

BANKING

HSBC eyes growth prospects in Guangdong

By BLOOMBERG

HSBC Holdings Plc plans to step up hiring in China for its retail and wealth business next year, as the UK lender persists with its expansion there.

The bank increased the its retail-bank employees in Guangdong province's Pearl River Delta by 57 percent in the 12 months to September, according to Kevin Martin, the firm's Asia-Pacific head of retail banking and wealth management.

The pace of hiring may accelerate in 2017 as the London-based lender expands in areas from mortgages to credit cards, personal lending and wealth services in the manufacturing hub north of Hong Kong, he said.

"We're exactly where we expected to be," Martin said in an interview in Hong Kong

on Friday, referring to his unit's growth in the delta region, which encompasses cities such as Shenzhen and Guangzhou.

"Historically, our customers in Shenzhen were Shenzhen-Hong Kong customers. Now the Shenzhen customers stay in Shenzhen because we're building our local business as well as our cross-border business," added Martin.

HSBC is starting its credit-card business on the Chinese mainland on Monday, after receiving regulatory approval to issue cards by itself, having previously done so in partnership with Bank of Communications Co.

The UK bank is seeking to issue more than 3 million cards in the short to medium term and add "a handful more" branches across China next year, Martin said.



A pedestrian walks past a sign for the Hong Kong and Shanghai Banking Corporation bank in Hong Kong. AFP

SOE REFORM

Yankuang will continue to shut coal mines

By YANG ZIMAN

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Yankuang Group, Shandong province's largest State-owned coal company, will continue to shut down outdated capacity and develop clean coal technologies to cope with a fluctuating market, according to its top executive.

"Though coal prices have risen in the past few months, the general trend of downsizing capacity, especially outdated capacity, is not going to change," said Li Xiyong, chairman of Yankuang Group.

The price of power-coal at Qinhuangdao Port rose from 370 yuan (\$53) per metric ton at the beginning of the year to

550 yuan per ton in September. Yankuang is concerned that the rising prices could tempt the slashed capacity to resume production, albeit secretly, against the central government's policy to cut capacity.

Yankuang's coalmines in Shandong province have seen capacity reduction of 6.5 million tons per year recently.

Beisu, one of Yankuang's coalmines in Shandong province, is going to be completely shut down in March next year, reducing overall capacity by 1 million tons per year. Beisu went into production in December 1972, and has so far mined 28 million tons of coal.

The shutdown of Beisu coal mine has been rewarded with

an incentive of 149 million yuan by the central government.

According to the statistics of the China National Coal Association, the number of coal mines in production and in construction stands at around 11,000. Yet, there are only 1,020 large coalmines with annual capacity of above 1.2 million tons.

There are nearly 8,000 mines with annual capacity below 300,000 tons and 6,500 mines with capacity below 90,000 tons.

Yankuang has also shut down its electrolytic aluminum factory, which went into operation in 2003 and has so far produced 1.55 million tons of aluminum ingots and aluminum melt.

The mines shut so far have been turned into service and

clean energy companies.

"Our goal is to turn the company into a first-rate high-efficiency clean energy supplier. Coal remains the most important energy resource in China. The clean technologies will help the industry to achieve sustainable development," said Li.

Last year, more than 95 percent of coal companies in China reported losses. Yankuang Group earned a profit of 1.2 billion yuan, down 45 percent year-on-year.

The group has independently developed a compound additive to be mixed with bulk coal to reduce pollution. Such processed coal can reduce soot by 95 percent and saves 15-30 percent energy compared with

raw coal. The efficiency is maximum when the coal is burned in the special oven designed by Yankuang.

"Yankuang's high-efficiency clean coal has high heat value, easy to burn, and the fire is easy to control. Moreover, it is not expensive as it has government subsidies. Over time, the clean coal will gradually be introduced to other regions in China," said the lead researcher of the high-efficiency clean bulk coal technology developed by Yankuang, who sought anonymity.

