**Ren Zhengfei's Interview with Chinese Media**

May 21, 2019

**Q1 *CCTV*: I am a reporter for live broadcast. You have a military background, so one thing we have in common should be that we are both punctual. How time flies! Four months ago, in this same place, we had an interview. At that time, the public all felt that Huawei had hit its lowest point. Everyone was so concerned about Huawei, so you started taking many interviews from journalists inside and outside of China.** **We didn't expect today's situation to be even more complicated, or even more difficult, than four months ago.** **Just now, another media representative took out a photo of a bullet-ridden aircraft. I was also given this same photo. I heard that you like this photo very much, the photo of the badly damaged fighter aircraft.**

**Ren**: I first saw this photo on wukong.com, feeling that the aircraft was quite like our company. So I sent it to my colleagues. The Carrier BG thought the aircraft in this photo is akin to its situation and started using it for communications.

Later, we found that there were not many problems with the Carrier BG, since it has been getting fully prepared over these past 10-plus years. So our current situation is that we are repairing our "aircraft" during its flight so that it can make its way back home.

***CCTV*: But this aircraft was able to fly back, because its vital parts, such as its fuel tanks and engines, were not damaged. Only the non-vital parts of its wings were damaged. But if its vital parts were attacked during a flight, how was it possible for it to make its way back?**

**Ren**: I want to tell you two stories about Germany and Japan during World War II. Germany refused to surrender, so its cities were flattened by air-strikes. Japan was also attacked by intensive bombardments. The US army threatened that if Japan did not give up, intense bombing would also flatten the country. At the end of the day, Japan decided upon a compromise, which was to announce the country's surrender but keep their Emperor. By the time the surrender came, the majority of Japan's industrial infrastructure was destroyed, but the country did not suffer the fate of being leveled like Germany.

Back then, there was a famous slogan: "Even if everything else is lost, as long as people remain, they will revitalize the nation." The truth is, Germany was able to revitalize its economy and restore all its houses to the extent before the war in just a few years. The Japanese economy also recovered very quickly. This was attributable to their talent, education systems, and foundation. This is what matters most. So even if we lose everything else, we can't lose our talent. This includes their qualities, skills, and confidence. This is very important.

***CCTV*: Yesterday (US time), the US issued a temporary license to Huawei. In other words, its restrictions on Huawei can be lifted in the following 90 days. What's your view on this license? What could you do in these 90 days? If the news is true and the US cancelled the imposed restrictions after 90 days, how would you comment on such a reversal?**

**Ren**: First of all, 90 days doesn't mean much to us, and we have prepared. To us, the most important thing is to do our job well. What the US will do is out of our control. I would like to take this opportunity to express my gratitude to the US companies that we work with. Over these 30 years, they have helped us to grow into what we are today. They have made many contributions to us. They have taught us how to get on the right track and run the company. As you know, most of the companies that provide consulting services to Huawei are based in the US, including dozens of companies like IBM and Accenture.

Second, we also have been receiving support from a large number of US component and part manufacturers over all these years. In the face of the recent crisis, I can feel these companies' sense of justice and sympathy towards us. Two days ago, at around two or three a.m., Eric Xu (one of Huawei's rotating chairs) called me, telling me how hard our US suppliers had been working to prepare goods for us. I was in tears. As a Chinese saying goes, a just cause attracts much support, while an unjust one finds little. Today, some US companies are communicating with the US government about the approval.

The US has added Huawei to the Entity List. That is to say if a US company wants to sell something to Huawei, it needs to obtain approval from the US government.

The US is a country ruled by law. US companies must abide by the laws, and so must the real economy. So you guys from the media should not always blame US companies. Instead, you should speak for them. The blame should rest with some US politicians. I don't think we should throw blame indiscriminately without knowing whether it will fall on the right persons. We may end up targeting the wrong persons if we do so. The media should understand that these US companies and Huawei share the same fate. We are both players in the market economy.

US politicians might have underestimated our strengths. I don't want to say too much about this, because Ms. He Tingbo, President of HiSilicon, made all these issues very clear in her letter to employees. And all mainstream newspapers inside and outside of China have reported on this letter.

You touched upon the damaged aircraft just now. We have some non-core products for which we haven't prepared "spare tires", or Plan Bs, so to speak. These products will be phased out sooner or later. So the US move will have some impact on these products. But in sectors where we have the most advanced technologies, at least in the 5G sector, there won't be much impact. Not just that, our competitors won't be able to catch up with us within two to three years.

**Q2 *People's Daily*: I want to ask a question about chips. I noticed that you said in an interview with Japanese media on May 18 that "Huawei does not need chips from the US. There is no problem with Huawei." In a letter to your employees, you mentioned that Huawei has strengths and has made preparations. Can I ask where your strengths come from and what you have done to prepare?**

**Ren**: First, we are always in need of US chips. Our US partners are fulfilling their responsibilities and asking for approval from Washington. If this approval is granted, we will still buy chips from these suppliers. We may even sell chips to US companies (to help the US make more advanced products). We won't exclude our US partners or seek to grow entirely on our own. Instead, we will grow together.

Even if there is an insufficient supply from our partners, we will face no problems. This is because we can manufacture all the high-end chips we need ourselves. In the "peaceful period", we adopted a "1+1" policy – half of our chips come from US companies and half from Huawei. Despite the much lower costs of our own chips, I would still buy higher-priced chips from the US. We cannot be isolated from the world. Instead, we should become part of it.

Our close relationships with US companies are the result of several decades of effort on both sides. These relationships won't be destroyed by a piece of paper from the US government. As long as these companies can obtain approval from Washington, we will continue to buy in large volumes from them. It may be the case that they cannot obtain approval quickly. We have ways to go through this transition period. Once approval is granted, we will maintain our normal trade with these US companies and work together to build an information society for humanity. We don't want to work alone.

We can make chips that are as good as those made by US companies, but this does not mean that we will not buy chips from the US.

**Q3 *Xinhua News Agency*: You once said that Huawei wouldn't be working behind closed doors and would cooperate with others. Now you are saying that Huawei will be doing both things. Does this mean that US trade protectionism and the US ban on Huawei are essentially disrupting global supply chains and causing chaos in the market? The US has been accusing Huawei in many aspects, such as corporate governance and finance. What do you think are the focus areas of the criticisms? Why are they targeting Huawei?**

**Ren:** I'm not a mind reader, so I don't know exactly what [those US] politicians are thinking. I think we should not be the target of US-led campaigns just because we are ahead of the US. 5G is not an atomic bomb; it's something that benefits society.

In terms of network capacity, 5G is 20 times larger than 4G and 10,000 times larger than 2G. The power consumption per bit of our 5G base station is ten times lower than 4G, and the size is 70% smaller. Our 5G base station is very small indeed, about the same size as a briefcase. It's also light – about 20 kilograms. You don't have to build a cell phone tower for 5G base stations, because they can be installed anywhere – on poles or walls. They can work for decades because they are made of anti-corrosion materials. This means that our 5G equipment can be installed even in underground sewage systems. It is especially suitable for European markets, where there are many areas with historical buildings and it's impossible to build giant cell phone towers like those in China. Of course, the existing towers in China won't lay idle, because our 5G base stations can be installed on them too – it's just that we don't need to build new towers.

With our 5G base stations, our customers in Europe can reduce their engineering costs by 10,000 euros per site. They won't need to use cranes for installation, and they won't need to build cell phone towers. In the past, our customers had to use cranes to install huge pieces of base station equipment, and the surrounding roads had to be blocked off during the installation process. Now, they can easily install our 5G base stations by hand. It's super easy.

