

**Statistical Survey Report on the
Internet Development in China
Abridged Edition
(July 2008)**



China Internet Network Information Center

TABLE OF CONTENTS

GLOSSARY.....	4
CHAPTER I INTRODUCTION OF SURVEY METHODOLOGIES	6
CHAPTER II SIZE AND DEMOGRAPHIC STRUCTURE OF NETIZENS	10
I. SIZE OF NETIZENS	10
(i) Overall Size of Netizens.....	10
(ii) Size of Netizens by Access Method.....	11
II. DEMOGRAPHIC STRUCTURE OF NETIZENS	11
(i) Gender	11
(ii) Age	12
(iii) Education	13
(iv) Netizens' Identity	14
CHAPTER III FUNDAMENTAL RESOURCES OF THE INTERNET.....	15
I. OVERVIEW OF FUNDAMENTAL RESOURCES	15
II. IP ADDRESS	16
III. DOMAIN NAME	16
IV. WEBSITES	17
V. INTERNATIONAL OUTLET BANDWIDTH	17
CHAPTER IV INTERNET ACCESS CONDITIONS	18
I. INTERNET SURFING CONDITIONS	18
II. PLACES OF INTERNET ACCESS	18
III. ONLINE DURATION.....	19
IV. ABOUT INTERNET ACCESS BY MOBILE PHONES.....	19
CHAPTER V INTERNET APPLICATIONS	21
I. OVERVIEW	21
II. BASIC INTERNET APPLICATIONS	22
III. NETWORK MEDIA.....	23
IV. DIGITAL ENTERTAINMENT	24
V. E-COMMERCE.....	25
VI. ONLINE COMMUNITY	26

VII. OTHER INTERNET APPLICATIONS27

Glossary

◇ Netizen

CNNIC defines the netizen as any Chinese citizen aged 6 and above who have used the Internet in the past half a year.

◇ Broadband

It refers to Internet access methods such as dedicated line (optical fiber entering households and Ethernet etc.), xDSL, CABLE MODEM and power line.

◇ Mobile Netizen

It refers to any netizen who has accessed the Internet via mobile phone in the past half a year.

◇ Internet-Accessible Domestic Computers

It refers to the computers, inclusive of desktops and laptops, that can be used to access the Internet at home.

◇ IP Address

IP address, an important part in the Internet Protocol, that is, IP Protocol, is the only global identification of a network and a specific host computer in the network in the IP Protocol. The type of IP addresses used at present is IPv4. An IPv4 address has 32 bits, shown by the dotted decimal notation system, for example, 172.16.0.0. IPv6 is a new generation Internet Protocol, and its corresponding addresses are IPv6 addresses, adopting 128-bit address size.

◇ Domain Name

All domain names mentioned in the Report are in ASCII. It is a string that consists of numbers, letters and hyphen (-) and is separated with dots (.), and that is a hierarchical Internet address identifier corresponding to an IP Address. The common domain names are classified into two categories: (1) ccTLDs (such as “.cn” for China, “.us” for the United States, etc.) and (2) gTLDs (such as “.com”, “.net”, “.org”, etc.).

◇ Website

It refers to any website that uses a domain name or “www. + domain name” as the identifier of its IP Address, including the sites using the Chinese ccTLD “.cn” and the gTLDs. For instance, the domain name “cnnic.cn” only has one website, “cnnic.cn” or www.cnnic.cn”.

Other names such as “whois.cnnic.cn”, “mail.cnnic.cn” are treated only as different channels of this website.

◇ Coverage of Survey

The statistics of Hong Kong, Macao and Taiwan are not included in the Report, unless otherwise specified.

◇ Closing Date for the Survey

The closing date for the survey is June 30, 2008.

Chapter I Introduction of Survey Methodologies

In accordance with the statistical theories and international practice and on the basis of the previous 21 statistical surveys, we have adopted such survey methods as sample survey through telephone, online survey, automatic online searching and statistics reporting.

(i) Sample Survey through Telephone

The telephone-based sample survey focuses on the amount and structural characteristics of China's netizens, conditions of Internet access, internet application and their views on the Internet as well as the demographic profile of non-netizens. The target population is divided as follow:

Group A: residents with permanent residence phones

Group B: college students boarding at school

Group C: residents without residence phones are subdivided as follow:

Group C1: residents with personal handy phones (wireless local service)

Group C2: residents with mobile phones (China Mobile or China Unicom)

Group C3: residents without any mobile phone

For the personal handy phones give wireless local services without any charge on all incoming calls, and, it is impossible in the interview to tell the residence phone numbers from the personal handy phone number on the basis of their area code, the residence phone and the personal handy phone are surveyed as a whole: i.e., Group A and Group C1 can be deemed as one group in the interview. In conducting the interviews, it can be divided as follows:

Group A+C1: residents with residence phones (inclusive of personally handy phones)

Group B: college students boarding at school

Group C2: residents without any residence phone but mobile phones

Group C3: residents with neither residence phones nor mobile phones

The current survey is conducted only on Groups A+C1, B and C2, with a sampling total of 16,000. Group C3 is not included in the survey for netizens of Group C3 are small in size. Considering that this portion of netizens will become smaller and smaller with the social and economic development, they have not been covered in the interviews.