In China, cheap and highly polluting bulk coal consumption is 600 to 700 million tons every year. In Shandong alone, 40 million tons are used per year.

DEALS

CTG, SDIC seen bidding for Canada's Northland

By BLOOMBERG

\$2.8 billion

China Three Gorges Corp and SDIC Power Holdings Co are among companies bidding for Canadian renewable energy producer Northland Power Inc, according to people familiar with the matter.

First-round bids for the Toronto-based company, which has a market value of C\$3.7 billion (\$2.8 billion), were due on Dec 2, said the people, who asked not to be identified because the matter is private. Some Canadian pension funds also had a look at the company but balked at its valuation ahead of the bid deadline, the people said.

Northland Power announced in July that the company had commenced a review of strategic alternatives, a spokesman for the company said in an emailed statement on Friday, declining to comment further. Representatives of Three Gorges and SDIC didn't immediately respond to phone calls and emails seeking comment.

Canadian Imperial Bank of Commerce and JPMorgan Chase & Co are working on Northland's review.

The company owns or has investments in power generation facilities in Canada, the US and Germany. Its

Northland Power Inc's market value

238 million euros

the cost of SDIC Power's acquisition of Repsol SA's offshore wind-energy business in May

facilities produce electricity from clean natural gas and other renewable sources, including solar, wind and biomass.

Chinese President Xi Jinping has sought to cut pollution and spur investment in non-fossil fuels in the world's second-largest economy.

Three Gorges agreed to buy control of German wind farm operator WindMW GmbH from Blackstone Group LP in June, in a deal valuing the target at about 1.7 billion euros (\$1.8 billion) including debt, people familiar with the matter said at the time.

SDIC Power acquired Repsol SA's offshore wind-energy business for 238 million euros in May, according to data compiled by Bloomberg.

Chengdu special

Intel Corp, IT companies at home in megacity's new area

By ZHUANTI

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Chengdu, a megacity in western China, is drawing investment from around the world, as it becomes more international and more integrated into global industrial chains.

Intel Corp announced on Nov 18 that its Advanced Test Technology facility in the Chengdu Hi-tech Zone had begun high-volume production.

The company set up its Chengdu plant in 2003. The facility was originally designed for preparation, package assembly, and final test operations for a broad base of products.

Intel has continued to invest in the city. Its total investment climbed up to \$600 million in 2009. In December 2014, Intel announced plans to invest up to \$1.6 billion in the coming 15 years to upgrade its semiconductor plant in Chengdu.

As part of the upgrades, Intel brings its Advanced Test Technology to China for the first time, as a way to enhanced manufacturing flexibility.

"I am very happy to see the Advanced Test Technology ramped up after many years of intensive efforts," said Ann B. Kelleher, corporate vice-president and general manager of the Technology and Manufacturing Group at Intel Corp.

"It brings advanced innovation to the semiconductor industry and demonstrates our work to develop unprecedented capabilities," she said.

Kelleher said this also showcases Intel's support and commitment to China's future manufacturing master plan, entitled "Made in China 2025", as well as the go-west campaign.

Robin A. Martin, Intel Corp vice-president and general manager of Assembly Test and Manufacturing, said the Advanced Test Technology facility is a technological



"(the Advanced Test Technology facility)... demonstrates our work to develop unprecedented capabilities."

Ann B. Kelleher, corporate vice-president and general manager of the Technology and Manufacturing Group at Intel Corp

\$1.6b

Intel plans to invest in the coming 15 years to upgrade its semiconductor plant in Chengdu

breakthrough and a major innovation of Intel's supply chain, bringing in better quality products, significantly improved flexibility and reduced manufacturing cycle time.

In addition, the technology creates opportunities to reduce manufacturing costs and offer massive customization if needed, he said.

