ASIA_tech

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Made by Sergey Kurochkin and Alexander Molotnikov.

Summary

Asian countries are rapidly developing some industries in the struggle for dominance in high-tech and financial markets.

China continues to implement the "Made in China 2024" program, and its plans and successes are well versed in the South China Morning Post's series of publications.

Hong Kong publishes a regulatory framework for regulating the activities of cryptocurrency exchanges and crypto funds, intending to build a large cryptocurrency hub. The crypto-businessmen of China are on the list of the richest. The regulators of Dubai and Singapore conclude agreements on cooperation in the sphere of fintech.

This review also presents interesting publications made by researchers on the assessment of the potential Chinese influence on the Bitcoin network, the ethical use of artificial intelligence technology in the legal sphere, and the technical structure of the social credit system in China.

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Tencent will restructure to focus on corporate customers
The world's largest music streaming service Tencent Music plans to raise $1 billion during an IPO
Report at the World Conference on Intellectual Production: China is the world's largest market for intellectual production, which by 2020 will exceed 220 billion yuan
Dubai and Singapore's financial regulators have signed a cooperation agreement that simplifies the work of fintech companies

Ctrip, the largest Chinese online tour company, has [teamed up](#) with Splyt, a London passenger transport aggregator, to offer local customers the services of local carriers through the single mobile application Ctrip
Google [planned](#) to launch the Dragonfly project within 6-9 months
Cryptocurrency entrepreneurs now among China's [richest](#)
The United States has [banned](#) the export of Fujian Jinhua, a Chinese semiconductor manufacturer, after accusing it of stealing technology from American Micron Technology Inc
The Chinese supervisory authority Cyberspace Administration of China has [published](#) a draft regulation for blockchain services, obliging them to register in a special registry
Southeast Asian startups [build](#) their business models based on Chinese experience
China [orders](#) Tencent to clean up pornography on WeChat
Baidu [demonstrates](#) self-driving buses in China and invest in mobile content with stake in NetEase music unit
NetsPay can [become](#) the first third-party digital wallet to link with WeChat for cross-border payments in China
Shanghai airport first to [launch](#) automated clearance system using facial recognition technology on the whole way to the airplane
A Hong Kong artificial intelligence lab backed by e-commerce giant Alibaba Group Holding has [named](#) seven companies that will receive funding under its accelerator programme.
Huawei [accused](#) of scheme to steal semiconductor technology from US start-up to help China achieve tech dominance
The Chinese TuSimple unmanned cargo truck start-up, which already has routes in a number of US regions, [plans](#) a large expansion into the Chinese and American market in 2019
Chinese news aggregator Toutiao has [integrated](#) several online shopping platforms (including its own) into its mobile app
HTC set a [price](#) of 0.15 BTC for its first blockchain phone
Huawei [introduced](#) two microchips aimed at supporting and developing artificial intelligence technologies
[↑↑↑](#)

Stories

Hong Kong Monetary Authority's 'regtech' push raises transparency concerns at financial institutions
02.10.2018   [SCMP](#)
Deputy chief executive of the HKMA, Hong Kong's de facto central bank, introduced four regtech [regulatory tech] initiatives last week during the annual conference of the Hong Kong Institute of Bankers.
To help develop a regtech ecosystem, the HKMA will open a fintech supervisory 'sandbox' to regtech projects or ideas raised by banks and technology firms. The sandbox – a highly controlled environment used to test unverified ideas – will allow the banks and their technology partners to conduct pilot trials of newly developed technology, without the need for full compliance.
He also added that the number of suspicious transactions reported by Hong Kong banks had grown on average by 40 per cent annually over the past five years. Some banks were using machine learning and artificial intelligence to help detect suspicious behaviour and patterns, which had freed up analysts to focus on high-risk cases, thus enhancing the overall effectiveness and efficiency of banks' transaction monitoring processes.
[↑↑↑](#)

Strong cryptocurrency regulation in China helped Binance to become the largest cryptocurrency exchange

03.10.2018

The founder of the largest cryptocurrency exchange Binance built it in about 165 days by sticking to a simple strategy: expand anywhere, but China.

When China shut down all domestic cryptocurrency exchanges in September last year, Zhao quickly moved the headquarters and servers of Binance to Tokyo, outside the reach of Hong Kong and mainland regulators, and then to other markets, including Singapore and Taiwan. Chinese operators of cryptocurrency exchanges scrambled to keep up with new regulations on the mainland, which provided Binance with precious time to build up its business. It allowed Binance to make a profit of US$350 million, in the six months ended June 30.

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Wechat publishes fake rumors daily - to publicly refute them after

03.10.2018

China's largest social network publishes fake news, which can be refuted by the users with special tools that quickly gained popularity. WeChat informs that over 800 independent fact-checking services have already been registered on the social network, including 289 institutions from the China Food and Drug Administration, 5 state-owned media, and 32 local cyberspace offices.

Other organizations can also do fact-checking, but for this they need to submit relevant qualification documents to Tencent, as well as have a confirmed public WeChat account.

