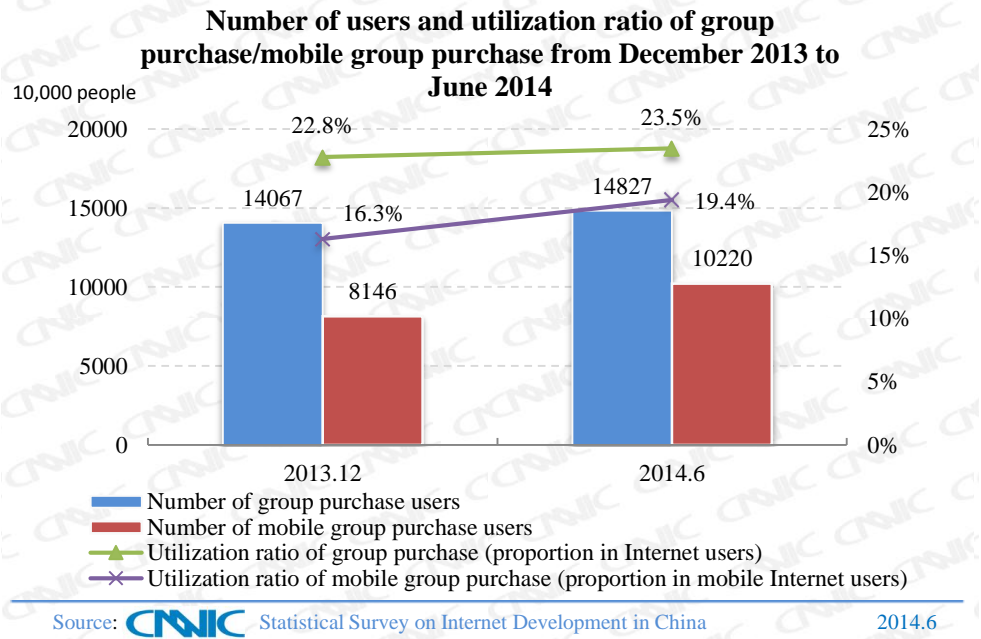


Figure 21 Number of users and utilization ratio of group purchase/mobile group purchase from December 2013 to June 2014

3. Online Payment

By the end of June 2014, the number of online payment users in China had reached 292 million, rising by 32.08 million compared with that at the end of 2013, with a semi-annual growth rate of 12.3%. The percentage of online payment users in China rose to 46.2% from 42.1% in December 2013. In the meantime, the mobile payment users grew rapidly, reaching 205 million, with a semi-annual growth rate of 63.4%, and the utilization ratio of mobile payment rose from 25.1% to 38.9%.

Online payment is the business application whose users grow the fastest, which is mainly attributed to the following three factors: Firstly, online payment has been applied to various business applications and has embarked on a track of rapid development. The linkage effect as a result of such online business applications as online shopping and online travel booking has boosted the development of online payment. Secondly, the rapid development of mobile-end payment has had a strong substitution effect on offline payment. The close connection between mobile online payment and consumers' life has expanded application scenarios and data services (such as bill function). Such measures as "cash allowance", "discount and preferential treatment" and "high yield" taken by enterprises have boosted the rapid growth of online payment users. For example, the applications include taxi taking software, payment for everyday life, payment-based wealth management products for the general public, and checking scores of the college entrance examination. Thirdly, the improved safety environment and safety performance of the means of payment have provided users with better support and protection.

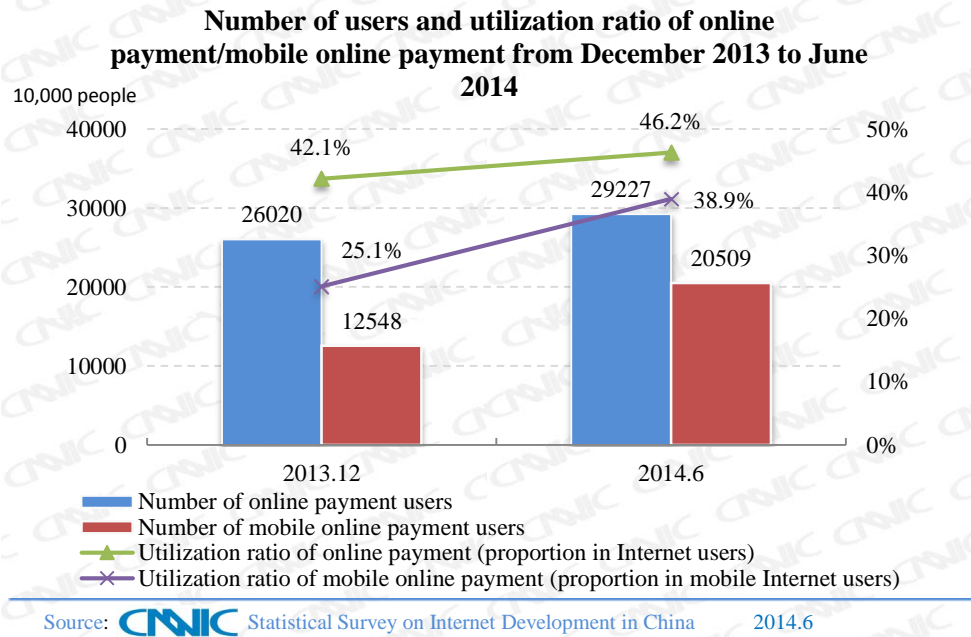


Figure 22 Number of users and utilization ratio of online payment/mobile online payment from December 2013 to June 2014

4. Internet Wealth Management

Since the beginning of 2014, the Internet finance has shown a strong growth momentum, crowd-funded business models have been repeatedly reported by media and known by more people, and the number of P2P online-loan enterprises has exceeded one thousand. The sales volume of Internet wealth management products, in particular, has reached 1000 billion yuan within just months. Therefore, this survey has included the wealth management products that involve the largest number of Internet users in the Internet finance modes. By the end of June 2014, the number of users of Internet wealth management products was 63.83 million, with a utilization ratio of 10.1%.