1. Sampling Method for Group A+C1

◇ Sampling Method

The sampling method for the telephone survey is to be carried out for different strata and in two stages, which is aimed to make the samples similar to the self-weighted ones. Samples will be taken separately from different strata and then be allocated among different cities within the province.

◇ **Basis for the Sampling**

In defining the amount of provincial sample, the basis for consideration is “the population aged 6 and above and with residence phones”. When determining the amount of samples for the cities and prefectures within different provinces, consideration shall be given to the fact that all cities and prefectures therein will be sampled. The number of residence phones in the city or prefecture is used as the basis for the sampling. The amount of the samples was determined as per the amount of each city’s resident phones as a percentage of the total residence phones of the whole province.

◇ **Amount of the Samples**

The amount of sample for different provinces is allocated as per the proportion of the A+C1 population in the A+C1 population all over the country. With comprehensive consideration to the accuracy and cost, the final number of sample is determined to be 7,000.

◇ **Execution Mode**

The numbers from each area’s telephone office will be arranged at random and then be dialed to make an interview over the home telephone therein. In order to increase the success rate of the interviews, the principle of convenience is adopted, whereunder the residents answering the call will be interviewed for the basic information about their access to the Internet.

2. Sampling Method for Group B

◇ **Sampling Method and Amount of Samples**

Group B refers to college students at school. With comprehensive consideration to cost and accuracy, the effective amount of samples is set at 2,000, namely 200 colleges will be sampled nationwide, and 10 dormitory rooms of each college will be sampled. From each room, one person will be sampled. The sampling method is to be carried out for different strata in three stages with the aim to keep the final samples similar to the self-weighted samples. The stratification is made by the province (31) and school (2=university + junior college), totaling to 62 strata ($31 \times 2 = 62$). The number of schools to be sampled at each stratum=proportion of the students at the stratum in the total students of the country $\times 200$.

◇ **Basis for the Sampling**

The ideal basis for sampling should be the number of students dwelling at school. Due to the limitation of the sampling frame, the actual basis for sampling used is the number of students at school.

◇ **Execution Mode**

The numbers from the selected schools’ telephone offices are arranged at random and then be dialed to make interview over the dormitory phones. Considering that the persons in the same dormitory room are of high homogeneity, the principle of convenience is adopted and the student answering the call will be interviewed.

3. Sampling Method for Group C2

◇ **Sampling Method and Amount of Samples**

Group C2 refers to the residents aged 6 and above without residence phones but with mobile phones. In order to secure the survey execution as well as take into account the cost and

accuracy, the amount of samples for each province is allocated according to the proportion of the province's mobile phone cards in the total amount of the cards in the country. The amount of sample for Group C2 is 7,000.

◇ **Basis for Sampling**

The ideal basis for sampling should be the "actual mobile phone subscribers without residence phones", but the particular data are not available for this basis. The actual basis for sample is the number of mobile phone cards in different provinces published by Ministry of Information Industry.

◇ **Execution Mode**

The numbers generated at random from the fragmented combinations of phone numbers are dialed to make out the respondent in the category of Group C2 to make up the amount of samples required for Group C2.

(ii) Automatic Online Searching and Statistics Reporting

The automatic online searching is mainly to take such technical statistics as domain name, website, their geographic distribution and other measures. Statistics reported mainly includes total IP addresses, international outlet bandwidth, etc.

1. Total of IP Addresses

The IP address statistics by province came from the IP address databases of the Asia Pacific Network Information Centre (APNIC) and the China Internet Network Information Center (CNNIC). The data statistics by province are obtained by the summarization of the amount of registered IP addresses with addresses for which the province they are located can be ascertained located from the two databases. As it is dynamic address allocation, the statistical data is for reference only. Furthermore, the Ministry of Information Industry, the national competent authorities of IP addresses, requires China's IP address allocation units (such as China Telecom and CNC) to report their owned IP address amount semiannually. In order to ensure the accuracy of IP data, the CNNIC will compare the APNIC data with the above reported data before it determines the final amount of IP addresses.

2. Totals of China's Domain Names and Websites

The totals, categories and regional locations of China's websites and domain names can be obtained by adding up the following two parts of data.

The first part of data is the amounts of domain names and websites under .CN, which the CNNIC has obtained by means of automatic online searching. The second part of data is the amounts of the gTLDs and websites in China, the provision of which are facilitated by gTLD registrars in China. These data include the amounts of gTLDs and websites that have been launched under gTLDs; the amounts of gTLDs and websites calculated according to domain categories (".COM", ".NET" and ".ORG"); the amounts of gTLDs and websites by province where registrars are located.

3. Total International Outlet Bandwidth of China

With the reporting system of telecommunication companies, the Ministry of Information Industry can get regularly the data on total international outlet bandwidth that China's operators hold. The

data reported are included in the Statistical Survey Report on Internet Development in China.

