

TECH

Huawei, Guizhou to deepen partnership in big data area

Firm banks on resources in the province to lower costs, fuel growth

By MASI and YANG JUN in Guiyang

Huawei Technologies Co will deepen its partnership with Guizhou province in digital governance, data centers and smart city projects, as the Chinese tech heavyweight leverages the southwestern province's resources and booming big data industry to lower costs and fuel growth.

The cooperation is also part of Guizhou's broader efforts to become a big data and cloud computing hub in China. The province aims to help integrate data technology into more than 10,000 real-economy companies by 2022, and bring more cloud computing businesses to the region.

Lu Yong, vice-president of Huawei, said on Monday that Guizhou has already become an important part of the big data industry in China and even the world. The company will strengthen cooperation with Guizhou in a string of areas including cloud computing and digital governance.

Huawei is building a new data center in Guian New Area of Guiyang, capital of Guizhou province. Covering 400,000 square meters, it can operate around 600,000 servers to store Huawei's global management data. Guizhou offers an ideal climate for operating data centers and it is also an important energy base in China, the company said.

Huawei said the data center construction is progressing on schedule.

On Monday, the company also



A visitor walks through a simulated space tunnel during the China International Big Data Industry Expo 2019, which kicked off on Sunday in Guiyang, Guizhou province. YANG WENBIN / XINHUA

inked deals with a string of Guizhou enterprises and schools, including Guizhou Power Grid, to help them boost efficiency by harnessing digital technologies.

Lu said Huawei and Guizhou Power Grid, a unit of China Southern Power Grid, have been cooperating closely on basic telecommunications services, security protection, and data centers. In the future, the two sides will expand partnership in cloud computing, big data, internet of things, and other areas.

Liu Qiang, deputy manager of Guizhou Power Grid, said the company aims to build a safe, reliable, green and efficient smart grid network. The strategic partnership with Huawei will help the two sides

better integrate their capabilities in grid and information technologies to promote high-quality development.

With video data expected to explode in the coming years, Huawei also partnered with a string of companies to establish a smart video big data industry alliance, so as to better set industry standards.

Huawei said in a statement that the explosive growth of video, the internet of things and other data applications poses challenges for many companies which lack enough computing power or proper algorithms. Huawei will work together with like-minded partners, customers, associations and standards organizations in the security

industry to jointly create a more open, collaborative and pragmatic industrial ecological alliance to accelerate smart video efforts.

The alliance includes facial recognition companies like SenseTime and Megvii Technology Ltd.

Yang Shanlin, director of the National Engineering Laboratory for Big Data Distribution and Exchange Technologies, said data is a new factor of production and a strategic resource. Currently, there is more cooperation instead of fierce competition in the emerging industry. Once properly used, data can generate huge economic outputs.

Contact the writers at masi@chinadaily.com.cn

Innovation to power Chinese companies' dreams in ASEAN

By JIANG XUEQING
jiangxueqing@chinadaily.com.cn

Digitization, technology innovation and sustainable development will become key areas of business exploration for Chinese companies in member states of the Association of Southeast Asian Nations, said an executive of HSBC.

"China is taking the lead in the area of internet economy where there is huge room for cooperation," said David Liao, president and CEO of HSBC China, at a recent forum held by the multinational banking and financial services institution in Beijing on the China-ASEAN economic corridor.

Southeast Asia's internet economy is expected to exceed \$240 billion by 2025, nearly triple the size in 2018, according to a study released by Google and the Singapore-headquartered investment company Temasek in November.

Last year, Alibaba Group Holding Ltd invested another \$2 billion in Southeast Asian online retailer Lazada Group, after the Chinese e-commerce giant increased its stake in Lazada from 51 percent to 83 percent in 2017.

"In addition, consumer spending in ASEAN is expected to grow by 7 percent annually to \$1.9 trillion by 2020. This will also bring opportunities to Chinese companies," Liao said.