The rapid development of the users of Internet wealth management products within just one year is attributed to the following factors: In terms of the features of the Internet, the Internet's convenience has opened up the capital chain and reduced the management and operation costs of wealth management products, while the Internet's long tail effects have converged the scattered funds of individual users, not

only increasing the status of Internet financing operators in business negotiations, but also reaping higher returns for scattered funds of individuals. In terms of users' needs, Internet wealth management products feature low threshold, high yield and high liquidity that meet people's financing needs. These products can be bought with a minimum of one yuan, with their earnings calculated based on the number of days. They can be redeemed after T+0 days (i.e. on the same day of transaction), with an earning rate over ten times higher than that of current deposits in banks, and thus have overwhelming advantages over bank deposits. In terms of buying channels, buying of Internet wealth management products mostly relies on third-party payment platforms with large size of users, high frequency of use and mature development, which provide great convenience.

5. Travel Booking

By the end of June 2014, the number of Internet users that had booked air tickets, hotel rooms, train tickets and vacation tour online had reached 190 million, representing a growth of 8.83 million, or a semi-annual growth rate of 4.9% compared with that at the end of 2013, and with a utilization ratio of online vacation tour booking in China rising from 29.3% to 30.0%. The Internet users who booked air tickets, hotels, train tickets and vacation tour online accounted for 23.9%, 11.7%, 10.7% and 8.1% respectively. It is noteworthy that the Internet users who booked vacation tour online grew rapidly by 12.57 million, or 32.4%, in the past six months, and made the biggest contributions to the growth of the overall users who book vacation tour online. In the meantime, the number of users that had booked air tickets, hotel rooms, train tickets or vacation tour online via mobile phone had reached 75.37 million, representing a growth of 29.8 million, or a semi-annual growth rate of 65.4% compared with that in December 2013, and with a utilization ratio of mobile vacation tour booking in China rising from 9.1% to 14.3%.

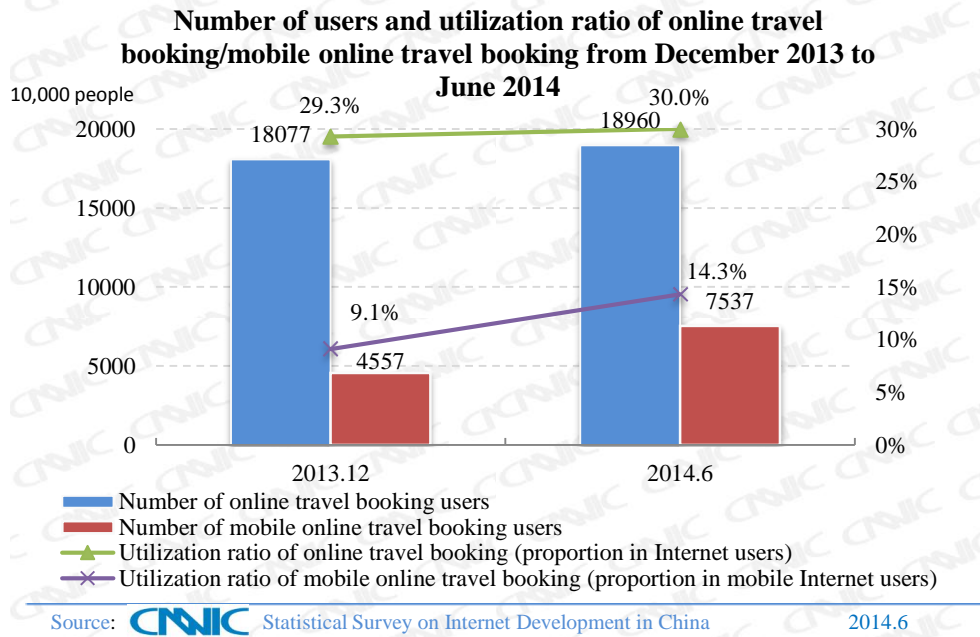


Figure 23 Number of users and utilization ratio of online travel booking/mobile online travel booking from December 2013 to June 2014

The growth of online vacation tour booking users is mainly attributed to the following three factors: Firstly, the governmental departments concerned gave strong support. China's National Tourism Administration has identified the year of 2014 as "Year of Smart Tourism"⁹, and encouraged enterprises to take advantage of advanced technology, such as cloud computing technology, Internet/mobile Internet and smart terminals, to improve the service quality and user experience of online booking of vacation tour. Secondly, social capital has had good investment appetite for tourism, and investment and M&A have been active in the industry, which has facilitated improvement of the entire tourist industry and service quality. Thirdly, improvement of tourist products, more publicity and promotion efforts by enterprises, and promotion of mobile APPs have sparked the needs of consumers for vacation tour, and encouraged a large number of offline vacation tour booking¹⁰ users to transfer to online travel booking.

⁹ Smart Vacation Tour refers to the voluntary perception of the information on tourist resources, tourist economy, tourist activities and tourists, etc., the timely release of information so that people can get such information in time, and the timely arrangement and adjustment of work and tourist plans by using such new technologies as cloud computing and The Internet of Things via Internet/mobile Internet and portable Internet access terminal devices, thus achieving smart perception and convenient use of various types of tourist information.

¹⁰ Offline booking of vacation tour: It is a way of booking of vacation tour mainly relying on telephone and physical store.

