



Employees work at the A320 family final assembly line of the Airbus factory in Tianjin. REUTERS

Airbus eyes more alliances with Chinese suppliers

Aircraft maker to step up industrial cooperation with private firms in the country

By ZHU WENQIAN
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European aircraft manufacturer Airbus SE plans to cooperate with more Chinese suppliers, including private companies, as it expands industrial cooperation with the world's fastest-growing aviation market, a senior company executive said.

Besides subsidiaries of State-owned Aviation Industry Corp of China, a number of private companies have become, or are on course to become, new suppliers of Airbus, and they will directly provide parts to Airbus planes globally, said Francois Mery,

chief operating officer of Airbus Commercial Aircraft China.

"China accounts for one-fourth of our market. We hope to cooperate with more Chinese suppliers. The Chinese government also encouraged us to cooperate with more private enterprises in the country," said Mery.

He made the remarks as French President Emmanuel Macron commenced his three-day state-visit to China on Monday.

The Financial Times reported on Monday that Airbus is likely to hold early-stage discussions with China on offering an industrial partnership with the country on the A380, if Chinese carriers place orders for the world's largest passenger jet. The company is also likely to sign an agreement to



Francois Mery, COO of Airbus Commercial Aircraft China

sell 100 aircraft to the country, the report said.

"For A380, it has been unable to net new orders for about two years. China seems not that interested in ordering A380 either, and it's unsure if the cooperation about A380 could be reached," said Lin Zhijie, an aviation industry

analyst and columnist at Carnoc, a leading civil aviation website in China.

By the end of 2017, the total output from the cooperation between Airbus and Chinese firms reached \$592 million from \$120 million in 2010, according to Airbus.

Xizi UHC, a private Chinese manufacturer based in Hangzhou, Zhejiang province, got approval to provide wing ribs for the single-aisle aircraft of Airbus in 2017.

Nanshan Group, a Shandong province-based private manufacturing conglomerate, will produce aluminum extrusion raw materials for Airbus. It is under the process of getting the necessary qualifications ahead of the formal approval later this year, Mery said.

Moreover, AVIC Composite Corp Ltd will produce honeycombs for the cabin interior of Airbus planes, and it is expected to be approved this year.

Airbus plans to deliver 10 A330 aircraft to Chinese carriers from its completion and delivery center in Tianjin this year, Mery said. The center was launched in September and is Airbus' first widebody completion and delivery center outside Europe.

Boeing unveiled its first overseas completion and delivery center for its single-aisle aircraft in Zhoushan, Zhejiang province last year, and the center will start operations in May.

FAW Car buys stake in Mobike subsidiary

By LI FUSHENG
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FAW Car Co is entering the car-sharing segment by acquiring a 10 percent stake in bike-sharing giant Mobike's newly launched car-sharing unit Mobike Chuxing Technology Co.

The Chinese carmaker said it had signed an acquisition deal over the weekend in a filing to the Shenzhen Stock Exchange on Monday. It did not disclose details about the acquisition cost or the time-frame for the deal, but said the investment is unlikely to have a significant impact on its earnings in 2018.

Mobike Chuxing was set up last December with a registered capital of 20 million yuan (\$3.07 million) in Southwest China's Guizhou province as an attempt by Mobike to seek new growth points in the market outside its core bike-sharing business.

Mobike, which has more than 200 million users, said via a newly added car-rental feature users will be able to unlock, park, lock cars and make payments by using the same app they use to rent shared bikes.

With the strategic investment, FAW Car will develop and provide electric cars for

Mobike Chuxing, and the joint venture will share with the carmaker its experience in shared mobility operations as well as user statistics.

"Our cooperation with Mobike Chuxing is helpful for us to push forward developments in mobility, seize historic opportunities as the automotive industry is transforming and upgrading itself, and thus improve our ability in sustainable development," said FAW Car.

It has also reached an agreement to produce cars for electric carmaker Sitech, another shareholder of Mobike Chuxing, to make better use of its

production capacity.

FAW Car is one of the many carmakers that are making inroads into the car rental business in China as the growth of the country's car market is slowing down and shared mobility is changing people's lifestyles.

"Though public transportation and private vehicles remain the leading transportation mode in mega cities in China, shared mobility is already transforming how urban residents move around their cities," said Xu Qian, who is from consulting firm AliX Partners' automotive practice.

PetroChina Singapore arm to boost oil units in Asia-Pacific

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PetroChina International (Singapore) Pte Ltd is planning to become the leading oil and gas operation center in the Asia-Pacific region by the end of the 13th Five-Year Plan (2016-20), with trade volume reaching 200 million metric tons by 2020.

Taking advantage of the Belt and Road Initiative, the company has decided to speed up construction of its sales network in Singapore, including petrol stations and oil storage.

The company played a significant role to ensure sufficient oil and gas supply for PetroChina's domestic market through optimization of the allocation of resources.

It imported 26.12 million tons of crude oil for PetroChina's domestic refineries in 2017, while exporting 8.33 million tons of refined oil products for PetroChina's refineries, making itself a major oil import supplier in countries including Myanmar, Sri Lanka, Vietnam and Indonesia.

The company is also negotiating with Qatar, the United Arab Emirates and Malaysia for LNG purchases, aiming to ensure LNG supply, especially in the winter when the clean



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K Shanmugam, minister for home affairs and minister for law in Singapore

fuel is in short supply.

It imported some 3.77 million tons of LNG in 2017, while China imported some 33 million tons of LNG in total during the January-November period.

The country overtook South Korea to become the world's second-largest LNG importer in 2017, as the country's demand for natural gas continues rising sharply, according to data compiled by S&P Global Platts.