Chapter II Size and Demographic Structure of Netizens

I. Size of Netizens

(i) Overall Size of Netizens

The size of netizens in China has continued to display the trend of rapid development. By the end of June, 2008, the amount of netizens in China had reached 253 million. The amount of netizens in the United States was 218 million by the end of 2007.¹ Estimated by the growth speed of netizens in the United States in recent years, the amount of netizens in the United States would not surpass 230 million by the end of June 2008. Therefore, the size of netizens in China has leaped to the first place in the world, increasing by 91 million from the same period last year. In the first half of 2008, the net increase amount of netizens in China was 43 million.

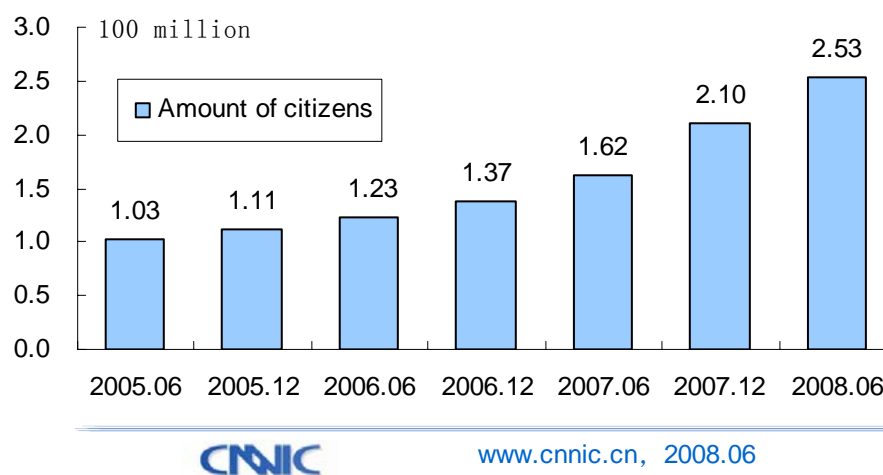


Figure 2.1 Growth of Netizens in China

By the end of June 2008, the Internet penetration rate in China had reached 19.1%. At present, only less than 1/5 of the Chinese residents are netizens. This penetration rate is slightly lower than the average Internet penetration rate in the world, 21.1%.

¹Source of data: www.internetworldstats.com.

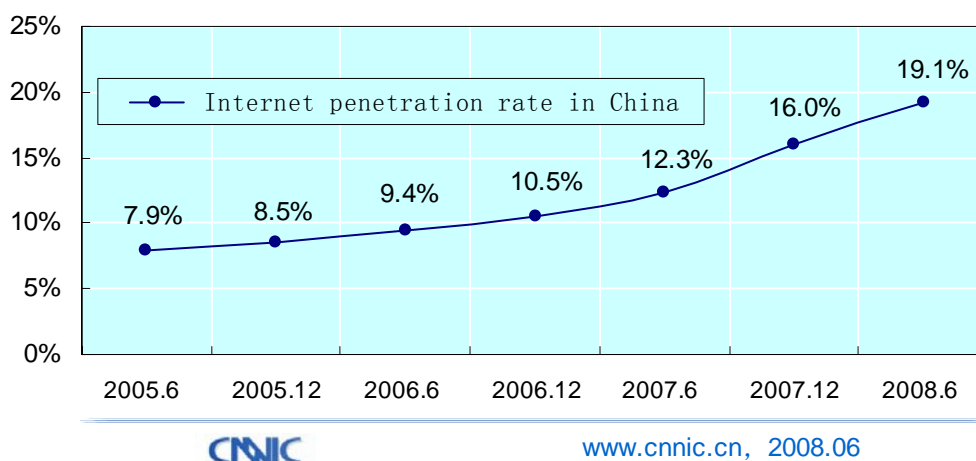


Figure 2.2 Internet Penetration Rate in China

(ii) Size of Netizens by Access Method

The Internet sector and netizens are both very concerned with the broadband access conditions. There are more and more netizens enjoying broadband access services, and the Internet access conditions in China have been improved. At present, the proportion of netizens with broadband access among Chinese netizens is 84.7%, and the amount of broadband netizens has reached 214 million.

At present, the amount of netizens surfing the Internet with mobile phones has reached 73.05 million. 28.9% of 253 million netizens have accessed the Internet with mobile phones within the past half year. Surfing the Internet with mobile phones, with its peculiar convenience, has been developing rapidly in China.

II. Demographic Structure of Netizens

(i) Gender

At present, the proportion of females among netizens in China has risen to 46.4%, increasing by 3.6 percentage points from that in December 2007, 42.8%. The netizens in China has been gradually tending toward gender equilibrium. This characteristic is influenced by the overall gender proportion of residents in China.

Compared with that in December 2007, the male and female Internet penetration rates have both risen, with the female Internet penetration rate rising slightly more quickly. At present, the Internet penetration rate of male Chinese residents is 19.9%, that is, nearly 1/5 of the male residents are netizens.

(ii) Age

The majority of netizens in China are still young people of 30 and under, which account for 68.6% of netizens in China, exceeding 2/3 of the total amount of netizens. The young age structure of netizens has exerted great influence on the in-depth application of the Internet in China, and the Internet application in China displays the characteristic corresponding to the characteristic of young age of netizens, still centering on entertainment.