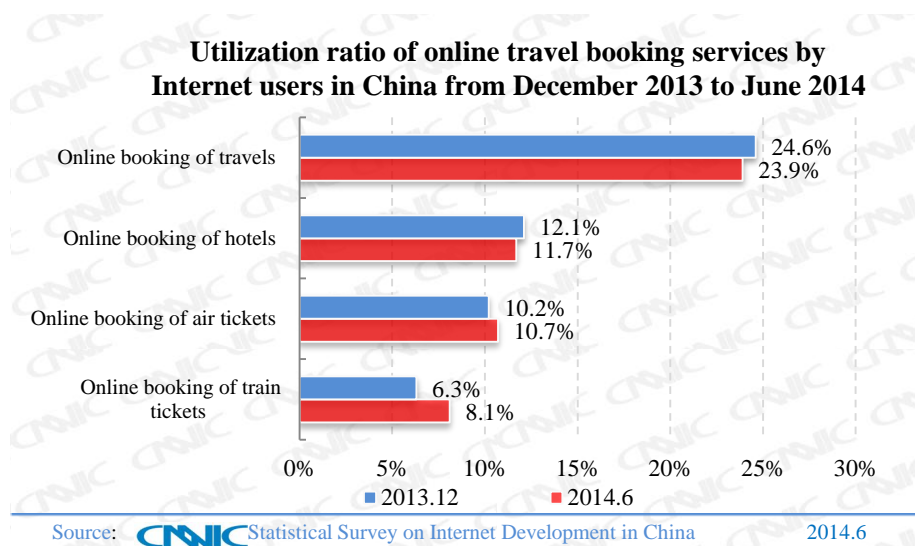


Figure 24 Utilization ratio of online travel booking services of Internet users from December 2013 to June 2014

IV. Development of Communication-type Applications

1. Instant Messaging

By the end of June 2014, the number of instant messaging users in China had reached 564 million, representing a growth of 32.08 million, or 6.0%, compared with that at the end of 2013. The utilization ratio of instant messaging was 89.3%, up by 3.1 percentage points over the end of 2013, continuing ranking the first.

As the most fundamental network demand of Internet users, instant messaging not only has the No. 1 utilization ratio among Internet users, but also shows a trend of steady growth. The main reason is that the number of users of mobile instant messaging has grown rapidly. By the end of June 2014, the number of mobile instant messaging users in China had reached 459 million, representing a growth of 28.42 million, or 6.6%, compared with that at the end of 2013. The utilization ratio of mobile instant messaging was 87.1%, up by 1 percentage point over the end of 2013.

With mobile instant messaging opening up the entire ecological chain, such services as games, e-business and O2O will all reach users via the access of instant messaging. This huge potential access value has made mobile instant messaging products the focus of the industry again. To have an upper hand in the competition for



mobile-end accesses in the future, Internet giants in E-business and other areas have begun to make deployment for mobile instant messaging, such as launching their own products, or forming an alliance with the existing products in the market through merger, acquisition or investment. In the comprehensive mobile instant messaging market, the market layout has been basically determined, but a new round of fierce battle is likely to occur in some vertical mobile instant messaging markets. The currently successful vertical mobile instant messaging products show that only by seeking differentiated routes and having unique positioning can an enterprise keep increasing its user scale and loyalty.

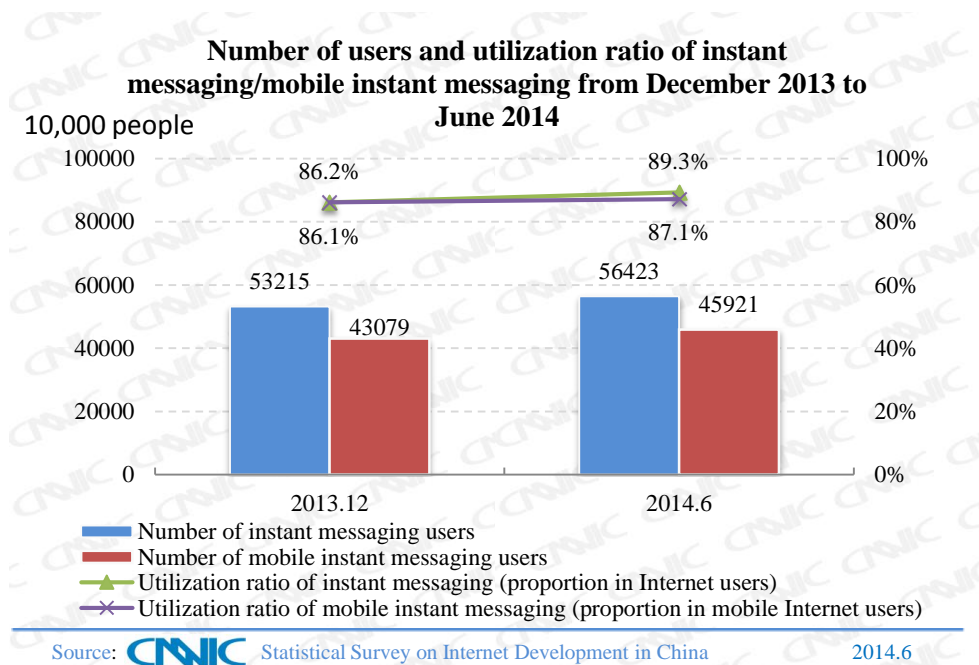


Figure 25 Number of users and utilization ratio of instant messaging/mobile instant messaging from December 2013 to June 2014

2. Blog/Personal Space

By the end of June 2014, the number of blog and personal space users in China had reached 444 million, representing a growth of 7.72 million, or 1.8%, compared with that at the end of 2013. The utilization ratio among Internet users was 70.3%, slightly lower than that at the end of 2013. Specifically, the utilization ratio of blogs was 19.3%, the number of users was 122 million; the utilization ratio of personal

space was 65.1%, and the number of users was 411 million.

As a content release platform, blogs have relatively long content and are lack of interaction with users. They can not meet people's needs of paying attention to and releasing information anytime and anywhere, and are being replaced by the functions of other social applications and turned into narrow-niche applications in the competition. Today, blogs are developing with the features of elitism and specialization. Personal space is quite the contrary. It maintains the product innovation ability that grows with users, integrates a number of functions of popular social products, completes transformation into the social application, and satisfies users' social needs, with its number of users and utilization ratio has been keeping a high level.