These programs in WeChat appeared six months after Facebook was subjected to an influx of fake news related to the 2016 presidential election.

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Uber enters the European bikesharing market, not paying attention to the failure of Chinese competitors

04.10.2018

Entering the European bikesharing market for Uber means the next step in the implementation of the concept of a single super-application that allows you to meet all the needs of residents of the city for movement.

At the same time, Chinese bikering pioneers Ofo and Mobike, who are already operating in the European market, were forced to leave several cities after the frequent incidents of theft and vandalism against bicycles.

However, this did not stop Uber from implementing its strategy on the basis of the previously acquired Jump Bikes service. The American giant plans to start first in Berlin and other major cities, then implement a global expansion. However, according to representatives of Uber, the Chinese market is not included in the nearest plans yet.

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The development of artificial intelligence creates new jobs in China in the field of data labeling

08.10.2018

A large number of companies engaged in research in the field of artificial intelligence often donate data marking for outsourcing to China, India or Mexico, since such work in other countries is much more expensive, and in China the average wage of such an employee is 10 yuan per hour.

Basic Finder, one of the largest data labeling companies in China, provides a large number of jobs "with better working conditions than on assembly lines," according to the company's executive director.

However, some companies attract for such work freelancers, on average, people get 15-20 yuan per hour, one of these companies is Beijing Mada Code.

According to the project manager in Mada Code, this situation is natural, while some jobs are replaced by automation, at this time there are new ones.

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Analytics & Opinions

How is "Made in China 2025" implemented

01.11.2018

China announced the state technological program "Made in China 2025" in 2015. The main objective of the program is to reduce the gap between China and Western countries in the field of hi-tech, as well as to weaken China's dependence on technology import. The program has identified 10 key industries:

1. Robotics;
2. New generation information technology;
3. Aviation and aerospace equipment;
4. Maritime equipment and high-tech ships;
5. Railway transport;
6. New energy and energy-saving vehicles;
7. Energy equipment;
8. Agricultural equipment;
9. New materials;
10. Biopharma and high-tech medical devices.

The program also implies certain phases and criteria for assessing its success. More details please find in the South China Morning Post material.

One of the central places of the technological program "Made in China 2025" is taken up by the question of the development of artificial intelligence technology (AI). After many years, AI technology has reached a new level, attracting more and more attention from politicians and entrepreneurs.

China's plans in relation to AI include the following phases:

- **Competitive in AI** (till 2020) – Focus on big data intelligence, autonomous intelligence systems, cross-medium intelligence, swarm intelligence, hybrid enhanced intelligence, AI foundational theories;
- **Breakthroughs** (till 2025) – AI will be applied to medicine, city infrastructure, manufacturing, agriculture, national defence construction, AI laws and regulations, security assessment and control capabilities;
- **Become the world leader** (till 2030) – Mainly focus on social governance, national defence construction, industrial value chain.

The article also contains an interactive description of the concepts in the field of AI and illustrative examples of its application. Earlier, South China Mornig Post has already published beautiful and detailed analyzes of individual industries that are planned to be developed as part of the program, for example, the production of semiconductors and robots.

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Hong Kong has published regulation on cryptocurrency exchanges

01.11.2018

Hong Kong's financial regulator has published two circulars on cryptocurrencies, drafted to protect the interests of investors and allow Hong Kong to become a major cryptocurrency hub.

New rules will affect funds investing in digital currencies, as well as the platforms on which these currencies are traded. Such market participants will now be supervised by the Hong Kong Monetary Authority. The new regime will prohibit unqualified investors from trading in Bitcoins using such funds or platforms, but will allow trading to qualified investors.

We asked our expert to comment on the published regulation.

Expert opinion	Vladislav Lurye
	Managing Partner at Norland Legal, member of the RCSL Board

In my opinion, the position of the Securities and Futures Commission of Hong Kong (SFC), which decided to explore possible approaches to the regulation of cryptocurrency trading platforms, is absolutely reasonable and balanced for the following reasons.

First, as the head of the SFC notes, a complete ban on cryptocurrency transactions will not lead to anything good, since in the Internet era, investors can still conduct such operations through platforms in foreign markets. This could be clearly seen on the example of the effects of the ban on cryptocurrency operations in mainland China in 2017. After this ban, many Chinese cryptobirds were blocked and the volume of Chinese crypto trade was significantly reduced. However, despite the reduction in trading, it is obvious that Chinese traders have not ceased to engage in cryptocurrency transactions. For example, the Hong Kong platform Binance, which existed at the time of the ban only for two months, was able to become one of the largest in the world in six months, not least because of the Chinese traders who arrived. Therefore, it is obvious that a more reasonable solution is to attempt to regulate the activities of such platforms, which call themselves "exchanges", but which do not fulfill the requirements for storage, accounting, auditing and evaluation of assets traded on them, which are typical of classical exchanges.