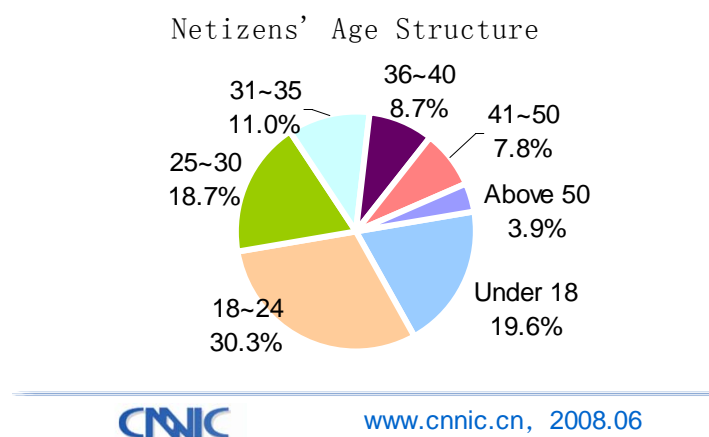


Figure 2.3 Age Structure of Netizens

From the observation of netizen increase of various age brackets with half a year, the increase amount of netizens of three age brackets of 30 and under has all surpassed 9 million compared with that in December 2007.

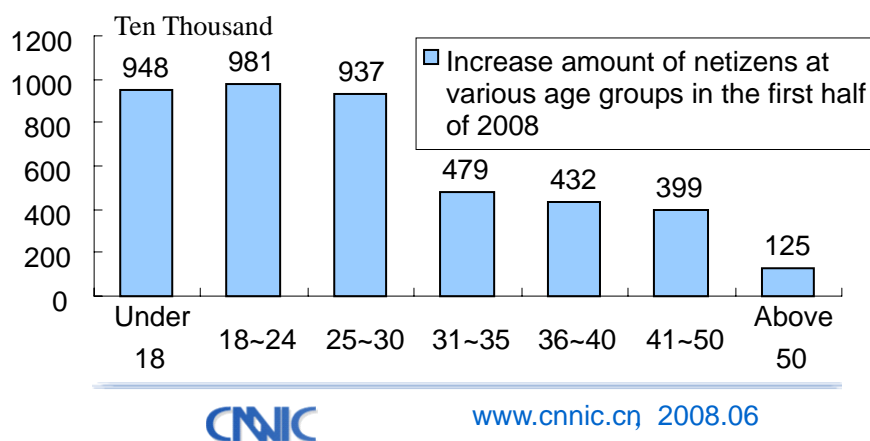


Figure 2.4 Increase Amount of Netizens in Various Age Brackets in the First Half of 2008

(iii) Education

The proportion of netizens with high school degree is the largest, accounting for 39%. With the gradual expansion of the size of netizens, their education structure has been gradually drawing close to the education level of the total population in China, which reflects the popularization of the Internet.

Compared with December 2007, the increase amount of netizens with high school degree and junior middle school degree² has been the largest within the past half year, reaching 23.04 million and 15.94 million respectively. The total of the two amounts accounts for 90.7% of the total newly increased netizens, that is, 43 million. The increase of netizens with junior college degree and above has been more stable.

² According to the caliber of the National Statistical Bureau of China, residents with high school degree and junior middle school degree include students at school.

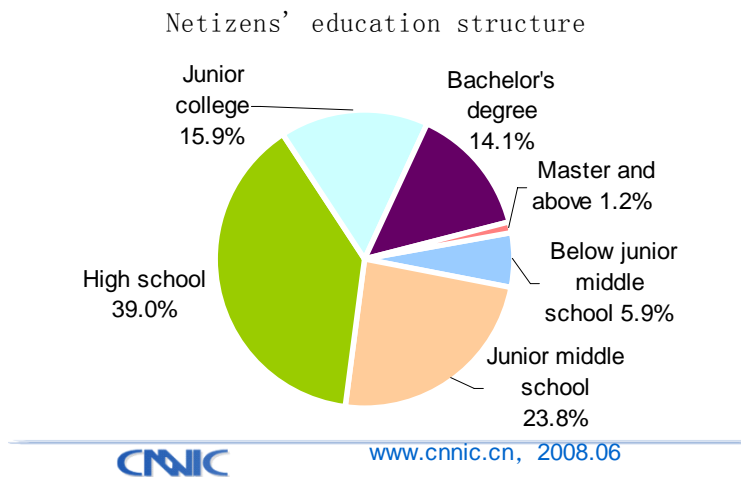


Figure 2.5 Education Structure of Netizens

(iv) Netizens' Identity

Students account for the largest proportion, reaching 30%. The size of student netizens has reached 76 million, increasing by 15.52 million from that in December 2007.

Chapter III Fundamental Resources of the Internet

I. Overview of Fundamental Resources

In the first half of 2008, the fundamental resources of the Internet in China continued to grow steadily and rapidly. The growth rate of domain names was the highest, reaching 14.85 million, with its annual growth rate being 61.8%. The driving effect of CN domain names was the largest. The amount of CN domain names has accounted for 80.1% of the total amount of domain names, and the annual growth rate reached 93.5%.