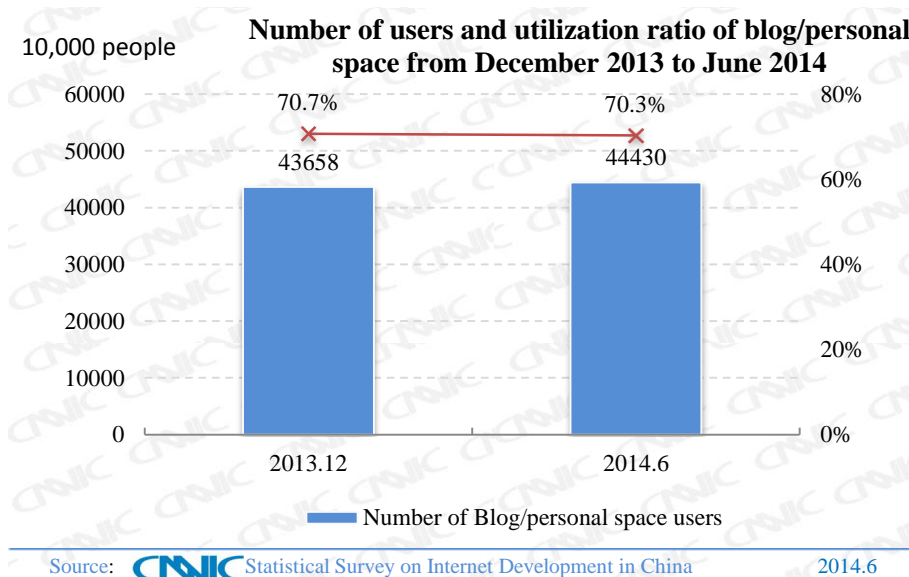


Figure 26 Number of users and utilization ratio of blogs /personal space from December 2013 to June 2014

3. Microblog

By the end of June 2014, the number of microblog users in China was 275 million, decreasing by 5.43 million compared with that at the end of 2013, and the utilization ratio by Internet users was 43.6%, similar to that at the end of last year. Specifically, the number of mobile microblog users was 189 million, decreasing by 7.94 million compared with that at the end of 2013, with a utilization ratio of 35.8%.



After the rapid growth stage from 2011 to 2012, the microblog market has gradually entered the mature stage, and the entire market shows a trend of centralization. The strategic adjustment of the microblog business by some operators has reduced the number of microblog users to some degree.

The analysis of the development trend shows that with the utilization maturity and content preference of the users deepened, their own properties also change. Firstly, the microblog platform has improved its role and become a platform where individuals, organizations and other media release information and conduct exchanges, and provided platforms for mobile applications and social applications. Secondly, in terms of the content, microblogs have begun to contain some vertical and refined content based on the extensive and popular content, better satisfying the personalized needs of users. Thirdly, in terms of the user trend, the microblog users are "going down" from the first-tier and second-tier cities in the early stage to the third-tier and fourth-tier regions or even lower-level regions. Finally, in terms of the value application, microblogs will deliver better value for public opinion management, behavior prediction and online marketing with the accumulation of microblog data.

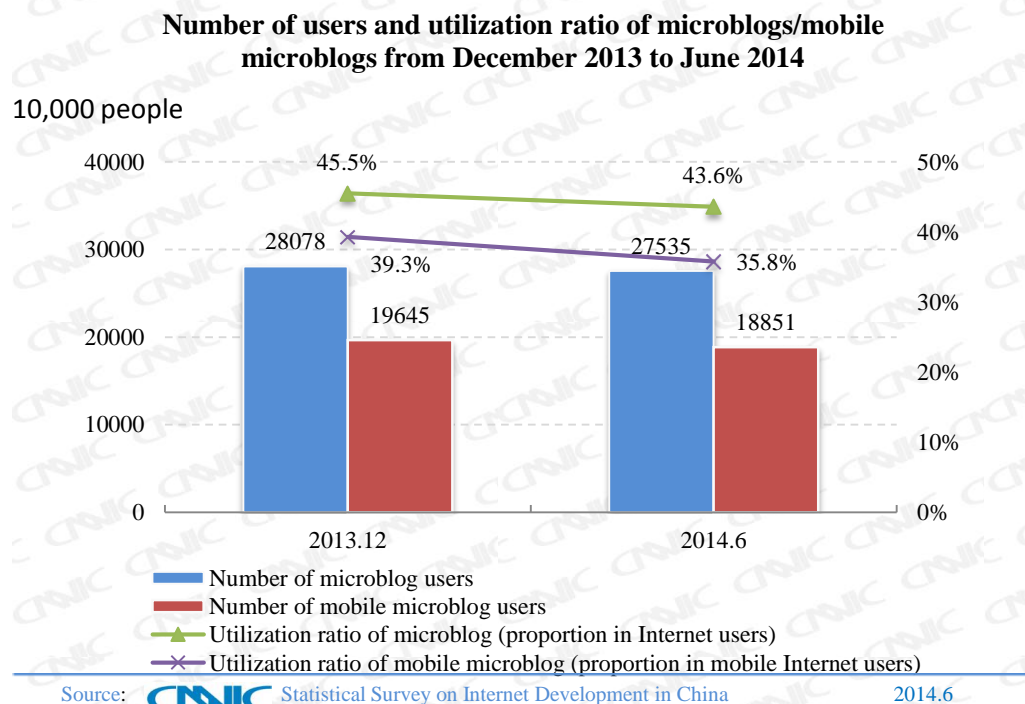


Figure 27 Number of users and utilization ratio of microblogs/mobile microblogs
from December 2013 to June 2014

4. Social networking sites

By the end of June 2014, the number of social networking site users was 257 million, decreasing by 20.47 million compared with that at the end of 2013. The utilization ratio of social networking sites was 40.7% among Internet users, down by 4.3 percentage points over the end of last year. The number of mobile social networking site users was 134 million, decreasing by 20.43 million compared with that at the end of 2013, and the utilization ratio was 25.4%, down by 5.5 percentage points. The overall status of social networking sites, the mobile-end users and the utilization ratio continued declining, with a grim prospect of development.