The bandwidth of 5G is very high – so high that it can support a huge amount of high-definition content and easily transmit 8K video. They're saying that 5G will reduce costs tenfold; in fact it's more like 100-fold. This means that ordinary people can watch high-definition TV programs, and they can learn a lot from these programs. To develop further, every country needs to rely on culture, philosophy, and education. These form the foundation of national development. Therefore, 5G will change our society for the better. Latency on 5G networks is extremely low, so 5G will be rapidly adopted in many industries for all sorts of purposes.

[Regarding the image referred to earlier] The CCTV reporter was concerned about whether the engine of the aircraft was broken. While there might be "holes" in our aircraft wings, we will continue to focus on developing our core and to lead the world in these areas. The more advanced a product is, the more comprehensive its Plan B will be.

***Xinhua News Agency*: Do you think the international market has been disrupted?**

**Ren:** I don't think so. Europe will not follow in the footsteps of the US, and the majority of US companies are communicating closely with us.

**Q4 *Global Times*: You mentioned the impacts on Huawei. The letter from HiSilicon President has created a lot of excitement in the media. People in the chipset industry take an objective approach to the gaps between companies in China, the US, and other countries in terms of chips and other core components. What do you think is the position of Huawei's in-house products and R&D? The letter also gave an assurance that Huawei can ensure supply continuity. Is that assurance true? Is there any critical point? Where is it?**

**Ren:** I think that if you feel worked up about something, you should start by taking a cold shower. In my opinion, what's most important is to be calm and level-headed. Getting over-excited and shouting slogans is of no use if our capabilities are not strong. The important thing is to work hard towards success.

It's worth learning from US companies in terms of their depth and breadth in science and technology. We lag far behind in many aspects. Some small US companies are providing super advanced products. We have only focused on our business and become a leader, but we haven't attempted to compare ourselves to the US as a nation. On a business level, I think the gap is quite small between Huawei and certain US companies. On the national level, however, there are huge gaps between China and the US.

The gaps on the national level have much to do with economic bubbles in China. There are bubbles in many sectors, including peer-to-peer (P2P) lending, the Internet, finance, and real estate. There are copycat products, which are also bubbles. As a result, bubbles are appearing in academia, too. Developing a new fundamental theory takes several decades. If academics focus more on shouting slogans than on developing solid theories, then our country will not become stronger in the decades to come. We should keep our feet on the ground and concentrate on our work.

**Q5 *The Paper*: My question is about chips. The letter from Ms. He Tingbo, HiSilicon President, was very inspiring. Records show that HiSilicon was established in 2004. After so many years of efforts, you can produce your own chips for many purposes. How did you make the chip plan in the first place? How did you or Huawei decide to make your own chips? Ms. He said that Huawei began planning for the most extreme conditions many years ago. During an interview two days ago, you said that Huawei no longer needs US chips. Can you tell us more about the planning process? Is the planning result in line with your current situation? How well can you serve customers if the US companies stop supplying chips to you?**

**Ren:** We have made a lot of sacrifices – we have paid very little attention to ourselves and our families, especially our parents. We have done all this because our goal is to make it to the very top. Nowadays, we cannot help but shouting our goal out loud: We want to be the global leader. We want to be No. 1 in the world. In the past, we didn't let our employees say it out loud, because we thought it might cause conflicts with the US.

In early 2000, we were hesitant, and we wondered if it would be possible for Huawei to wear an "American cowboy hat". So we decided to sell Huawei to a US company for about 10 billion US dollars. A contract was signed with this company, and all relevant procedures were completed. The deal was ready to be completed once it received the approval of the US company's Board of Directors. While we were waiting for approval, the negotiation team, including me, all put on floral-print clothes, running and playing ping pong on the beach.

While we were waiting, the Board of Directors of the US company was reelected. Their new board chair was somewhat short-sighted and rejected the acquisition deal. If we had been sold to this company, we would have been able to get our American cowboy hat and try to take the world by storm. After this deal failed, our senior executives were deciding whether to sell Huawei to someone else. All of our younger executives unanimously said no. I could not reject this, so I replied, "We will have to square off against the US when we reach the top. We need to get prepared." Since then, we have been considering the question of what happens when we meet the US at the top, and have begun to make preparations for this. That said, we will ultimately embrace each other because we want to work together with them to make contributions to society.

***The Paper*: Other Huawei executives have stated that Huawei is able to continue serving customers. Will the US ban affect your major customers and business? How will you respond?**

**Ren:** We will certainly be able to continue serving our customers. Our mass production capacity is huge, and adding Huawei to the Entity List won't have a huge impact on us. We are making progress in bidding worldwide.

Our growth will slow down, though not by as much as everyone imagines. In the first quarter of this year, our revenue grew 39% over the same period last year. This rate decreased to 25% in April, and may continue decreasing towards the end of this year. But the US ban will not lead to negative growth or harm the development of our industry.

**Q6 *Science and Technology Daily*: If the US cuts off the supply chain, how will the industry be impacted? Two days ago, I saw that Fang Zhouzi (an Internet celebrity) tweeted "If the spare tire is good, why not use it before a blowout?" What's your opinion on it?**

**Ren**: If we use spare tires in all our products, that means we are seeking the so-called "independent innovation". The main purpose of independent innovation is to become a dominant player. But we want to have partners all over the world. For that reason, his idea of using the spare tire before a blowout is not on our minds. He doesn't understand our strategic thinking. We don't want to hurt our partners. We want to help them have robust financial statements, even if it means we have to make adjustments.

As I mentioned, we don't intend to stop using the components of US companies, but we haven't told them about this. We hope US companies can continue to be our suppliers, so that we can serve humanity together. Previously, we've shared information about our chip development with our suppliers. We've even shared our research results with them. We outsource production to our suppliers. That's why the suppliers are so kind to us. Again, to answer the question "If the spare tire is good, why not use it before a blowout?", spare tires are backups. Why should we use them before our current tires burst?

***Science and Technology Daily*: How will the industry be impacted if the US does cut off the supply chain?**

**Ren**: Our company will not end up with an extreme supply shortage. We have got well prepared. At the beginning of this year, I predicted that something like this would occur two years later, and that the US would not take action before the US lawsuit against us was settled in court. We were quite sure that they would take action against us whatever the result was. We thought we would have two years to make preparations. But when Meng Wanzhou was arrested, it sparked everything off.

You may know that we were also working during the last Spring Festival holiday, and I paid visits to our employees working during the holiday. In China alone, 5,000 service personnel, such as security guards, cleaners, and canteen workers, stayed to serve our "fighters". They received salaries several times higher than normal. The company paid double for food from suppliers, and paid service personnel extra. Many of our staff didn't even go home during the Spring Festival. In order to save time for work, they made makeshift beds on the floor to take an afternoon nap. Also during the May Day holiday, many of our staff chose to stay here.

**Q7 *NetEase*: Speaking of Plan B, how much has Huawei invested in this plan over the years? If Plan B is not put into use, will Huawei continue to invest in the plan?**

**Ren**: We have invested so much that I cannot give a concrete figure. For both Plan A and Plan B, the budget and headcount were allocated together. Previously, Plan A received most of the budget, but now most of the budget will be allocated to Plan B. I don't know exactly how much the budget is. Every report I receive is several pages long. And instead of asking questions about every single component, I just do a general review. Making a plan is just one step. We have to identify the key phases for each component. So we are preparing little by little. Otherwise, we would not have hired 80,000 to 90,000 R&D engineers.