Secondly, the regulator rightly recognizes the need for a special regulatory approach to such platforms, since the cryptoactive assets traded on them are not necessarily securities, and accordingly, the automatic distribution of the legal regime of securities on them is unreasonable. In this sense, I am glad that the new regulation is planned to be created with the active participation of industry representatives, in particular, the cryptocurrency CEO of the platforms and the founder of the blockchain startup Circle.

Legaltech ethical issues

10.09.2018   LawGazette

The authors of the article provide an overview of key legal research in the field of legaltech.

Due to the rapid development of legal technologies, well-known futurologist Richard Suskind described the legaltech that exists today as "disruptive", i.e. "changing radically established rules of conducting legal business". The author discusses the peculiarities of the future lawyer's profession and its ethical aspects in his book The Lawyer of Tomorrow: An Introduction to Your Future.

Susskind identified a number of disruptive legal technologies, including:

- automated document assembly;
- e-learning;
- online dispute resolution;
- machine prediction;
- legal question answering;
- online legal guidance.

The researcher provides us with the following example: online legal guidance systems, which may be created through websites and chatbots, can provide clients with direct access to legal knowledge, and thereby bypass the tradition of lawyers giving face-to-face legal advice to clients.

In April 2018, the University of Melbourne's Networked Society Institute published a discussion paper (the NSI paper) on Automated Legal Advice Tools (ALATs). An ALAT, which is a "specific new technology supporting and providing delivery of legal advice", is in essence a more sophisticated term for Susskind's online legal

guidance systems. Using selected examples from the UK, US and Australia, the NSI paper classified ALATs into 10 categories:

1. Legal chatbots (e.g. Lexi: provides customised legal information and documents through online interactive chat);
2. Legal apps (e.g. Picture It Settled: predicts parties' negotiating patterns and allows parties to refine their settlement strategies);
3. Virtual assistants (e.g. FTA Portal: guides farmers in navigating voluminous free trade agreements on exporting goods from Australia);
4. Legal document automation (e.g. Clerky: provides startups with automated company incorporation documents);
5. Legal document review (e.g. Contract Probe: provides a quality check on contracts, apparently within 15 seconds, and also identifies missing or unusual clauses);
6. Legal artificial intelligence (e.g. Compas Core: used by judges to predict the risk that an accused person will commit a new violent crime, be likely to re-offend or be a flight risk;
7. Legal data analytics and prediction (e.g. Premonition: predicts which lawyers will win cases in which courts, even before they attend court);
8. Human-free smart contracts (e.g. Agridigital: uses blockchain technologies to assist in transacting and settling agricultural commodities and to manage supply chain risk);
9. NewLaw business models (e.g. LegalVision: a law firm which allows users to build their own legal documents on a website);
10. Legal technology companies (e.g. Neota Logic System: develops smart applications by combining rules, reasoning, decision management and document automation).

Citing numerous recent articles and books as references, the NSI paper examined a number of interesting regulatory and ethical issues arising from ALATs. A central issue is whether ALATs can be considered as engaging in the unauthorised practice of law. Whilst giving legal advice has traditionally been viewed as lawyers' exclusive province, some have justified using ALATs in the legal sector because ALATs claim to provide only "legal information", which is "generic" and not tailored to "the particular circumstances of the individual". However, the NSI paper noted that the purported dichotomy between legal advice and legal information may not work in practice.

There are to ethical concerns connected with implementing AI in legal tech:

- algorithmic opacity (so-called "black box problem")

ALATs employ algorithms which lack transparency in their reasoning, creating an information gap between ALATs and their users (e.g. lawyers or clients). It is one thing for humans to fail to understand the reasoning behind AlphaZero's uncanny moves in a chess game. It is a far more serious matter if lawyers cannot critique machine reasoning in making decisions in high-stakes legal matters, even though significant concerns may exist regarding the reliability or validity of the ALAT's decision.

There is one opinion, according to which we can solve the problem if we give the human to cancel the decision of the computer. The counterargument to this position was pointed out by Shannon Vallor and George A. Bekey in Robot Ethics 2.0: From Autonomous Cars to Artificial Intelligence, "i[f] an artificially intelligent system has consistently demonstrated greater competence than humans in a certain task, on what grounds do we give a human supervisor the power to challenge or override its decisions?".

- hidden machine bias

A recent example is the Compas Core software cited above, which has generated controversy in light of claims that it was racially biased or failed to accurately predict an offender's risk of recidivism.

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An Analysis of Chinese Influence on Bitcoin

05.10.2018   PrincetonUniversity

Researchers from Princeton University have prepared a detailed technical analysis of China's ability to influence the development of the Bitcoin network. It is not easy to read without an appropriate background, however, it can be especially useful for those interested in this topic.

How China's Social Credit System actually works

23.10.2018   Technode

Technode examines the history and analyzes the structure of the social credit system currently used in the PRC. It explains technical issues (the system is actually not a single, includes a large number of subsystems), the features of the formation and the meaning of black and red lists. Recommended for reading to all interested.

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