The number of users and utilization ratio of social networking sites keep declining, because of on the one hand the challenges from the competitors, and social applications have been updated rapidly in recent years, which have diverted some users of social networking sites, and on the other hand the reasons of the social networking sites, e.g., slow innovation, deviation of operation focus and failure in meeting the core needs of social users. In addition, some social networking sites have limited user positioning, and when a user's status changes, he/she may easily break away from the original relationship chain, resulting in user losses. The above factors have caused few user interactions, few updates, few original content on the "pan-social" social networking sites, and further affected the quality of exchanges and lowered users' intention to use such social networking sites.

In despite of the grim prospect of social networking sites, it has become an ordinary state that social application, as a basic element of Internet applications, integrates with other applications. Online shopping, online payment, online game, online video and search have introduced social elements one after another, and used social relationships to lead user behavior and thus facilitate development of the applications themselves.

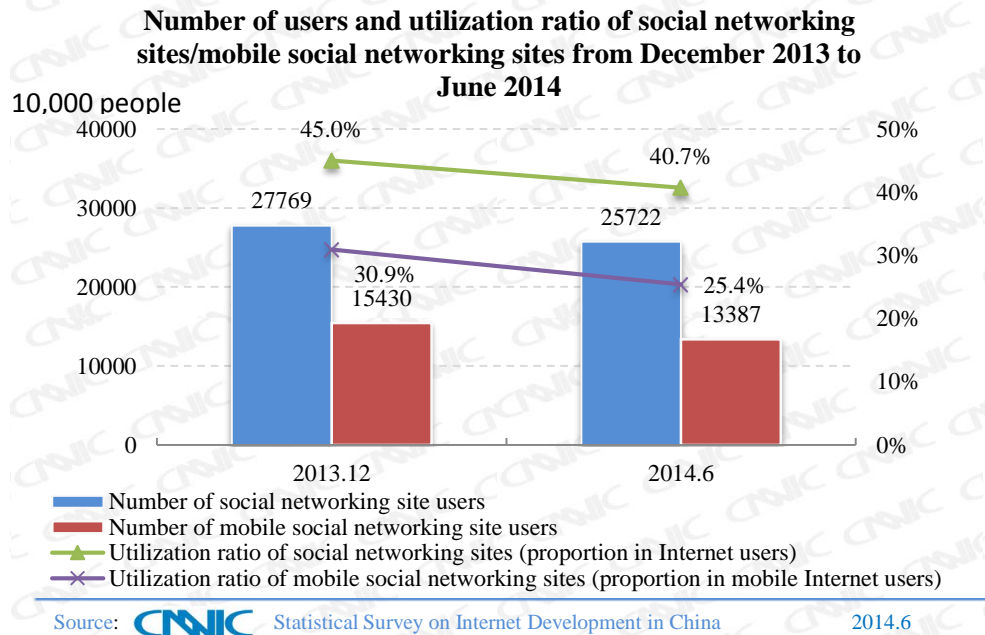


Figure 28 Number of users and utilization ratio of social networking sites/mobile social networking sites from December 2013 to June 2014

V. Development of Online Entertainment Applications

1. Online Games

By the end of June 2014, the number of online game users in China reached 368 million, with a utilization ratio rising from 54.7% at the end of 2013 to 58.2%, increasing by 30.08 million. The number of mobile online game users was 252 million, with the utilization ratio rising from 43.1% at the end of 2013 to 47.8%, increasing by 36.48 million. The mobile-end game users have become the most important driving force of growth, which also means that client-end game users have been further transferred to mobile games.

Client-end online games have been taking up the most important position in the Chinese game market, and their development has also laid a solid foundation for the development of other game types. Therefore, along with the improvement of the conditions of mobile Internet access, mobile games have developed rapidly and became the main impetus of growth of game users in the first half of 2014. The

analysis of the overall development trend shows that the game industry in China is getting farther away from the period that online games dominate. Firstly, the game policy has been further loosened, establishment of pilot free trade zones allows foreign-funded enterprises to produce and sell game devices, and thus game users have more choices. Secondly, the improved network and diversified Internet access devices have facilitated multi-terminal games to develop further, and a market pattern represented by mobile phones with Pad as supplement is taking shape. Thirdly, as part of the culture industry, games are more and more closely combined with such industries as film and television and literature, and interaction among film and television, literature and games is gradually formed, which facilitates the development of the entire industry.