**Q8 *Financial Weekly*: After the US export control goes into effect, Huawei's suppliers in Japan, Europe, and Taiwan are expected to help Huawei a lot. If this export control fails, do you think the US government will put pressure on companies like TSMC? Huawei can produce its own chips, but it does not have the capabilities of the entire value chain.**

**Ren**: If more companies refuse to succumb to the pressure, then even more will follow. Don't worry too much about this. After all, this is not happening.

***Financial Weekly*: Considering Google's recent action, users in Europe are very worried that Huawei phones will not be able to use the latest Android system in the future. What's your opinion on this?**

**Ren**: Google is a good company – a highly responsible company. They are also trying to persuade the US government to solve this problem. We're now discussing viable solutions for this, and our experts are still working on this. So I can't give you a detailed answer today.

**Q9 *qq.com*: How long will this tough situation last? Will this be a turning point in Huawei's development?**

**Ren:** You are asking the wrong person; you should ask President Trump this question. I think there are two sides to this. Of course, we will be affected, but it will also inspire China to develop its electronics industry in a systematic and pragmatic manner. In the past, China threw a lot of money at developing the industry, but it turned out that this approach didn't work. To build bridges, roads, and houses, maybe it's true that we just need to invest money, but to develop chips, money alone is not enough. We need scientists, physicists, and chemists as well. How many of our people are truly studying hard? How many doctorate papers bring true insights? Under such conditions, it is very difficult for China to succeed by relying on its own innovation, so why not take a cross-border approach to innovation? We can establish innovation centers in many countries. We can establish research centers in any locations that have the capabilities we need.

A lot of talent has returned to China, which is very important. But China's personal income taxes are relatively high. If talented people returned to China from abroad, they would have to pay a lot of taxes. We cannot expect them to act like Lei Feng forever – Lei Feng gave *everything* he had to the country and to the party. Although they are all top experts, there are no incentives for them, and they even have to pay higher taxes. Recently, I heard that the personal income tax rate will be cut to 15% in the Guangdong-Hong Kong-Macao Greater Bay Area, but how exactly will this policy be enforced? Will people entitled to this policy need to get a *hukou*, or a job in this region? If yes, what's the point of this policy? There should be a flow of scientists. If they work eight hours every day at the same place, are they true scientists? We need to create opportunities for scientists to come back to China.

The first major shift of talent in the world occurred with the move of three million Jews from the Soviet Union to Israel. Israel then became a scientific and technological hub. The second shift is underway. The US is not open to foreign countries and lots of talent cannot engage in classified research. A well-known US media outlet wrote an article, asking the US one question: "If China invented a cancer drug, would it pose a threat to US national security?" A US cancer center dismissed three Chinese scientists, which is the reason the journalist asked this question.

As a result, many scientists have lost confidence in working in the US. Why not take this opportunity to welcome them back to China? But they might ask, "How? In China, it is difficult for our children to enroll in schools; we cannot buy cars because we have no *hukou*; and we have to pay high taxes." We need to adjust our policies to attract talent from around the world. 200 years ago, the US was just a barren land of Native Americans. It was the right policies that turned the US into the global leader it is today. China's civilization is 5,000-years old. With such a solid foundation, we need to create favorable policies to attract talent from around the world to start businesses in China.

East European countries are relatively underdeveloped, but a large number of leaders, scientists, and financiers in the US are East Europeans. Why don't we welcome talent from these countries to China, or establish research centers in those countries? We can establish theoretical research facilities with China as the center to fight against US restrictions. If we stick to our current approach, it will be difficult to succeed. China is weak in basic theories, though it has seen some progress over the past few years.

I have emphasized the importance of mathematics at the national science conference, and I heard that graduates majoring in mathematics can now more easily find jobs than in the past. How many of us are willing to study mathematics? I didn't major in math. I once said I wanted to find a good university to study math after I retired. The president of a university asked me why. I replied I wanted to study the Second Law of Thermodynamics. He then asked why again. I said I wanted to study the origin of the universe. He said he would welcome me as a student. I still haven't retired yet, so it looks like I won't be able to go. When I was an engineering student, I studied higher mathematics, which is about the very basics of mathematics. China must remain pragmatic and work harder to make changes in mathematics, physics, chemistry, neurology, brain science, and many other disciplines. Only by doing so can we secure a foothold in this world.

China's philosophy to date is mostly about metaphysics. Although some have adopted Buddhism, all the texts are in Sanskrit, and they have not been translated into Chinese. The West has promoted metaphysics and mechanical materialism, giving birth to disciplines like physics, chemistry, mathematics, and geometry. That's why they have advanced industry. Based upon their strong industry, they have built industrialized nations and led the whole world.

I don't mean that metaphysics is useless, though it focuses on virtual things that don't *exist* in the real world. The gaming industry is developing rapidly in China. Many of our modes of production may be virtualized. About 50% of AI scientists are Chinese, and if they are not welcome in other countries, we should welcome them here in China. They can then work on platforms at the bottom layer, providing us with a solid foundation.

I believe that if we can bring in outstanding talent, it will be good for our reform. If we keep emphasizing independent innovation, I think we are wasting our precious time.

**Q10 *National Business Daily*: Has the Hongmeng OS been used on a small scale within Huawei?**

**Ren**: Sorry, I can't answer this question today. We can make our own operating system, but it doesn't necessarily mean that it will replace other operating systems. We need to use operating systems for our work in artificial intelligence and the Internet of Everything, but I'm not clear on which are used and which are not. So I can't really answer your question yet.

***National Business Daily*: Many articles these days are reporting on "Huawei shocks" – that is, how Huawei has been shocking the whole world.**

**Ren**: Our staff are not sensitive to such reports. None of us has been shocked, because they are nothing special to us. The articles online often exaggerate a lot. For example, it was reported online that Infineon stopped their supply to us. No such thing has happened. It was a made-up story. If you really want to know what's going on with us, you can visit our *Xinsheng Community*. We don't ban accounts, even if people criticize the company there. In fact, the HR department reviews how people are criticizing us. If anyone provides especially constructive criticism, the department will look into their performance over the past three years. If they are high performers, they will be transferred to the Secretariat to help with some specific issues. After being trained at our "Headquarters of the General Staff" for half a year, they will be sent to other departments. These people have a lot of potential to eventually become leaders. On the contrary, blindly singing our praises online may make us complacent, because it's no more than empty talk. When people post specific criticisms on our *Xinsheng Community*, we will analyze the situation accordingly. Without self-criticism, we wouldn't be surviving today.

**Q11 *Caijing*: I want to ask you a question about Huawei's Plan B, which many people are concerned about. Ten years ago, you began to show a sense of crisis and talk about how international situations would affect Huawei.**

**Ren:** All my speeches regarding Plan B published by Huawei's Executive Office are publicly available. I don't remember exactly when I began to talk about it, but I have repeatedly mentioned our Plan B. People just didn't pay much attention to it until the recent attack that the US launched against Huawei.