Because of the strong growth in its young population, ASEAN is going to become the world's fourth largest economic bloc within the decade, rising from No 5. There is great potential for consumption based on growing wealth of the middle class and also huge potential for infrastructure, according to Tony Cripps, group general manager and chief executive officer of HSBC Singapore.

"Technology, the consumer market, and properties and infrastructure are the three main areas of investment for Chinese companies in the region," he said.

A report issued by the Asian Development Bank in 2017 said that developing Asia, which refers to the bank's 45 developing member countries, will need to invest a total of \$26.2 trillion in infrastructure from 2016 to 2030, if the region is to maintain its growth momentum, eradicate poverty, and respond to climate change.

In terms of ASEAN, two thirds of all the infrastructure financing that happens today passes through Singapore into ASEAN, said Cripps.

"Owing to Singapore's openness as a financial hub, there are already 5,500 Chinese corporate subsidiaries based in Singapore. That number is growing every year. The direct investment from China into ASEAN is also growing every year," he said.

In 2018, China's nonfinancial outbound direct investment in ASEAN rose 5.1 percent year-on-year to \$9.95 billion, according to the Ministry of Commerce.

A survey conducted by HSBC on 800 to 1,000 corporate clients



Technology, the consumer market, and properties and infrastructure are the three main areas of investment for Chinese companies in the region."

Tony Cripps, group general manager and chief executive officer of HSBC Singapore.

\$26.2 trillion

total investment needed in infrastructure from 2016 to 2030 in Asia, if the region is to maintain its growth momentum, eradicate poverty, and respond to climate change

found that ASEAN is the No 1 region globally where its corporate clients are most optimistic for growth.

"As no two countries in the ASEAN are the same, Chinese corporates have really looked for what are the benefits in each country as they diversify the manufacturing," said Sandeep Uppal, global co-head of international subsidiary banking at HSBC.

About 170 Chinese corporates attended the bank's forum in Beijing to find out how its franchise in ASEAN can help them go further.

Having been based in Singapore and five of the other ASEAN economies for over 100 years, HSBC is a universal bank in ASEAN across retail banking, commercial banking, institutional banking and private banking. It is also one of the world's largest arrangers for infrastructure projects dealing with government entities and private sector investors.

Apart from the facilitation of trade, the bank is focused on payments and connecting treasury services if a Chinese corporate wants to establish offices in multiple ASEAN countries. It can also advise Chinese companies on regulation and economic opportunities based on its experience in major ASEAN economies and a broad network of 200 branches in the region.

Just like HSBC, other foreign banks are also actively seeking opportunities to facilitate Chinese enterprises' internationalization efforts. United Overseas Bank Ltd, Singapore Exchange Ltd and the China Chamber of International Commerce signed a memorandum of understanding in April to help Chinese enterprises use Singapore as a launchpad to expand into ASEAN.

In 2018, UOB helped 50 percent more Chinese companies expand into ASEAN compared with 2017. This support resulted in a 31 percent increase in cross-border business flows over the same period.

Industrial internet 'taking root' in China

By CHENG YU
and YANG JUN in Guiyang

The industrial internet is "taking root" in more sectors in China, as the nation steps up efforts to promote deeper convergence of digital technologies with manufacturing for high-quality growth, officials and experts said on Monday.

"The industrial internet began to take root and blossom in China. More than 50 industrial internet platforms with regional or sector-wide influence have emerged in the country," said Xie Shaofeng, head of the informatization and software service division at the Ministry of Industry and Information Technology.

"An increasing number of applications are being commercialized with each platform owning 1,500 apps on average. Also, the member of the industrial internet alliance has exceeded 1,200," said Xie at a forum during the China International Big Data Industry Expo 2019, which kicked off on Sunday.

More efforts will be made for breakthroughs in core technologies, be it basic technologies like big data



Visitors watch a mechanical arm work during an industry expo in Chongqing. XINHUA

and smart sensors or leading ones such as 5G, he said.

Such a move is part of China's broader push to gain an edge in the industrial internet, which Qianzhan Industry Research Institute estimates will reach a market size of 10.8 trillion yuan (\$1.64 trillion) by 2025, after serving as a world pioneer in consumer-oriented internet platforms and applications.