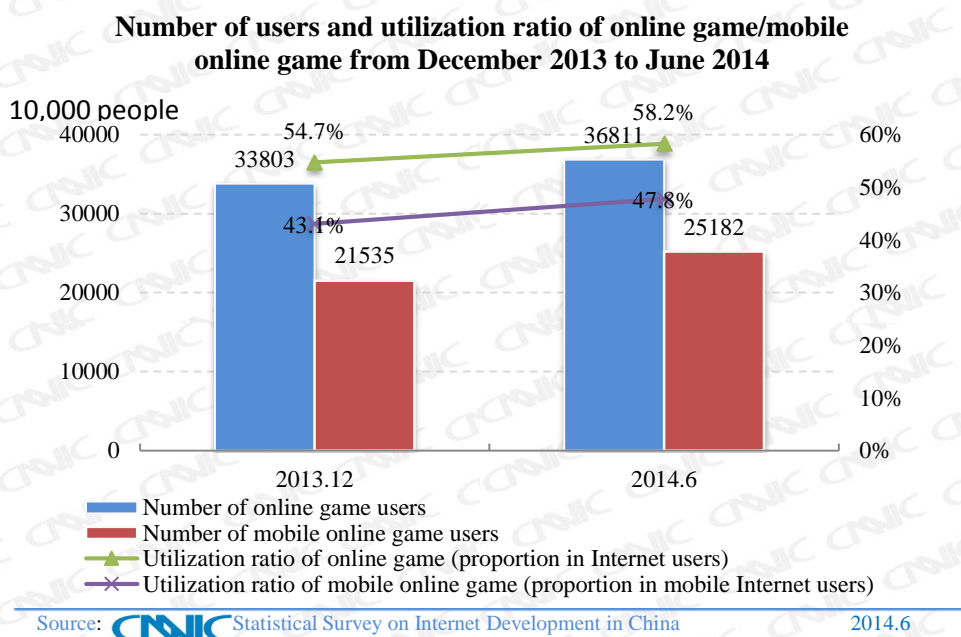


Figure 29 Number of users and utilization ratio of online game/mobile online game from December 2013 to June 2014

2. Online Literature

By the end of June 2014, the number of online literature users in China had reached 289 million, representing a growth of 14.98 million, or 5.5%, compared with that at the end of 2013. The utilization ratio of online literature by Internet users was 45.8%, up by 1.4 percentage points over the end of 2013.



After more than ten years of development, a complete industry chain of online literature has been formed. On this industry chain, online literature is the upstream, and the intellectual property (IP) opens up the chain. A series of derivative products, such as games, cartoons, films and televisions are launched according to the content of literary works. The copyright development of online literature has brought huge value and developed more business models. Under the megatrend of integration of the culture industries, such culture industries as literature, games, film and television, and cartoons will no longer be independent individuals in the future, but will be in a cross-integration status.

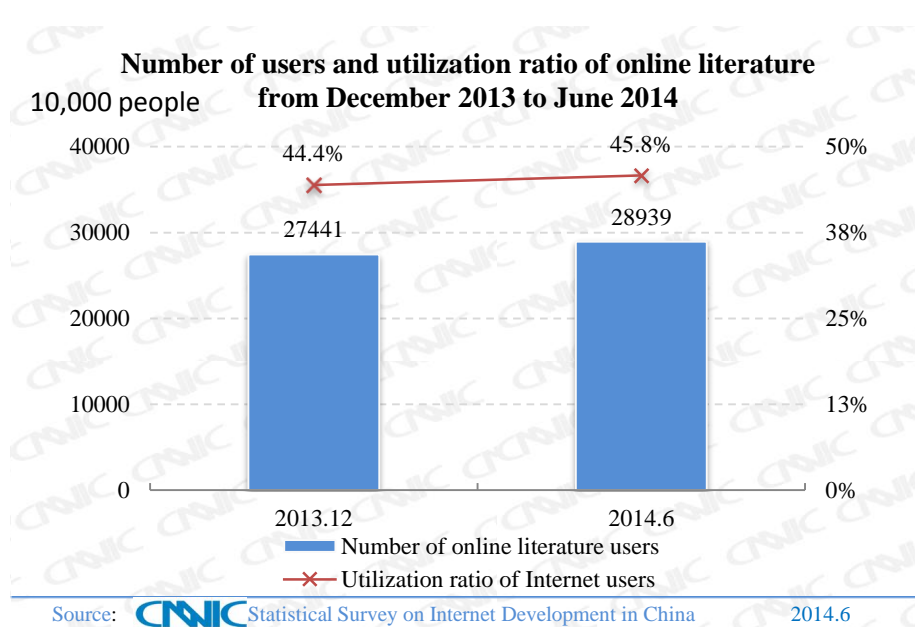


Figure 30 Number of users and utilization ratio of online literature from December 2013 to June 2014

3. Online Video

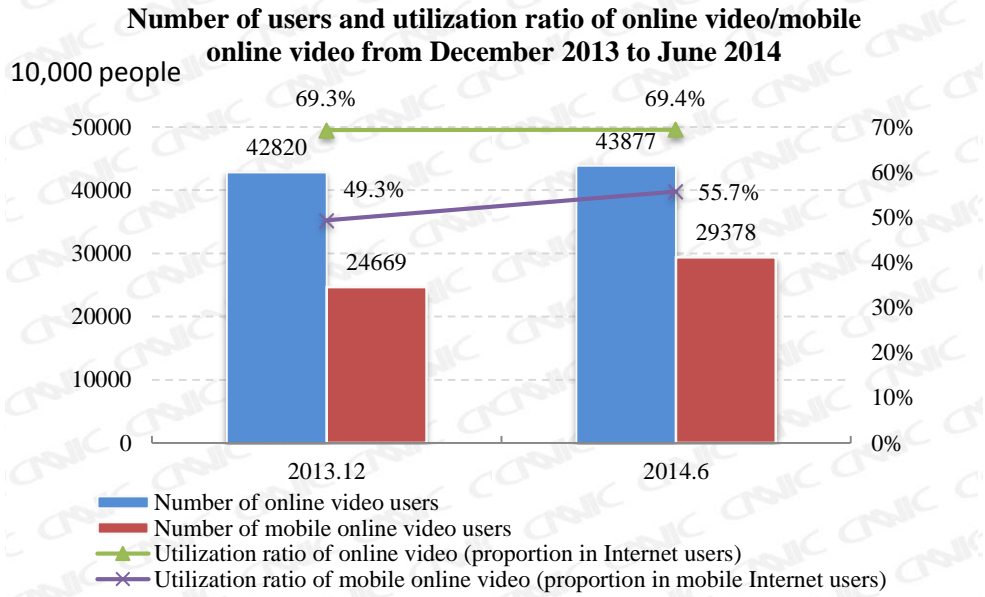
By the end of June 2014, the number of users of online video in China had reached 439 million, representing a growth of 10.57 million, or 2.5%, over the end of last year, with the growth slowing down significantly. The user utilization ratio of online video was 69.4 percentage points, which is similar to that at the end of last year. Specifically, the number of mobile video users in China was 294 million, an increase of 47.09 million, or 19.1%, over the end of 2013. The utilization ratio by

Internet users was 55.7%, up by 6.4 percentage points over the end of 2013.