***Caijing*: Over the past several years, you have shown a great sense of crisis, made preparations at both the macro and micro levels, i.e. in both strategy and how to ensure business continuity. When what you have envisioned becomes a reality and the attacks against Huawei become more serious than what you previously thought, do you have any new ideas? We have seen too many articles talking about how trade frictions between China and the US affect Huawei. When the challenge truly comes, do you have any new ideas?**

**Ren:** Business continuity is all about our Plan B, or our "spare tire" plan. Spare tires ensure that when cars break down, they can continue running after tires are replaced. We have ensured our business continuity step by step. In fact, many parts we use in our products have been put into production. Despite this, we are open to parts from outside the company. Half of our parts are produced by other companies. I once said in an article that we should buy at least 50 million chipsets from Qualcomm every year. So we have never excluded or resisted foreign companies.

The world's largest spare tires are atomic bombs. What can they be used for? Since World War II, they have never been used again. Senior government officials in China have often worked on atomic and hydrogen bombs. And their loyalty to the country also counts. Those who are both capable and excel at technology can be promoted to a minister or provincial governor. Some can even become governors by age 40. I really envy them. When I was 40, I was still finding a job.

Spare tire is now a buzz word. In fact, it's quite normal practice in our company. He Tingbo has become well known because of her letter regarding Plan B. She published the letter just during the night when the US issued the ban on Huawei. She just couldn't bear it anymore. She has been through a lot these years. She felt bad. Her team has been working so hard, but they just couldn't keep their chins up.

***Caijing*: So you mean that spare tires are always available at Huawei and you don't know whether they will be used.**

**Ren:** Spare tires are certainly useful. They are part of our solutions, instead of being independent of them. We will use them on a rolling basis when necessary.

**Q12 *Caijing*: Now people have two completely different sentiments towards Huawei. Some have shown great patriotism and escalated their support of Huawei as a patriotic act. Some think that support toward Huawei has become entwined with patriotism toward the whole country; in other words, people will not be considered patriotic unless they support Huawei. This situation is now becoming more serious.**

**Ren:** My children prefer Apple products over Huawei's. Does it mean that they don't love Huawei? Of course not. I have mentioned this quite a lot, and Richard Yu (CEO of Huawei's Consumer BG) was mad about me – he saw it as me promoting other companies' products over Huawei's. But this is the reality: We cannot simply say that one is patriotic if they use Huawei products and they are not if they don't use Huawei products. Huawei's products are ultimately commodities. People use them if they like them. Politics should be left out of it. Huawei is just a company. We have never said anything about contributing to Chinese national pride in our advertising. At our latest oath-taking ceremony, someone might have shouted something along those lines, but we immediately issued a file to discourage shouting out such slogans. They can hold celebration parties and give out medals. It's okay to say things like this privately in their spare time, sure, but we must never stir populism.

I often use a lot of examples just to throw some cold water on Huawei. We should not promote populism; populism is detrimental to the country. To have a promising future, China must be more open. Following the recent China-US negotiations, CCTV said China should further reform and open up. I was very happy to hear that. In fact, we should have reformed and opened up earlier. China has made a commitment to the WTO and we need to honor this commitment after we benefit from it. We should make some contributions so that we can unite more friends around us. China has too much money. Why are we only putting it in the US? Why not lend some to Europe, Russia, and Africa? One might worry about their ability to repay it. These countries use their national credit as collateral. Well, maybe they can't repay it this year, but what about in 100 years? We don't have an urgent need for the money anyway. Doing this would help disperse our risks. Why does China only buy agricultural products from certain countries? It could also buy from Ukraine. That would contribute to their economy.

**Q13** ***Science and Technology Daily*: You've mentioned that developing chips requires not only money but also physicists and mathematicians. As a company, Huawei, as well as you personally, have repeatedly talked about basic education and basic research, and we also know that Huawei focuses on this area from some of your advertisements. What specific actions is Huawei taking in basic education and basic research? What kind of support will this provide to Huawei's future development?**

**Ren:** First, we have 26 centers of expertise for R&D globally. We currently have over 700 mathematicians, 800 physicists, and 120 chemists working at Huawei. We have an Institute of Strategic Research, which provides a large amount of funding to well-known professors at top universities around the world. We don't expect return on this investment. The way we sponsor research is similar to how investment works according to the US *Bayh-Dole Act*. It's the universities that benefit from the investment. By doing so, we will work with more scientists researching technologies at different stages.

5G standards are widely considered to have a huge impact on society. Few people would imagine that they originated from a mathematics paper written by Turkish professor Erdal Arikan over a decade ago. We discovered this paper two months after its publication. Then we started to do research, perform analysis, and apply for patents based on this paper. Thousands of Huawei employees have been involved in this research. It took us a decade to convert the math paper into technologies and standards. We have the most 5G standard-essential patents in the world – about 27% of the total.

Professor Arikan is not a Huawei employee, but we sponsor his lab so that he can take on more PhD students, whom we also support. We also sponsor a university professor in Japan. He once had four PhD students, all four of whom later joined Huawei but continued to work at his office. Then he recruited four more PhD students to work for him, with all eight working for him at the same time. All those papers belong to them, not us. If we need to use their academic outcomes, we need to pay them. This approach is similar to the US *Bayh-Dole Act.* We use such approach to work with more scientists.

We held a global scientist conference last week, and I attended the conference remotely through video. Several brilliant young scientists, all doctorate degree holders, attended the conference and introduced the technology to me. They explained to me what each of those papers would mean to society in the future. We constantly have this kind of communication around the world. This enables us to absorb new ideas, and also helps them understand our requirements. This way, we are able to constantly inform each other.

When it comes to winning talent, Western companies are more far-sighted than we are. They identify talent and then recruit them to work as interns, providing dedicated training to them during their internship. This is different from the traditional job seeking method graduates follow in China.

Now we have more opportunities to compete with US companies in terms of recruitment, but we are not strong enough to attract the talent. We give job offers to some excellent, very talented students as early as their second year of university. For example, students from the Novosibirsk State University have been the champions or runners-up in the International Collegiate Programming Contest for six consecutive years. Google paid salaries five or six times higher than normal to employ them. Starting this year, we will pay even more than Google to attract such talent to work on innovation in Russia. We will join the competition for talent.

We don't require scientists to always be successful. Failures are also a form of success, because they develop talent. In this way, we are able to constantly move forward.

**Q14 *jiemian.com*: I visited Huawei's lab and saw many inventions, such as anti-corrosion equipment and heat conduction. They seem to be based on chemical theories we learn in high school. These applications are magical. Is this a reflection of what you call basic science and basic education? What support will such basic science bring to Huawei at this critical moment?**

**Ren:** Actually, even junior high school students learn the general equations for a nuclear chain reaction, but it's not an easy task to build an atomic bomb. Basic science seems to be simple, but it's difficult to apply it in practice. Therefore, some foreign inventions may look simple, but they are based on numerous other inventions. A small component may be developed based on thousands or even tens of thousands of patents.

**Q15 *Sina*: You are talking about enhanced investment in mathematics and basic disciplines. What about Huawei's level of investment in the world? What made you recognize the importance of basic disciplines? What are your goals and expectations for future investment?**

**Ren:** Let's look at an example. The camera of the HUAWEI P30 smartphone is a reflection of how mathematics can be applied in practice. Photos are not simply captured but calculated through mathematics. Human eyes are equivalent to about 100 million lenses, but a camera only has one lens. Our smartphone is able to use calculations to divide the image captured by the light sensors in a single lens into tens of millions of visual lenses, and then reproduce the image.

Mathematicians in our company have a slogan – Making smartphones that outperform human eyes. I once criticized this idea in an internal speech. I think it's unnecessary. However, they are stubborn and I can't change their minds. They say our smartphones can capture an image of the moon and views a thousand kilometers away. This may be true, because mathematics can help restore weak light signals.

