

China's Baidu buys mobile app firm for \$1.9 bn

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Chinese Web search giant Baidu's head office, pictured in Beijing, on February 10, 2010. China's leading web search engine Baidu is to buy a smartphone app distribution firm for \$1.9 billion, it said Tuesday, in what is believed to be the largest takeover in the country's Internet industry.

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The move to purchase 91 Wireless Websoft will consolidate Baidu's

position as a leading access portal to China's mobile Internet, according to a report by Chinese industry research firm CCID.

China has the world's largest online population. Independent analysts iResearch said in a recent report that Baidu held 80.6 percent of the country's search market in the first quarter of this year.

Nasdaq-quoted Baidu said in a statement it had signed a preliminary agreement to acquire a 57.41 percent stake in 91 Wireless currently held by NetDragon.

It will buy the rest of 91 Wireless' shares owned by other parties on similar terms, giving the deal a total value of \$1.9 billion.

That makes it by far the largest acquisition in China's Internet sector, CCID said on its website.

NetDragon, based in southeast China's Fujian province, is listed on the Hong Kong stock exchange, where its shares slumped 21.2 percent after the deal was announced, closing at HK\$19.04.

Started six years ago, 91 Wireless operates two leading smartphone app distribution platforms in China, with more than 10 billion apps downloaded to date, according to the Baidu statement.

The company is the top third-party app [distribution platform](#) in China by both active users and accumulated downloads, Baidu said, citing a 2011-2012 report by iResearch.

Baidu is keen to expand in the mobile Internet market, which is increasing rapidly in China.

In May, Baidu announced it would buy the video business of PPStream,

a Chinese television service provider strong in mobile services, for \$370 million.

The number of mobile Internet users in the country rose 18.1 percent on-year to 420 million at the end of 2012, or 74.5 percent of the entire online population, the semi-official China Internet Network Information Centre said in a report.

Mobile maps, searches, and the messaging service WeChat have become the most popular functions, with "all major Internet companies participating in the fight over access products", it said in a separate report.

Baidu has benefited from a decision by global Internet titan Google to partially move out of the Chinese market in 2010 after a public spat with Beijing over censorship.

Google held 14.4 percent of China's search market in the first quarter, according to iResearch.

The US behemoth has also long sought to expand beyond its origins in search and move into mobile Internet, now offering software such as versions of its Chrome browser for devices made by rival Apple.

In July last year Google bought Sparrow, a French startup behind email applications for Apple gadgets.

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