In the first half of 2014, the development of online video showed some new changes as follows: Firstly, in terms of ways of watching, online video users continued to transfer to mobile ends. Improvement of the network environment, popularization of smart devices and efforts of video manufacturers at client ends has jointly boosted the rapid growth of mobile-end video users. According to the Research Report on Online Video Application in China in 2013-2014 released by CNNIC in June this year, the video users' utilization ratio is decreasing at PC ends and increasing at mobile ends. In particular, 69% of the young users aged 10-29 watch video at mobile ends. Secondly, in terms of content, major video websites have put more efforts in creating contents themselves. Competitive TV stations have begun to build their own network communication channels and keep a tight hand on the copyrights of their self-made programs. Under this circumstance, video websites have given priority to self-made programs and invited stars and outstanding production teams to production of self-made plays. For the 2014 FIFA World Cup, video websites have made heavy investments in producing their self-made programs for marketing purposes. Thirdly, in terms of policy, China's State Administration of Press Publication, Radio, Film and Television has strengthened regulation over online audiovisual programs. Therefore, Video websites may encounter policy risks if they decide to enter the market of TV end. Internet TV has developed rapidly in China in recent years. According to this survey, 14.1% of the Internet users had used TV to access the Internet in the past six months. After the "Shutdown File"¹¹ was released, users can no longer use the converged software in the Internet box or the video client end to watch free content, therefore, it will be inevitable for Internet video enterprises to have a hard time.

¹¹ China's State Administration of Press Publication, Radio, Film and Television issued the file concerning immediate shutdown of illegal video software downloading channels in the Internet TV terminal products, requiring the companies concerned to immediately shut down related software and downloading channels, and to treat the downloaded software technically.





Source: **CNIC** Statistical Survey on Internet Development in China 2014.6

Figure 31 Number of users and utilization ratio of online video/mobile online video from December 2013 to June 2014



Appendix 1 Attached Tables of Basic Internet Resources

Table 1 Number of IPv4 Addresses in the Regions of China

Region	Number of Addresses	Equivalence
Mainland China	330408960	19A+177B+164C
Taiwan	35439872	2A+28B+197C
Hong Kong SAR	11829504	180B+129C
Macau SAR	326912	4B+253C

Table 2 Allocation of IPv4 addresses among the organizations in Mainland China

Organization Name	Number of Addresses	Total IPv4 Addresses
China Telecom	125761280	7A+126B+247C
China United Network Communications Corporation	69835008 ^{Note 1}	4A+41B+153C
Member of CNNIC IP Address Allocation Alliance	52168704 ^{Note 2}	3A+28B+8C
China Mobile Communications Corporation	51088384 ^{Note 3}	3A+11B+140C
China Education and Research Network	16649728	254B+14C
Others	14905856	227B+114C
Total	330408960	19A+177B+164C

Data source: APNIC and CNNIC

Note 1: The addresses of China United Network Communication Limited includes the addresses of former China Unicom and former China Netcom. The IPv4 address 6316032 (96B+96C) of former China Unicom is assigned by CNNIC;

Note 2: As a national Internet registry (NIR) approved by APNIC and national competent authorities in China, CNNIC has organized ISPs, enterprises and public institutions of certain size in China to set up IP Address Assignment Alliance of China. So far, the total number of IPv4 addresses held by the members of CNNIC IP Address Assignment Alliance is 74279936, equivalent to 4A+109B+108C. The IPv4 addresses of the members of IP Address Assignment Alliance of China listed in the above table do not include those IPv4 addresses already assigned to former China Unicom and Tietong.

Note 3: The addresses of China Mobile Communications Corporation includes the addresses of former China Mobile and China Tietong. The IPv4 address 15795200 (241B+4C) of China Tietong is assigned by CNNIC;

Note 4: The deadline for the above statistical data is June 30, 2014.

Table 3 Number of IPv6 addresses in China

Region	Number of Addresses
Mainland China	16694/32
Taiwan	2353/32
Hong Kong SAR	173/32
Macau SAR	3/32

Table 4 IPv6 address allocation in Mainland China

Organization Name	Number of IPv6 (/32 ^{Note 1})
China Telecom	4099
China United Network Communications Corporation	4097
China Mobile Communications Corporation	4097
Member of CNNIC IP Address Allocation Alliance	2281 Note 2
China Tietong Telecommunications Corporation	2049 Note 3
China Science and Technology Network	17 Note 4
China Education and Research Network	16
Others	38

Data source: APNIC and CNNIC

Note 1: /32 as shown in the IPv6 address allocation table is a method to present IPv6 addresses, and the corresponding number of addresses is $2^{(128-32)} = 296$;

Note 2: At present, the total IPv6 addresses held by the members of IP Address Assignment Alliance of CNNICIP are 4347/32. The IPv6 addresses held by the members of IP Address Assignment Alliance listed in the above table do not include those IPv6 addresses already assigned to China Tietong and CSTNET.

Note 3: The IPv6 addresses of China Tietong Telecommunications Corporation are assigned by CNNIC;

Note 4: The IPv6 addresses of CSTNET are assigned by CNNIC;

Note 5: The deadline for the above statistical data is June 30, 2014.