In the past few years, a string of traditional Chinese companies have beefed up their presence and gained momentum in this segment, where they have greatly improved efficiency and management by introducing leading technologies in their assembly lines.

A shining example is SAIC Maxus Automotive Co, a subsidiary of car-maker SAIC Motor Co, which allows

customers to tailor vehicles in their platforms with the help of the industrial internet.

According to SAIC Maxus, thanks to the platform, its business is set to rise by a compound annual growth rate of over 60 percent, despite the overall downturn of the global vehicle industry.

However, Zhang Qiliang, chief information officer of Chinese heavy machinery manufacturing firm XCMG, pointed out at the expo that the development of the country's industrial internet still faces bottlenecks.

"Last year, XCMG invested some 20 million yuan in getting authorization approvals from major equipment makers as companies need to pay huge amounts as authorization fees every time they link the equipment to the platform," Zhang said.

"Though China stands almost at the same starting line with developed countries, we still lack killer apps and lag world-leading platforms," he said.

Contact the writers at chengyu@chinadaily.com.cn

Inclusion of A shares in global indexes may spur foreign capital flows, say analysts

By ZHOU LANXU
zhoulanxu@chinadaily.com.cn

Foreign capital may continue to flow into the A-share market as the widely-tracked global indexes start incorporating more Chinese shares, fueling a potential market recovery, analysts said on Monday.

FTSE Russell, a leading global multi-asset index provider, said on Saturday it would add 1,097 A shares — approximately 30 percent of all A shares and covering large to micro-cap shares — to its global benchmarks from June 21.

The inclusion marks the index publisher's first step to incorporate

the A-share market and will be implemented in a phased-in manner, due to take effect in June 2019, September 2019 and March 2020, respectively.

Upon completion of this inclusion, the A-share market will represent about 5.5 percent of the FTSE Emerging Index and draw an expected net \$10 billion from passive global investors, according to FTSE Russell.

The inclusion in June is expected to usher in \$2.4 billion into the A-share market, said Zhang Xia, chief strategy analyst at Shenzhen-based China Merchants Securities.

FTSE Russell's inclusion of A

shares comes close on the heels of index compiler MSCI adding A shares to its global benchmarks from June last year.

MSCI is scheduled to add more A shares after the market closes on Tuesday, nearly doubling the weighting of A shares in its indexes. The move is estimated to bring in another \$3.8 billion worth of passively managed funds, Zhang said.

"As the index inclusions will funnel foreign capital into the stock market, and economic fundamentals will anchor the renminbi against the greenback, the recent large-scale foreign capital outflow may falter and turn into net capital

inflows in the near future," said a report from Huatai Securities, based in Nanjing, Jiangsu province.

Till Monday, a net total of 54.7 billion yuan (\$7.93 billion) flowed out of the A-share market through northbound trading under the stock connects in May, exceeding the historical monthly high in July 2015, according to Shanghai-based information provider Wind Info.

The outflow was driven by mounting uncertainties of Sino-US trade tensions, which spooked investors and triggered a depreciation of the yuan against the US dollar and fluctuations of the A-share market, the report said.

Investor sentiment has recovered into a wait-and-watch manner, helping the market recoup recent losses over the next one-month period, said a report released by Hong Kong-based BOC International (China) Co Ltd on Sunday.

Foreign capital inflows from the index inclusions and potential policies to offset external uncertainties will also fuel the uptrend, the report said.

Meanwhile equities closed higher on Monday at the mainland bourses, with the benchmark Shanghai Composite Index up 1.38 percent to 2892.38 points, after registering a five-week losing streak.

However, the market is not likely to see a major surge due to the lingering external uncertainties, analysts said.

"Disruptions (trade tensions) will continue to influence markets in the short term as a lack of conviction and direction continues," said Paras Anand, head of asset management for Asia-Pacific at Fidelity International.

Structural opportunities will still shine, Anand said, citing that accommodative monetary policy will support quality names, while potential further fiscal stimulus will boost infrastructure related sectors.