Beijing, Shanghai, Guangdong, Zhejiang and Jiangsu are five provinces and municipalities with good development in the fundamental resources of the Internet in China. The amount of IP addresses, domain names and websites in the five provinces and municipalities accounts for over a half in the whole country. The growth level of IPv4 addresses in Beijing in the first half of 2008 was higher and the growth level of website amount in Guangdong Province was higher.

Table 3.1 Growth of Fundamental Internet Resources by Quantity

	Total amount in June 2008 (item)	Annual growth rate	Amount for every ten thousand people (item/ten thousand residents)	Amount for every ten thousand netizens (item/ten thousand netizens)
IPv4 address (item)	158,141,184	33.7%	1,197	6,251
Domain name (item)	14,854,830	61.8%	112	587
Among them: CN domain name (item)	11,900,144	93.5%	90	470
Website (item)	1,918,500	46.3%	15	76
International outlet bandwidth (Mbps)	493,729	58.1%	4	20

II. IP Address

The amount of IPv4 addresses that China has at present has reached 158 million, accounting for 5.9% of the IPv4 addresses in the world. 56.9% of the IPv4 address resources are concentrated in the United States, and Japan accounts for 5.8%. Compared with December 2007, the amount of IPv4 addresses that China had in June 2008 rose from the third place in the world to the second place, surpassing Japan and second only to the United States.

The present average amount of IPv4 address resources per capita is 6,251/ten thousand netizens, which has been reduced by 191 from that in December 2007. This is due to the fact that the growth amount of netizens surpasses that of IPv4 addresses.

III. Domain Name

The total amount of domain names in China was 14.85 million in June 2008, with an annual growth rate of 61.8%, continuing the annual growth rate of over 50% since December 2006. The present amount of domain names per capita is 587/ten thousand netizens, increasing by 19 from that of December 2007.

Among 14.85 million domain names, 80.1% are CN domain names³, occupying the absolute mainstream status in Chinese domain names. Seen from the development trend in the recent few years, CN domain names have been accounting for more and more proportion in Chinese domain names, while the proportion of several other types of domain names has been gradually shrinking.

Table 3.2 Amounts of Domain Names in Different Categories in China

	Amount (item)	Proportion in the total amount of domain names
CN	11,900,144	80.1%
COM	2,463,784	16.6%
NET	389,824	2.6%
ORG	101,078	0.7%
Total	14,854,830	100.0%

³ The CN domain names in this Report only refer to English domain names ending with .CN.

IV. Websites

The present amount of websites in China has reached 1.919 million, with an annual growth rate of 46.3%. The rapid growth momentum has been maintained.

The average amount of websites in China per capita is 76/ten thousand netizens, increasing by 4 from that of December 2007. The amount of websites in China has been growing continuously.

Table 3.3 Amount of Websites in Different Categories in China

	Amount (item)	Proportion in total amount of websites
.CN	1,369,658	71.4%
.COM	466,395	24.3%
.NET	65,347	3.4%
.ORG	17,100	0.9%
Total	1,918,500	100.0%

V. International Outlet Bandwidth

The present international outlet bandwidth is 493,729Mbps, with an annual growth rate of 58.1%.

The amount per capita is 20Mbps/ten thousand netizens, increasing by 2Mbps from December 2007. The Internet international outlet connection capacity in China has been growing gradually.

Chapter IV Internet Access Conditions

I. Internet Surfing Conditions

Desktop computers are still the mainstream for surfing equipment at present, and 87.3% of the netizens use desktop computers for Internet access. Meanwhile, laptop computers and mobile phones have become important choices for netizens, about 30 percent of the netizens use the two kinds of equipment for Internet access. The change tendency of surfing equipment in the first half of 2008 was very obvious, with the proportion of desktop computers dropping, and the proportion of laptop computers and mobile phone rising.

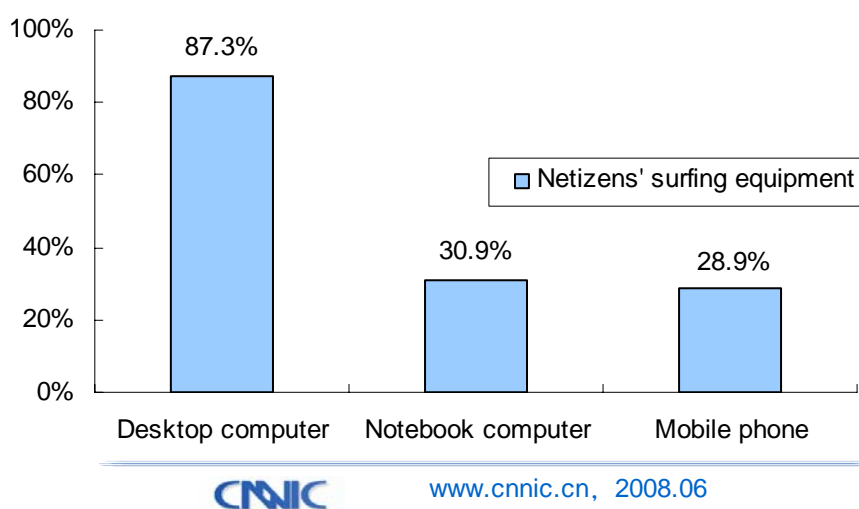


Figure 4.1 Surfing Equipment

The present amount of domestic computers accessible to the Internet in China is 84.7 million (including Internet accessible desktop computers and laptop computers). Compared with December 2007, the amount of domestic computers accessible to the Internet in the first half of 2008 increased by 6.7 million, with a semiannual growth rate of 8.6%.