Table 5 Proportion of IPv4 address in each province

Province	Proportion
Beijing	25.65%
Guangdong	9.62%
Zhejiang	5.31%
Jiangsu	4.81%
Shanghai	4.48%
Shandong	4.93%
Hebei	2.89%
Liaoning	3.39%
Henan	2.67%
Hubei	2.43%
Sichuan	2.82%
Fujian	1.96%
Hunan	2.41%
Shaanxi	1.66%
Anhui	1.68%
Heilongjiang	1.23%
Gangxi	1.41%
Chongqing	1.71%
Jilin	1.23%
Tianjin	1.06%
Jiangxi	1.77%
Shanxi	1.30%
Yunnan	0.99%
Inner Mongolia	0.79%
Xinjiang	0.62%
Hainan	0.48%
Guizhou	0.44%
Gansu	0.48%
Ningxia	0.24%
Qinghai	0.18%
Tibet	0.13%
Others	9.22%
Total	100.00%

Data source: APNIC and CNNIC

Note 1: The above IP address statistics are for the provinces where the IP address owners are located;

Note 2: The deadline for the above statistical data is June 30, 2014.



Table 6 Number of domain names, .CN domain names and .中国 domain names by province

Province	Domain name					
			Including .CN domain name		.中国 domain name	
	Number	Proportion in total domain names	Number	Proportion in total CN domain names	Number	Proportion in total .中国 domain names
Shandong	4104990	21.4%	3198572	30.0%	16654	5.9%
Guangdong	3397311	17.7%	2105194	19.8%	45475	16.2%
Beijing	2309879	12.1%	1084776	10.2%	32798	11.7%
Shanghai	902456	4.7%	316676	3.0%	15193	5.4%
Heilongjiang	883255	4.6%	678739	6.4%	15797	5.6%
Zhejiang	813873	4.3%	321135	3.0%	18099	6.5%
Fujian	782529	4.1%	329271	3.1%	14182	5.1%
Jiangsu	672225	3.5%	240595	2.3%	22147	7.9%
Henan	452556	2.4%	117130	1.1%	5020	1.8%
Sichuan	451424	2.4%	120076	1.1%	11608	4.1%
Hebei	288399	1.5%	89512	0.8%	7113	2.5%
Anhui	257157	1.3%	77900	0.7%	3630	1.3%
Hubei	248515	1.3%	84494	0.8%	5255	1.9%
Liaoning	239034	1.2%	75273	0.7%	10635	3.8%
Hunan	228320	1.2%	92522	0.9%	3891	1.4%
Hainan	187546	1.0%	15995	0.2%	598	0.2%
Chongqing	170765	0.9%	57006	0.5%	6408	2.3%
Shaanxi	147944	0.8%	44453	0.4%	4212	1.5%
Jiangxi	129571	0.7%	53375	0.5%	2553	0.9%
Tianjin	128111	0.7%	38369	0.4%	2866	1.0%
Gangxi	112164	0.6%	47176	0.4%	3482	1.2%
Shanxi	102935	0.5%	30596	0.3%	2957	1.1%
Yunnan	92842	0.5%	39896	0.4%	5218	1.9%
Jilin	91768	0.5%	26647	0.3%	2908	1.0%
Inner Mongolia	54390	0.3%	17400	0.2%	1748	0.6%
Guizhou	51701	0.3%	22842	0.2%	1491	0.5%
Xinjiang	49999	0.3%	20748	0.2%	974	0.3%
Gansu	34261	0.2%	11120	0.1%	644	0.2%
Ningxia	20620	0.1%	5775	0.1%	372	0.1%
Qinghai	13353	0.1%	2630	0.0%	213	0.1%
Tibet	7148	0.0%	2167	0.0%	297	0.1%
Others	1720232	9.0%	1282322	12.0%	15603	5.6%
Total	19147273	100.0%	10650382	100.0%	280041	100.0%

Note: The total number of domain names by province doesn't cover .EDU.CN.



Appendix 2 Organizations Supporting the Survey

We would like to express our heartfelt thanks to the following organizations which have provided strong support for the collection of the basic data for this survey. (Not listed in any particular order)

China Telecom
China International Electronic Commerce Center
China Education and Research Network Center
Network Center of CSTNet
China United Network Communications Limited
China Mobile Communications Corporation
SanFront Information Technology Company
Xiamen ZZY Network Service Co., Ltd
 Zhongqi Power S&T Co., Ltd
 NET.cn
 Beijing SinoNets Xinye Network and Telecommunication Co., Ltd
 Xiamen Jingtong Technology Industry Co., Ltd.
 Beijing East Netscape Information Technology Co., Ltd
Xiamen Longtop On-line Technology Co., Ltd (its brand Bizcn)
 Beijing Xinnet Digital Information Technology Co., Ltd
 Guangdong Eranet International Limited
 Beijing Innovative Linkage Technology Ltd.

Appendix 3 Introduction to CNIDP

China Internet Data Platform (cnidp.cn) – open and shared Internet statistical data and services

- ◆ Launched and run by CNNIC
- ◆ Providing Internet statistical data and services for free
- ◆ Reflecting the situation of Internet development in China objectively and timely

Website of the platform: www.cnidp.cn

Introduction to the platform

China Internet Data Platform, launched and run by CNNIC, adopts the research method of fixed sample panel to reflect multiple facets (macro and micro) of the development situation of Internet in China and provide multifaceted decision-making support for the participants of the Internet industry through the Internet using behavior data of Chinese Internet users samples collected by the survey clients continuously in real time and by analyzing those data statistically.

Function Demonstration

<p>Statistical data</p> <p>Provide weekly, monthly, quarterly and half-year statistical data including the covered users, visiting times, page views, visiting duration and other indicators for domestic mainstream websites/software; the data are updated within no more than 3 days.</p>	 <p>覆盖人数 访问次数 PV 页面浏览量 访问时长</p>
	<p>User feature</p> <p>Provide multidimensional structure distribution data including sex, age, education, occupation, income, region, and city level for domestic mainstream websites/software.</p>
<p>Superposition analysis</p> <p>Count the superposition of user groups, and the structure distribution of different user groups for different websites/software.</p>	
	<p>Trend comparison</p> <p>Provide detailed historical statistics data on a "daily" basis for domestic mainstream websites/software, so as to reflect the historical change trend.</p>

The copyright of this Report is owned by China Internet Network Information Center (CNNIC).

Please clearly indicate the source in case of citation or reproduction.