When I visited our mathematicians in our research center in Nice, France, I said, "The sea and sky of Nice are blue. Why are the formations developed by our mathematicians also based on a blue color?" Previously, the images captured by our smartphones were bluish, but now this seems to have been corrected.

Our strategic "spare tires" have contributed to the fast development of our smartphones. Some strategic "spare tires" developed for our network business were not used in that area, and were transferred to the consumer business. The consumer business has benefited a lot from these resources, and is able to upgrade its products every three months. Most contributions come from mathematicians. Physicists have also contributed to the development of trichromatic sensors.

Therefore, business in the electronics industry is impossible to develop if we are still relying on components manufactured by others. There are also mathematical achievements in other vendors' components, but you need to pay more money to gain access to what they developed. I think we should strive to be the world leader in this area.

**Q16 *Huanqiu.com*: For a period the US has been attacking Huawei, and also urging its European allies to put pressure on or even block Huawei. If the US continues to push its European allies to close their markets to Huawei, will you visit 10 Downing Street or the Élysée Palace in person to persuade them to open their doors to Huawei through more direct and effective methods?**

**Ren:** I used to have afternoon tea at 10 Downing Street. They asked me how I learned to catch up with the rest of the world, and I said it was the afternoon tea. Therefore, they received me with afternoon tea at Downing Street. We've been communicating with leaders of different countries. Every country has their own interests. The campaign of the US will not be powerful enough to call on everyone to follow them.

**Q17 *ifeng.com*: I've been closely following what phone manufacturers can do to support accessibility for people with disabilities since last year, because technological progress plays a very important role in helping these people. Huawei is a company with lofty aspirations. This year's Global Accessibility Awareness Day fell on May 16 last week. As a leading tech company, what has Huawei done to promote accessibility and inclusion for people with disabilities? What plan do you have in this area?**

**Ren:** During one of my trips to Japan, I tried a pair of special glasses made by our company that allowed me to clearly see employees working thousands of miles away, and I could provide guidance and instructions to them. With these glasses, I could see all drawings, and know immediately whether something I was looking at was correct or not. This is something we are doing now, but I don't know whether these devices have been launched in the market.

Theoretically, I think we will be able to support people with disabilities in future. I don't know exactly what progress we have made on this front. I'll ask someone to check, but I do believe that theoretically speaking we can stimulate people's senses through the cranial nerves.

The wireless glasses I mentioned just now allowed me to see the engineering work our employees were doing thousands of miles away. Our scientists showed this new product to me. But it has not been launched in the market.

**Q18 *ifeng.com*: Apple has been paying a lot of attention to basic education, and they have done a very good job in this area. iPads and iPhones are very useful to help children learn. Huawei also takes basic education, including basic disciplines, very seriously. Actions speak louder than words. Specifically, what has Huawei done in this area? Can you share your ideas about education?**

**Ren:** The basic responsibility for improving people's competences and qualifications lies with the government. No company can assume the responsibility for improving the capabilities of our nation. We talk about education, but that does not mean we should get involved in this domain.

The only way for China to achieve a positive outcome in future competition with the US is to improve the quality of education. As for commodities that can be used to help improve education, that is a separate matter.

To improve the quality of education, I believe the most important thing is to show respect for teachers. If teachers are well respected across society, more people will want to become teachers. Teachers are highly respected and well-paid in Shenzhen. That's why we have seen news reports about 253 candidates applying for a single vacancy in some schools in Shenzhen.

Huawei has helped Tsinghua University High School establish a school called Tsinglan School. The president of that school said it will become the best school in China, because the tuition fees there are extremely high. The school only enrolls around 2,000 students, and the admission pool is open to all of society. Many Huawei employees want to send their children to the school, and some asked me to help them get their children enrolled. I told them that there was nothing I could do about that.

What I'm trying to say is that we can significantly improve the quality of education only when the social and economic status of teachers improves. Why do I have so much to say about this? Both of my parents were rural school teachers working in a remote mountainous town in Guizhou Province, but they didn't allow their children to become teachers. If even teachers discourage their own children from becoming teachers, how can our country have a bright future?

I saw and experienced the many hardships my parents faced as a result of being teachers at that time in history – low social ranking, discrimination, and poor pay, so I never considered becoming a teacher myself.

**Q19 *China Business Journal*: I have two questions. First, the consumer business now accounts for the largest part of Huawei's revenue, followed by the carrier and enterprise businesses. What proportions do you think these three businesses will take in Huawei's revenue in five or ten years' time? Second, in the current situation, how would you define the future role of HiSilicon in Huawei?**

**Ren:** The role of HiSilicon is a support team to Huawei, one that moves forward in tandem with the operating team of the company. It can be likened to a fuel truck, a crane, or a field medic that moves forward together with the core operation.

As for our three business groups, we don't take the view that the most profitable one is the most important. Only the department that is responsible for building network connections will be able to become number one in the world. It is the very department that has come under attacks from the US. I have compared it to a badly damaged aircraft. Actually, we have realized that this department does not face as many difficulties as others because it has been preparing for a long time. Our 5G, optical transmission, and core network technologies are free from the pressure that is being put on this department, and these technologies will be the world leaders for many years to come.

**Q20 *China Business News*: The assembly order from HiSilicon has gone viral online recently. This unit has been hiring talent from around the world. When will it become an independent unit in the future?**

**Ren:** The answer is never. HiSilicon is a support team to Huawei's operating team, and will never become an independent unit. As I just described, to our core operation, it is like a fuel truck, crane, or field medic. Our operating team is the department responsible for building network connections. It may not necessarily generate the highest revenue for our company in the future, but it is the strategic high ground. The US has taken administrative measures against Huawei because it could not seize the strategic high ground. We will never give up this strategic high ground just for the sake of making more money. HiSilicon will never become part of our operating team and steal the thunder at Huawei.

**Q21 *China Business News*: We know Huawei has made preparations in terms of business continuity management, but a server or base station involves too many parts and components. Why are you so optimistic?**

**Ren:** We will make a list of the problems we face and solve them one by one.

**Q22 *People's Daily*: I have a question about R&D. Huawei has invested heavily in R&D. In which areas will you focus your future investments? What technological preparations will you make?**

**Ren:** We have been working on a single point for three decades. At first, we had several dozen and several hundred employees focusing on this point, then we had tens of thousands, and now we have over a hundred thousand. We have been focusing all of our energy on this same single point, which inevitably results in breakthroughs. Every year we invest 20 billion US dollars in R&D, and no listed company has ever had the courage to invest so much money into a single area like we do.

We have been working on the information transmission domain. Our Consumer BG works on the "water taps", while our Carrier BG works on the "pipes". The harder we work on this domain, the more likely it will be for us to lead the world and maintain our position. In addition, we will continue to increase our investment in R&D.

I do not think that some downward pressure on our financial performance will affect our investment in R&D. Our employees are not greedy; they have enough money to make ends meet. I have even made comments about the partners of many of our R&D employees for being frugal. Some people asked me how I could identify our dedicated employees. I said if we talked to those people who purchased several items at luxury stores, and found out that their partners worked at Huawei, then those Huawei employees are our dedicated employees. After they make money at Huawei, their partners should be able to spend it, so that they are motivated to make more money.