II. Places of Internet Access

The proportion of netizens surfing the Internet at home has been rising continuously to 74.1%

from 67.3% in December 2007. With the improvement of Internet access conditions, the proportion of Internet access at home will gradually improve. The proportion of Internet access at Internet cafés is 39.2%, and the amount of netizens surfing the Internet at Internet cafés increased by 28 million in half a year. The growth rate of the size of netizens surfing the Internet at Internet cafés was the greatest, with a semiannual growth rate of 39.3%. Internet cafés have become netizens' important places for Internet access.

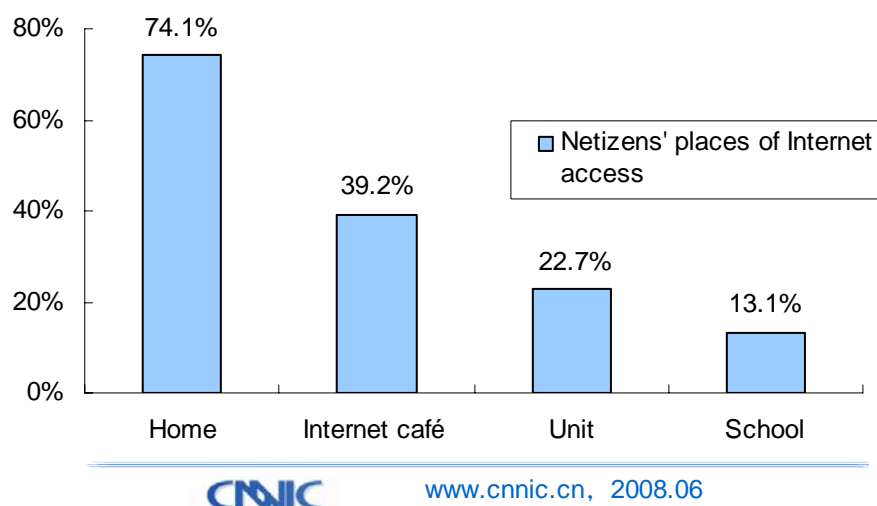


Figure 4.2 Surfing Place

III. Online Duration

In June 2008, netizens' online duration every week was 19 hours/week. Omitting the effect of extreme numerical values, the median of the online duration is 14 hours/week. Among 253 million netizens, the amount of netizens whose online duration is between 1 and 10 hours (excluding 1 hour) is the greatest, accounting for 38.6% of all netizens.

Table 4.1 Netizens' Weekly Online Duration

Average value of online duration (hours/week)	Median of online duration (hours/week)	Standard deviation of online duration (hours/week)
19.0	14.0	19.3

IV. About Internet Access by Mobile Phones

By May 2008, the data released by the Ministry of Industry and Information Technology show that

the amount of valid mobile phone numbers used had reached 592 million. After the rapid growth in the earlier period, the growth rate of the amount of valid mobile phone numbers used in the recent two years had surpassed 18%. In May 2008, the amount used increased by 97.53 million from the same period last year. The amount of increase was very huge.

Internet access by mobile phones has been accepted by many netizens with its particular convenience. Among 253 million netizens in China at present, the amount of netizens surfing the Internet with mobile phones has reached 73.05 million, accounting for 28.9% in all the netizens. In the first half of 2008, the amount of netizens surfing the Internet with mobile phones increased by 22.65 million. This high growth rate is related with the current high growth of the size of mobile phone users on one hand, and is influenced by the promotion activities of mobile carriers and the vigorous mass campaign of the Olympic Games on the other hand.

Table 4.2 Changes in the Amount of Netizens Surfing the Internet with Mobile Phones in China

	June 2007	December 2007	June 2008
Size of netizens (ten thousand)	16200	21000	25300
Proportion of netizens surfing the Internet with mobile phones	27.3%	24.0%	28.9%
Size of netizens surfing the Internet with mobile phones (ten thousand)	4430	5040	7305

Among netizens surfing the Internet with mobile phones, male netizens account for the majority with a proportion of 63%. Compared with that in December 2007, the male proportion dropped slightly; the amount of netizens between 18 and 24 is the largest, accounting for 56.1%; netizens in the age bracket of 30 and under account for 86%. Surfing the Internet with mobile phones is mainly a choice of young netizens.

Chapter V Internet Applications

I. Overview

The size of users of online music is the largest at present, reaching 214 million. The ranking of online news has risen by two places to the second place, and the size of users has reached 206 million. The rise of using rate of online news is closely connected with the development of the Chinese society, and the rise of a series of major news events in the first half of 2008 made more netizens resort to the Internet as channels of information, which has promoted the development of online news.

Though there is rise or fall in the ranking of various internet applications, the size of users of all internet applications is growing. The fall of the ranking of some internet applications is only due to the fact that the development of other internet applications is faster.