"I am very excited to see this technology is landing and being developed in Chengdu as it is a recognition of the Chengdu team's consistently solid performance, and of course the supportive local government and community that value Intel as a strategic asset to the city," he said.

Bian Chenggang, vice-president of the Technology and Manufacturing Group at Intel Corp and general manager of



Intel Corp holds a press conference on Nov 18 to announce its Advanced Test Technology facility in the Chengdu Hi-tech Zone beginning high-volume production. PHOTOS PROVIDED TO CHINA DAILY



A technician works in Intel Corp's factory in Chengdu.

Intel Chengdu, said: "I would like to extend my sincere gratitude to the Chengdu government, who helped Intel Chengdu to successfully transform with its Advanced Test Technology facility, and move up the high-tech value chain."

He said: "Chengdu has become a major high-tech hub in China and one of Intel's critical supply chain nodes. Many products produced here will go on to Intel's global supply

chain and significantly transform and grow the industrial ecosystem."

According to Bian, Intel's investment throughout the past 10 years has helped Chengdu to become a major high-tech player in the regional economy and in China with significant growth.

"Now, with Intel's new investment of \$1.6 billion for the next 15 years, I do believe it will push the local high-tech industry to

the next level that can greatly benefit local economic growth and development," he said.

Following Intel, a growing number of IT companies have invested in Chengdu.

In July, Germany-based Siemens AG announced that it would increase its presence in Chengdu by setting up a subsidiary with registered capital of 330 million yuan (\$47.8 million).

In November, Siemens signed

High-tech zone attracts major projects

Eight major projects with a total investment of 5.2 billion yuan (\$755.2 million) started construction in the Singapore-Sichuan High-tech Innovation Park in the Chengdu Hi-tech Zone on Nov 29.

The projects are all regional headquarters, and research and development bases, focusing on the fields of network and information security, mobile internet, digital video and bio-medicine.

The project by Shenzhen Chipscreen Biosciences Ltd will be the company's largest new drug R&D center and regional headquarters in China, according to Zhao Shumei, vice-president of the company and general manager of Chengdu Chipscreen Pharmaceuticals Ltd.

She said her company has also set up a 40,000-square-meter manufacturing base in the western park of Chengdu Hi-tech Zone, which will finish construction by the end of this year.

"We chose the city because it has established a full industrial chain in the bio-engineering and pharmaceutical industries, and the local universities offer plenty of experts," she said.

Zhao said she is impressed by

the one-stop service provided by the local government.

Bluedon Information Security Technologies Co Ltd, a leading company in network and information security based in Guangzhou, set up its southwestern headquarters and R&D base in the park, with a total investment of 600 million yuan.

Ke Zongui, vice-chairman and general manager of the company, said he was surprised by the efficiency of the local government.

"We started contacting the city in the beginning of this year, and several months later we are here witnessing the groundbreaking. The speed is amazing," he said.

Ke said he also favors the city for its large talent pool and scientific presence.

Some 26 companies have made commitments to set up R&D centers and headquarters in the park, with a total investment of more than 24.7 billion yuan.

Apart from this park, Chengdu has also established cooperative industrial parks with Germany, France, South Korea and Cuba.

an agreement worth one billion yuan with BOE Technology Group's Chengdu subsidiary to help the latter to upgrade its production line according to the standards of the German Industry 4.0 strategy.

Chengdu is known as the fourth pole of China's IT industry, after Beijing, Shanghai and Guangzhou. Half of the world's laptop chips are tested and packaged in Chengdu, and two-thirds of all iPads are made

in the city. Chengdu High-tech Comprehensive Bonded Zone is home to the manufacturing plant of a number of IT giants, such as Dell, Texas Instruments, Siemens, Lenovo, Foxconn and Molex.

The Chengdu Tianfu Software Park has attracted more than 600 companies, including IBM, GE, Ericsson, UbiSoft, Huawei and Alibaba. Of those, 34 are Fortune Global 500 companies.

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