Huawei will continue working in the ICT domain, and will not enter other domains. Rumor has it that Huawei will engage in automobile manufacturing, but that's not true. Our connected vehicle products serve world-leading carmakers, and mainly include vehicle-mounted computing and electronics products. This may develop into a huge industry. We work with companies in the automotive industry to achieve autonomous driving. However, putting Huawei's logo on a car sent by our partner does not mean that we will manufacture cars. We will not randomly enter other domains.

**Q23 *Sohu*: You take basic education very seriously. Is it possible for you to become involved in basic education in one way or another in the future?**

**Ren:** Basic education is the responsibility of the government. Companies should focus on their own business. We don't want to be distracted during our business operations by becoming involved in basic education.

Building massive networks for humanity is Huawei's biggest social responsibility. We have connected three billion people around the world, including people in some African regions where Western companies don't want to do business because they cannot make money. If Huawei collapsed, it would have a huge impact on the world.

Huawei will not engage in education. We are even going to downsize our operating team, and get rid of some less important departments. Employees working in these departments can continue to move forward alongside us as our partners.

During the last Chinese Spring Festival vacation, when Huawei employees worked overtime, more than 5,000 people provided services. During this period, we doubled the prices we paid for the services we received and promptly provided extra rewards to these people.

**Q24 *21st Century Business Herald*: In our eyes, Huawei's management philosophy is Mr. Ren's management philosophy. What do you think is the essence of Huawei's management philosophy? International management theories have long been dominated by the West. Do you think now is the time for China's management philosophy to be exported to the outside world? There are now many books about Huawei's success formula. Is there really such a formula for success? Can others copy Huawei's model?**

**Ren**: Huawei has no philosophy. Personally, I have never studied philosophy or carefully read any philosophy book. I've never met the authors of those books you mentioned. It's possible that they just made them up. The so-called Huawei philosophy is casually written, and has nothing special. If there really is such a thing as Huawei philosophy, I would say it is to "stay customer-centric and create value for customers".

This is because our money comes from our customers' pockets. There are three ways to obtain customers' money. The first is to rob, which violates the law. The second is stealing, which is not the right way, either. If you stole money, you would be detained in the police station. The third is to have our customers willingly give us their money. To make that happen, we must provide them with quality goods and services that they need. That's our one and only secret of success.

I'll take our company's cafés as an example. They are doing very well. Why? They do business carefully and sincerely, and don't play tricks. At first, five or six Huawei employees managed these cafés and lost money. They had high salaries and company shares, but lost money in the cafés businesses.

Then I told them to start up their own cafés. This way, they ended up earning 700,000–800,000 yuan every year. Some people at headquarters said they wanted to investigate these cafés, as they were suspicious of the reason why these cafés had started making a profit. I told them that every time they investigated, I would dismiss one of them. Why? Because their teams were overstaffed and couldn't focus on the right things.

As long as the cafés pay their rental, water, and electricity expenses, meet sanitary requirements, and maintain an appeal to our employees, why do you bother minding something that is none of your business? That's also why Huawei has a very small logistic team. It only has 703 employees but provides support for over 180,000 Huawei people across 170 countries and regions around the world.

**Q25 *Xinhua News Agency*: I've recently read a speech you delivered at a Representatives' Commission meeting. In the speech, you described Huawei's approval of the *Charter of Corporate Governance* as an institutional development milestone. The document also described Huawei's corporate governance structure. What is the direction of Huawei's governance?**

**Ren**: Actually, our governance structure and *Charter of Corporate Governance* have been published on our Intranet. The election of the new Board of Directors took more than a year, and more than 90,000 people were engaged in the process. They keep learning about and communicating these documents, but the media is not very interested. As to your question, I cannot fully explain this to you today. It is a comprehensive system.

***Xinhua News Agency*: What kind of company does Huawei want to become in the future? Or which direction does Huawei want to move along?**

**Ren**: We will not allow capital injection. Besides that, we are open to discuss anything.

**Q26 *CCTV*: We have a deep impression that Mr. Ren has a very strong sense of crisis, even in times of peace. For example, Huawei began to have a Plan B for chips more than a decade ago. I'm very curious about how you got this sense of crisis at first?**

**Ren**: You would build a sense of crisis if you had been beaten by others many times.

**Q27 *36kr*: In your answers to many questions, you said Huawei has a Plan B and you are optimistic about the current situation. What is your biggest concern at the moment? This event has affected your family members. Have your daily exchanges with your family influenced your decision-making?**

**Ren**: They detained my daughter, trying to shake my will, but my family's encouragement has solidified my will. In her letter to me, my daughter said she would be mentally prepared for the long run. She is very optimistic. That has greatly reassured me and eased my pressure. I need to go beyond myself, my family, and Huawei to think about the world's issues. Otherwise, I cannot stay objective.

International journalists were very candid when they talked with me. Our public relations department has published full transcripts of these interviews. I will give them to you today. Why are we speaking out so frequently? If we took a narrow view, we would be on the opposite side to the Western media, and even to you. However, I should avoid the influence of personal opinions, so that we could discuss issues on an equal footing.

Most of Huawei's executives do not consider issues based on their personal interests or our corporate interests. We are a global company, and we have many friends that accept and support us around the world.

**Q28 *CCTV*: I am very interested in proprietary intellectual property rights and independent innovation. Many people think that proprietary intellectual property rights and independent innovation are the only way to ensure survival. You mentioned just now that HiSilicon has created some "spare tires" to support Huawei's long-term survival, and this is built on your independent innovation. But you also said that you would give up non-critical parts of an "aircraft" if that's the right thing to do, because you don't want to waste your time and energy. Why is there such a big difference?**

**Ren:** If you mean the spirit of independent innovation, then I would encourage it. Innovation should build on human civilizations. This is the right approach. All scientists are independent innovators. Why? They crack some mysterious questions that no one can understand.

But we must understand that we need to stand on the shoulders of our predecessors to promote scientific and technological innovation. HiSilicon does not innovate independently out of nothing. They have paid a huge amount of royalties to obtain licenses for the use of others' intellectual property rights. They have signed cross-licensing agreements, some of which are permanent licenses. Our innovations are intertwined with others, and we have produced our own innovations building on those of others.

We agree that we need to encourage the spirit of independent innovation. But we must clearly define it. If you make something that others have already produced, you cannot use it. If you want to use it, you have to pay for their original ideas. This is what the law says. Patents are granted to those who filed for them first.

Alexander Stepanovich Popov first discovered radio waves, but the Soviet Union suspended the announcement of this news for the sake of confidentiality. Instead, Guglielmo Marconi in Italy filed the first application, so he was granted a patent for the invention of radio waves. Many people thought airplanes were invented by the Wright brothers, but actually, the Wright brothers were not the inventors. They were just the first to fly the airplanes. Nikolay Zhukovsky was considered the real inventor of airplanes. His work on fluid-mechanic equations helped lay the foundation for aerodynamics and lift the wings.

Why are our jet engines still not good enough today? Who invented jet engines? The Chinese.

When Deng Xiaoping visited the UK to buy Spey engines, Spey agreed to sell their engines to China. When Deng asked further whether they would sell their engines for military use, they also said they would. At that time, what China wanted was to buy civil engines and use them to make civil aircrafts.

Later on, the British also sold engines for military use. The engines in China's Xian H-6 bombers were also bought from the UK.

When Deng stood up and saluted the British scientists on-site, the British scientists stood up to return a salute. They said, "We have to thank the great inventions from Chinese scientists."