The top ten internet applications at present are: online music, online news, instant message, online video, search engine, email, online game, blog/personal space, forum/BBS and online shopping. Among the top ten applications, three top entertainment applications—online music, online video and online game are listed. Entertainment is still one of the main Internet activities for Chinese netizens. Besides, the three basic Internet applications, instant message, search engine and email, are also listed among the top ten, with their using rate all surpassing 60%, which shows that basic Internet applications are important aspects for netizens' use of the Internet, and have strong vitality among netizens.

The ownership rate of blog/personal space and access rate of forum/BBS have ascended into the top ten internet applications, which reflect new characteristics in internet applications in China, and that social internet applications are rising in China.

Online shopping is one of the top ten internet applications, which symbolizes that practical internet applications represented by e-commerce has occupied a certain position in netizens' life.

Table 5.1 Internet application Using rate and Size of Users

Internet application		Proportion	Size of users (ten thousand)
Basic Internet application	Search engine	69.2%	17,508
	Email	62.6%	15,838
	Instant message	77.2%	19,536
Network media	Online news	81.5%	20,620
	Having blog/personal space	42.3%	10,706
	Upgrading blog/personal space	28.0%	7,092
Digital entertainment	Online game	58.3%	14,746
	Online music	84.5%	21,366
	Online video	71.0%	17,963
E-commerce	Online shopping	25.0%	6,329
	Online payment	22.5%	5,697
Online community	Forum/BBS access	38.8%	9,822
	Publishing posters on forum/BBS	23.4%	5,931
Others	Online banking	23.4%	5,931
	Online stock/fund transaction	16.9%	4,288
	Online job hunting	14.9%	3,775
	Online education	18.5%	4,669

II. Basic Internet Applications

Basic Internet applications in this Report refer to search engine, email and instant message. Search engine is an important tool for netizens to acquire information they need from the Internet, and is a basic application of the Internet. The present using rate of search engine is 69.2%, which places the fifth among internet applications in China. In the first half of 2008, the amount of users of search engine increased by 23.04 million, with a semiannual growth rate of 15.5%. The amount of users of search engine has kept growing. The higher level of education netizens have, the higher using rate of search engine they have. Among netizens with a bachelor's degree and above, the using rate of search engine has surpassed 93%.

The using rate of email has been improved to 62.6% at present. The increase amount of users in the first half of 2008 was great. Besides educational level, the using rate of email is also affected by many other different factors. The development of some internet applications such as e-commerce promotes the use of email to some extent. At present, the Internet in China is at a period of rapid development, and the size of users of email will still grow. At last, the high using rate of instant message in China has certain impact on the use of email.

The using rate of instant message by Chinese netizens has been very high, reaching 77.2% in June 2008. The size of users reached 195 million, increasing by 24.42 million in half a year, with a semiannual growth rate of 14.3%. On the whole, the growth of the size of instant message users has been stable. The present using rate of instant message by netizens in the United States is 39%, and that by netizens in South Korea is 47.8%, far lower than the using rate in China, that is, 77.2%.

Table 5.2 Using rates of Basic Internet Applications and Their Changes

		December 2007	June 2008	Change within half a year
Search engine	Using rate	72.4%	69.2%	-3.2%
	Size (ten thousand)	15,204	17,508	2,304
Email	Using rate	56.5%	62.6%	6.1%
	Size (ten thousand)	11,865	15,838	3,973
Instant message	Using rate	81.4%	77.2%	-4.2%
	Size (ten thousand)	17,094	19,536	2,442

III. Network Media

This Report includes online news and blog/personal space. A series of major news events took place in the first half of 2008. As one of the information channels, online news played an important role. The size of users of online news in the first half of 2008 increased rapidly. At present, the using rate of online news reaches 81.5%, and the size of users reached 206 million, leaping to the second place in the ranking of internet application, only next to the using rate of online music. In particular, in the recent half year, the size of users has been rapidly growing, increasing by 51.64 million in half a year, with a semiannual growth rate of 33.4%. The online news reading rate among netizens in China, 81.5%, is higher than that in the United States (71%) and that in South Korea (67.1%).

The present proportion of netizens with personal blog/personal space has reached 42.3%, and the size of users has surpassed 100 million, reaching 107 million. The size of netizens who have updated their blog/personal space within half a year surpassed 70 million, and the growth rate of users who upgraded their blog/personal space within half a year rose as high as 43.7%.

The rate of owning blog in South Korea is 40.7%, and the proportion of netizens who upgrade their blog at least once a week is 27.6%, similar to the development in China. The blog/personal space in the United States has also been developing very rapidly. Like other Internet developed countries in the world, the popularity of blog/personal space development still continues in China.

Table 5.3 Reading Rate of Online News and Changes

		December 2007	June 2008	Changes in half a year
Online news	Using rate	73.6%	81.5%	7.9%
	Size (ten thousand)	15,456	20,620	5,164
Blog/personal space	Using rate	23.5%	28.0%	4.5%
	Size (ten thousand)	4,935	7,092	2,157

IV. Digital Entertainment

This Report includes online music, online video and online games. Online music is currently the top internet application for netizens in China, its using rate has reached 84.5%, and the amount of users 214 million. Online music is an important entertainment method for netizens in China, and also one of the important drives for promoting the increase of netizens, with indelible contributions to the promotion of the Internet in China. It is so particularly for newly increased netizens with lower level of education or older/younger age. In other countries, such high using rate of online music as that in China seldom occurs.

