



A Member of the China Netcom Group

Bandwidth Demand in Asia

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The world's BIGGEST market

Asia

- 3.6 billion people (56% of the world)

Telecoms Facts

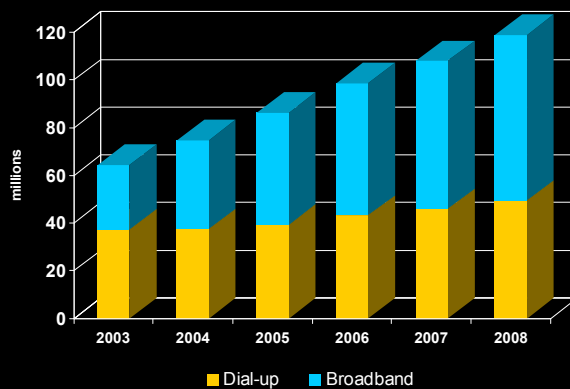
- 44% of the world's fixed line users
- 41% of the world's mobile users
- 34.5% of the world's Internet subscribers
- Over 50% of the world's broadband Internet users
 - The number of broadband connections in Asia grew by close to 75% between 2003-2005 (27.3m to 47m): Gartner

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Bandwidth demand in Asia

Demand for bandwidth is driven by acceleration of broadband take-up in developed markets and China...



- Broadband already accounts for 40% of all Internet accounts in Asia, growing to 58% by 2008.

Source: Gartner

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Bandwidth demand in Asia

- Gartner: “The real star” in terms of bandwidth growth is China. “It is now the second largest market in total IP backbone connectivity, overtaking South Korea”.
- Asia Netcom, together with its owner China Netcom, enjoys this significant increase in bandwidth use and is now among the top largest backbone operators in Asia.
- The fastest growing market in terms of bandwidth are Malaysia and Thailand, with bandwidth increases of 215 percent and 146 percent respectively.
- China and India will grow their international Internet bandwidth by 54.3% and 61.2% respectively on a CAGR basis between now and 2008.

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Source: Gartner



Drivers for bandwidth demand

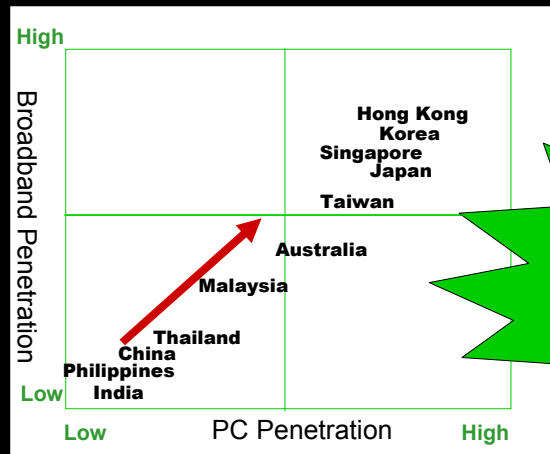
- Peer-to-peer file sharing traffic
 - It takes 80% of internet traffic in South Korea
- Entertainment
 - Online gaming
 - IPTV
- IP Telephony
 - VOIP
- VPN
 - Tele-working - it is way of keeping work/home balance
 - Internet-based VPNs



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Bandwidth demand: does Asia need more bandwidth?



China's Internet growth will drive demand for International capacity

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Asia Netcom's solution

- Extension of EAC cable to Qingdao, China.
- What the Qingdao landing means
 - Brings an extra 40Gbps of capacity into China and connects the country to pan-Asian network: EAC
 - Dramatically improves performance between northern China to North Asia (Japan, Korea) as well as US
 - Builds second landing point for EAC into China, establishing route diversity and protection
 - Seamless integration of Asia Netcom's regional infrastructure with China Netcom's domestic fiber

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