When Deng returned to China, he managed to find out who invented this engine. It was Wu Zhonghua. Where was this guy? He was breeding pigs in Hubei Province. So Deng decided to assign the inventor to serve as the Director of the Institute of Engineering Thermophysics in Beijing. Why couldn't we build on Wu's work and delve deeper into it? Why couldn't we make theoretical breakthroughs in jet engines?

Now, aircraft engine design is an experimental science, not a theoretical science. But aircraft design must be a theoretical science. You can have a look at a speech about aircrafts by Sergey Kuzhugetovich Shoygu in Russia.

According to him, US aircrafts are very sophisticated and they can fly for 4,000 to 5,000 hours. But Russian aircrafts are not that advanced and can only fly for 1,000 hours.

Shoygu asked, can an aircraft fly for 1,000 hours during wartime? Actually, most of them are destroyed before they get the chance to fly for 1,000 hours. So why bother creating an aircraft that can fly for 4,000 or 5,000 hours? What's more, they are very expensive. So the Russians have determined their aircraft design principles according to their actual needs.

He said that an aircraft was not flying very fast because it lacked a flat metal surface. So the Russians added layers of laminar film to the wings of the aircraft. This helped solve the lubrication issue at high-velocities. This way, Russian aircrafts could fly very fast as well.

The stealth principle of the F-22 stealth fighter was invented by mathematicians from the Soviet Union in the 1950s. They said that the diamond cut surface had stealth functionality. But after a long period of research, the Soviet Union concluded that this function was useless. Why? Because they couldn't make it happen.

They approved the publication of the paper on this principle. When the Americans read the paper, they thought they had found a treasure. It took the US 20 years to produce the F-22 stealth fighter. But now, our meter-wave radars can detect F-22 fighters.

In fact, there were many scientists doing original research in China in the 1950s, but now there are bubbles everywhere. How can this research environment help make our country more competitive in basic research? We need to change the environment for research.

***Caijing*: You made a very important point just now – we must be clear about what independent innovation is truly about. So are you against closed, and repetitive independent innovation?**

**Ren:** If you mean the spirit of independent innovation, then I support it. But if you are talking about doing innovation independently, then I object it.

***Caijing*: If you define independent innovation this way, others would refute your point by referring to HiSilicon.**

**Ren:** When it comes to innovation, HiSilicon also stands on the shoulders of others.

**Zhu Guangping:** Independent innovation does not mean innovating all by yourself. The key to innovation is to grasp the core part of a system, rather than reinventing the wheel. This would be meaningless.

Mr. Ren places great emphasis on mathematics. At its core, mathematics answers both the whys and hows. Say, you can easily make a hoe, does that mean you understand the principles behind it? What is the best shape, for example?

We know we can verify these things through experiments. But what are the theories behind these experiments? How can we identify the gaps between our theories and experiments? What are the limits? We have to verify these with theories.

***CCTV*: I don't agree with you. When it comes to automotive manufacturing, some say that Li Shufu is an important figure in China's automotive industry, because he was able to lever Volvo with capital. But people also call him "a giant with short legs", because he does not possess the technology to produce engines. Most automotive companies in the world possess the technology to produce engines, but Chinese companies don't. In this case, isn't independent innovation critical?**

**Ren:** I'm not against Li Shufu, but can we say things like shock absorbers, steel shims, and tires are the products of independent innovation?

Let me tell you a story about how Germans make cars. When I visited Stuttgart in Germany, the dean of the University of Stuttgart's faculty of engineering took me to observe their first-year students' class during their first few weeks. Each student was given a piece of iron and a drawing of a wheel gear. They then had to make a gear with just a knife. After they made the gear, they would not be graded. They could only receive a grade when they fitted the gear into the gearbox, and the car had driven away and back safely. This is what underpins the German automotive industry.

What are the differences between European cars and Chinese cars? Why are European cars more expensive? Because they are more reliable. Many companies can make cars, but that doesn't necessarily mean they can all make best cars. To make good cars, you need extensive technological achievements of human civilizations. So I don't think it can be called independent innovation.

**Zhu Guangping:** Independent innovation doesn't mean you do everything yourself. It means you need to find out what you are good at. We all know that weaknesses are usually what lead to failures. So the key is to identify your strengths.

**Ren:** We can buy things that we are not good at making ourselves. Why bother making things we are not good at?

***CCTV*: If you can't buy things you don't have, then are you doomed?**

**Ren:** The situation we are in is an extreme one, and not everyone has to go through this. We should move forward based on the achievements of human civilizations. If it is independent innovation like you said, where are you going to get the material for steel plates? If you have to source them from others, then it cannot be called independent innovation.

**Q29 *CCTV*: Do you think the situation you are in is accidental or will it be the new norm for Chinese companies in the future?**

**Ren**: I've never spent time studying specific social issues in China. I'm speaking to you today because our public relations department is pushing me to do so. They treat me a bit like a shield that can block "bullets" coming towards us, and that's how I have come to be here. I'm old, and I can make some sacrifices because I don't have many things to worry about.

I spend most of my time researching the company's internal problems. I'm also interested in the technologies relevant to our businesses worldwide. This helps me identify what strategic mistakes we might have made. I don't really get along with my own family. I spend such little time with my children and my wife as well. She once accused me of only caring about my company, not them. If I also cared about social issues, I would probably end up losing my family. So I'm not in a position to comment on social issues and I don't have extra energy to study other Chinese companies.

**Q30 *Financial Weekly*: Is there a way to address the spectrum concerns raised by the US Department of Defense?**

**Ren:** I suppose I am addressing it?

**Q31 *Huxiu.com*: I was given a brochure about your previous interview transcripts with foreign media outlets. I read it carefully and found some strange questions asked by foreign media. In fact, I noticed that there are some misunderstanding and ideological issues between countries. In your opinion, how can these issues be addressed? Have you ever considered changing the way Huawei will position and promote itself outside China in the future, or what you will do to improve your approach to globalization?**

**Ren:** We do not seek to solve our reputation issues outside of China through media campaigns. I think we will ultimately need to solve these issues by providing excellent services to our customers. We are very advanced, and our customers will realize this if they start using our services.

Let me give you an example. The Chairman of the South Korean LG Group once reached out to me and said he wanted a 300 Mbps LTE network. I even objected to him at first. I told him 100 Mbps would be enough and 300 Mbps would not be necessary. He came to persuade me with the help of two interpreters. He insisted on 300 Mbps. So we sold him equipment that could deliver 300 Mbps. Soon after that, Pope John Paul II visited South Korea, and 300,000 people gathered in an area of 1.3 square miles. Everybody was taking photos and sending them out through our 300 Mbps network, and the network did not crash.

The second example is about how we helped to ensure smooth communications during the Hajj. Before we took over the network, all carriers had suffered from network breakdowns during the event. However, this has not happened once since we started providing the services. The very moment before four to five million Muslims started praying, everyone would turn off their phones. When the praying was over, everyone would turn their phones back on and get authentication at the same time. But our network still did not crash and all communications went smoothly. This is a good example of how we shape our reputation in the world. We do not seek to change our reputation simply through media campaigns.

As for investments outside China, this is because we need to do this. For example, we have invested in an optical chip factory in the UK, aiming to make the UK the hub for the exports of these chips in the future. We also have factories in Germany and Japan. We build factories as needed, not for the purpose of boosting our reputation. We don't need a better reputation; we need purchase orders.