Online video is also one of important methods for entertainment by netizens in China via the Internet. With a using rate of 71% and the amount of users reaching 180 million, online video is the fourth internet application in China. The rapid rise of online video in China has drawn close attention from the state and the government. Related departments have strengthened supervision over the related aspects of online video in the hope of further standardizing the online video market.

Online games place the seventh in the ranking of internet application of China, its using rate in

June 2008 was 58.3%, and the size of users reached 147 million. There are many users of online games in China. The online game using rate in the United States in the same period was 35%, far lower than that in China.

According to the research of the China Internet Network Information Center (CNNIC), the proportion of netizens playing role-playing online games among online game players in China is 53%, and the size of such online game players has reached 78.15 million.

The average duration of game players of role-playing online games every week is 11.9 hours. The time that such players spend on playing such games differ greatly, and the standard deviation of game duration reached 14.3 hours/week. Among these players, the proportion of netizens whose weekly game duration is between 1 hour and 10 hours is the highest.

Table 5.4 Using rates of Digital Entertainment and Changes

		December 2007	June 2008	Changes within half a year
Online music	Using rate	86.6%	84.5%	-2.1%
	Size (ten thousand)	18,186	21,366	3,180
Online games	Using rate	59.3%	58.3%	-1.0%
	Size (ten thousand)	12,453	14,746	2,293

V. E-commerce

Online shopping is an important reflection of the Internet as a practical tool for netizens. With the improvement of the overall online shopping environment in China, the online shopping market is growing obviously. The present amount of online shoppers is 63.29 million and 25.0% of netizens favor online shopping. Online shopping has risen to one of the top ten net applications.

The online shopping penetration rate of economically developed cities is even higher. According to the statistical report released by the China Internet Network Information Center (CNNIC) in June, the using rate of Shanghai netizens of online shopping reached 45.2%, and Shanghai became the city with the highest penetration rate of online shopping. The second city is Beijing, in which netizens' using rate of online shopping is 38.9%.

Table 5.5 Using rates of Online Shopping and Changes

Online shopping	December 2007	June 2008	Changes in half a year
Using rate	22.1%	25.0%	2.9%
Size (ten thousand)	4,641	6,329	1,688

The development overseas, for example, 57.3% online shopping rate of netizens in South Korea and 66% in the United States, is higher than that in China. China shall step up efforts in promoting the development of E-commerce.

Online payment and online banking are two online applications closely related with online shopping. In online shopping, particularly C2C online shopping, the use of online payment has been common, and online payment methods for B2C online shopping have also been gradually enriched. The development of the two online applications can promote the development of online shopping. The development of online payment and online banking is rapid and netizens' using rate of the two has reached respectively 22.5% and 23.4%. In particular, with regard to online payment, the amount of users within half a year reached 23.79 million, with a semiannual growth rate of 71.7%.

Table 5.6 Changes of the Using rate of Online Payment

Online payment	December 2007	June 2008	Changes within half a year
Using rate	15.8%	22.5%	6.7%
Size (ten thousand)	3,318	5,697	2,379

VI. Online Community

The online community refers to the online communication space existing in such forms as blog/personal space and forum/BBS. The forum/BBS access rate of the online community at present is 38.8%, and the size of users has reached 98.22 million, placing the ninth in the ranking of online applications, and becoming one of the ten top internet applications. The size of active users that have upgraded their blog/personal space within half a year has reached 70.92 million. The development momentum of the online community is very powerful.

Table 5.7 Use of Internet applications Related to the Online Community

	Rate in June 2008	Size of users in June 2008 (ten thousand)
Netizens with blog/personal space	42.3%	10,706
Netizens who upgrade their blog/personal space	28.0%	7,092
Forum/BBS access	38.8%	9,822
Netizens publishing posters at forum/BBS	23.4%	5,931

VII. Other Internet applications

Four internet applications, online banking, online stock/fund transactions, online job hunting and online education, are reflections of the Internet as a practical tool. However, as the amount of people using these four internet applications is not big in China, these internet applications are classified into other internet applications.

The using rate of online stock/fund applications fluctuates according to the rise and fall of the stock market in China and is also the only internet application whose using rate is dropping among the four practical internet applications. However, the overall amount of users has still risen slightly by 4.66 million. The present using rate is still higher than that in South Korea, which is 5.4%, and also higher than that in the United States, which is 11%.

Table 5.8 Using rates of Online Finance/Online Job Hunting/Online Education

		December 2007	June 2008	Changes in half a year
Online banking	Using rate	19.2%	23.4%	4.2%
	Size (ten thousand)	4,032	5,931	1,899
Online stock/fund transaction	Using rate	18.2%	16.9%	-1.3%
	Size (ten thousand)	3,822	4,288	466
Online job hunting	Using rate	10.4%	14.9%	4.5%
	Size (ten thousand)	2,184	3,775	1,591
Online education	Using rate	16.6%	18.5%	1.9%
	Size (ten thousand)	3,486	4,669	1,183