China, which imported more than 25 million tons of

LNG in 2016, is expected to import up to 50 million metric tons of LNG this year, whereas the South Korean LNG demand will remain at less than 40 million tons, according to Marc Howson, director of the LNG market of S&P Global Platts.

Li Li, energy research director at energy consulting firm ICIS China, said PetroChina's Singapore branch has played a significant role in overseas procurements.

The Singapore-based petroleum storage company Universal Terminal, which China's State oil giant PetroChina has a stake in, is also operating the largest commercial oil storage complex in Asia.

Located on Jurong Island in Singapore, the terminal has a capacity to store 2,330,000 cubic meters of oil with 78 storage tanks and 15 docks.

According to K Shanmugam, minister for home affairs and minister for law in Singapore, China's investment in Singapore accounts for one-third of China's total investment in countries and regions participating in the Belt and Road Initiative.

"Investment made by Singapore in China accounts for 85 percent of the investment made by economies participating in the Belt and Road Initiative," he said.

FedEx sets up new cargo hub

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FedEx Express, the US-based package delivery firm, opened a new international express and cargo center in Shanghai on Monday to provide greater access to its global network for customers in eastern China, particularly those shipping goods to the United States and Europe.

The 134,000 square-meter FedEx Shanghai International Express and Cargo Hub, about eight times the size of its previous facility, is the largest of its kind at the Shanghai Pudong International Airport.

Currently, the US company has 66 weekly flights in and out of the cargo hub. Equipped with a fully automated sorting system, the new facility is able to process 36,000 packages and documents per hour.

"The Asia-Pacific region remains the growth driver of the world. This new hub adds yet another major facility to our already comprehensive regional and global network, giving our customers here reliable access to international markets," said David L Cunningham, president and CEO of FedEx Express.

According to the CEO, the facility is critically important as the Yangtze River Delta is a huge importer and exporter, and a major hub for this part of China.

"The facility will provide the ability to add additional flights into and out of China, and critically important with its transshipment capabilities. We can connect traffic from other markets into and around China, using this facility and its infrastructure," said Cunningham.

4.24 million tons

reported cargo and mail throughput of the two airports in Shanghai in 2017

The two airports in Shanghai reported cargo and mail throughput of 4.24 million tons in 2017. The city is the third aviation hub in the world after Hong Kong and Memphis, boasting a cargo and mail throughput above 4 million tons, according to the Shanghai Airport Authority.

According to the Yangtze River Delta region express service development plan for the 13th Five-Year Plan (2016-

20) period issued jointly by the postal administrations of Shanghai, Zhejiang and Jiangsu provinces, the annual courier volumes of the region will reach 26.5 billion packages by 2020, taking up 38 percent of China's total. Revenue of the industry will reach 331.3 billion yuan by the same time, accounting for 42 percent of China's total.

"We have been part of China for a very long time ... China is a very important market of FedEx since 1984. This latest facility is a demonstration of our long-term commitment, and of our relations to China's future growth with initiatives such as the Belt and Road Initiative," said the CEO.

In addition, the new hub is using state-of-the-art technologies and innovation to enhance operational efficiency and is equipped with a customer care center as well as cold chain facilities.

The cold chain center of the hub offers a full suite of high-standard cold chain logistics solutions tailored for various healthcare products such as medicines, semifinished medicines and pharmaceuticals, and will support the healthcare industry, one of the fastest-growing sectors in the Asia-Pacific region.

Xiaomi IPO plan reportedly eyes \$200b valuation

By MA SI
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Xiaomi Corp plans to go public in the second half of 2018, reportedly seeking a valuation of up to \$200 billion, as the smartphone firm steps up its globalization efforts.

If the valuation is recognized, Xiaomi would be the biggest technology initial public offering after Alibaba Group Holding Ltd, which raised a record-breaking \$25 billion for a \$231.4 billion market value in 2014.

Xiaomi is considering an

IPO in either Hong Kong or New York, news.163.com said on Monday, quoting people familiar with the matter.

Lei Jun, CEO of Xiaomi, had discussed the IPO plan, including the \$200 billion valuation target, with investment banks last November. In addition, senior executives have also informed several employees of the impending public issue, the report said.

"Some people are already offering to buy our options based on a valuation of \$95 billion," a Xiaomi employee was quoted as saying.

Xiaomi declined to comment on the story.

Xiaomi was valued at \$46 billion in its latest funding round in 2014. After struggling with declining sales in 2016, the Beijing-based company managed to revive growth last year, partly by opening offline retail stores and expanding presence in overseas markets, especially in India.

The company said it has topped the annual revenue goal of 100 billion yuan (\$15 billion) by the end of last October, without disclosing details on profits.

Shen Meng, director of boutique investment bank Chanson & Co, said it seems a good timing for an IPO, as the company is back on the rapid expansion track.

"But the \$200 billion valuation is undoubtedly too high even by the standards of Chinese companies' high price-to-earnings ratio. Xiaomi's market performance can be no means support that," Shen said. "Something between \$50 to \$100 billion is more likely."

Xiang Ligang, CEO of telecoms industry website Cctime, said Hong Kong would be a

better destination for Xiaomi than New York, because local investors know more about Chinese mainland companies and may give them a higher valuation.

In the third quarter of last year, Xiaomi caught up with Samsung to become the largest smartphone brand in India, the fastest-growing major smartphone market. It occupied 23.5 percent of the local market with a shipment of 9.2 million units, marking a 300 percent year-on-year jump, data from the research company International Data Corp show.



Employees of Xiaomi Corp test the company's gadgets at a product launch event in Beijing. PROVIDED TO CHINA DAILY