**Q32 *Guancha.cn*: Yesterday we visited your Exhibition Hall for Virtual Restricted Shares. I had two feelings which lead to my two questions for you:**

**First, regarding the ownership structure, Huawei has taken a totally different path compared to other major technology companies in East Asia, such as Samsung Electronics and TSMC. In these companies, foreign entities or individuals hold at least 50% of company shares. This type of ownership structure means Western capital can obtain capital gains from leading Eastern Asian companies like Samsung Electronics and TSMC. What's your view on the differences here and the topic of capital gains?**

**Second, Huawei's ownership structure is a model that Huawei has been exploring and finds fitting. Huawei has communicated with Western media about this over the past few years. But I learned yesterday that there are still some misunderstandings among Western media outlets. They don't believe Huawei's shares are fully owned by its employees. Rather, they think Huawei's ownership structure is more of an employee rewarding scheme. This tells me two things about the West. First, Western technology companies value talent and technology, which I admire. On the other hand, they tend to misunderstand or simply do not understand things that do not work the Western way. What do you think is the root cause of Western misunderstandings?**

**Ren:** I'm not interested in capital, so I haven't done any research about that. If Western media outlets are interested in it, they can do the research themselves. But no matter what, I will not let external capital enter our company. The problem for our company now is that we earn too much money. This is partly because we cannot lower prices. If we lowered our prices, the market of other companies would be squeezed and Huawei would share the fate of Xiang Yu, the Hegemon-King of Western Chu, eventually failing. So we cannot do this as an industry player.

In this regard, Apple is a role model. It's like an umbrella beneath which many small companies shelter and survive. If Apple charged low prices, there would be no other mobile phones in the world. With the excessive money that we earn, we use some of it for strategic investments, but we don't seek horizontal expansion. Instead, we use it to fund universities and scientists. At Huawei, we have scientist conferences which bring together numerous leading scientists from around the world, which I think is a miracle.

So we don't let external capital into our company. Capital investors are inherently greedy, which would stand in the way of the realization of our ideals.

***Guancha.cn*: What do you think is the root cause of Western misunderstandings of Huawei's ownership structure?**

**Ren:** Such misunderstandings do not appear just today. Western misunderstandings about China have existed for decades. It's okay as long as our ownership structure complies with Chinese laws and regulations.

**Q33 *Financial Weekly*: The US government detained Ms. Meng in Canada, and then imposed an export ban on Huawei, citing the Department of Justice's sanctions against Iran as the reason. In order to find a way out, would you be willing to talk with the US government, the Department of Commerce, and the Department of Justice?**

**Ren:** We have sued the US government, haven't we? We would rather talk with them in court through lawyers, where the US has to provide evidence against us.

***Financial Weekly*: That means you won't talk with them in private?**

**Ren:** I don't have private access to them. Can anyone give me Trump's phone number?

**Q34 *NetEase*: I'd like to ask a more relaxed question. Last year, you took a family photo with your youngest daughter Annabel Yao and her mother Yao Ling in Paris. As a snapshot of one of your then-rare public appearances, this photo fascinated the outside world. How would you describe yourself as a father and a husband? How much time do you spend with your family? Since Annabel is now studying at Harvard, what kind of job do you want her to pursue in the future?**

**Ren:** I feel I owe my children a lot. I was serving in the army when my first two children were still young, and went back home every 11 months. When I was at home, my children had to go to school during the day, do homework in the evening, and then go to sleep. Life went on like this every day, so we barely had any communication. Life wasn't very easy for my young daughter either. The company was struggling to survive at that time, so I had to spend over 10 hours at the company every day or go on business trips for months. To enter the international market and prove that Huawei's success was not built on corruption, I stayed overseas for a few months in a row and had little contact with my children. They have become who they are through their own efforts, and they demand a lot of themselves.

My little daughter danced 15 hours a week during her middle school and high school. She did homework every night after dancing, and didn't get to sleep until one o'clock in the morning. At her university, she works until two o'clock in the morning, or even until 4 or 5 a.m. to do algorithms. She loves art, and every time she was invited to a debutante ball, she would ask me and her mother whether she could attend. I was always very supportive of her. Because if I threw cold water on her even once and forced her to choose another way, she could easily blame me and her mother for any problems she ran into in the future. We felt it would be much better to support her in doing whatever she wants to. When she brought up the idea of taking a family photo, I was the first to support her and allowed her to post it online. Her mother had thought that I would decline this request, but I didn't. I owe my children, and the least I can do is support them, so that my daughter can focus on her studies and take control of her own destiny.

***NetEase*:** **Could you please tell us a bit about your wife?**

**Ren:** I have been married twice and have three children. My ex-wife is very tough. She used to be a political commissar of 300,000 Red Guards in Chongqing. She was a big shot back then and I was not even one of the Red Guards. I didn't have a girlfriend after graduating from university, and someone introduced her to me. I don't know what she saw in me, because she was already somebody and I was nobody. I had nothing but good academic performance. My family was poor and my father was locked up in a "cow shed". But she just fell in love with me. After 20 years, our marriage came to an end. My current wife, Yao Ling, is very gentle and capable. She has dedicated over 20 years of her life to educating and cultivating our daughter. She has been successful in this regard. My ex-wife gets along with Yao quite well, and even my marriage certificate with Yao and my little daughter's household registration record (*hukou*) were taken care of by her.

**Q35 *People's Daily***: **Google has suspended some business with Huawei. To respond to this, Huawei has made a media statement. I'd like to know how Huawei will be impacted in terms of the Android operating system.**

**Ren:** There would be some impact. Google is a great company, and we are both finding solutions and discussing possible remedies.

**Q36 *Global Times*: I see many job ads by HiSilicon these days, including on its WeChat account. Chinese companies, including Alibaba and Tencent, are facing the common challenge of attracting more high-end talent and international talent. What is Huawei's plan for building a high-end talent resource pool? Have you set any specific standards in terms of compensation and benefits for high-end talent?**

**Ren:** The answer is a sense of mission. We will certainly set specific standards for compensation and benefits, but more importantly, I believe we need to give our employees a sense of mission and opportunities to fulfill their missions. We also need to allow our scientists to do research freely.

***Global Times*: I toured Huawei's offices in Europe a few months ago, and I found that many non-Chinese employees have a good understanding of Huawei's culture. I myself am reading some books about Huawei, and I'm curious what drives you, as a private company with strong Chinese characteristics, to become an international company with a generally-accepted corporate culture.**

**Ren:** What you read about Huawei in books written by people outside of Huawei is by and large untrue. Most of the information in such books comes from online documents, but we don't oppose this kind of writing because they live on this. I suggest you go to the *Xinsheng Community* and get access to real Huawei stories. Non-Chinese employees are basically the same as us, in that we both are committed to serving our customers. That means we share the same value.

***Global Times*:** **China's work culture, including the recently discussed "996" working hour system, has conflicted with Western working cultures. I'm wondering how Huawei manages and coordinates these conflicts.**

**Ren:** We respect the labor laws in every country where we operate and make sure the working hours are reasonable. But our employees have a strong sense of mission, which drives them to continuously make accomplishments. Our non-Chinese scientists actually work harder than our Chinese scientists, and many of them still aren't married despite being in their 30s or even 40s.

**Q37 *Science and Technology Daily*:** **As you mentioned above, Huawei's key operating teams are becoming more capable and stronger. While layoffs are a sensitive talking point in the Chinese market, many ICT companies are going to or have cut jobs. Since Huawei was established in 1987, there haven't been any massive layoffs. What's your opinion about layoffs?**

**Ren:** The number of former Huawei employees exceeds the number of current employees. How did they end up leaving Huawei? Some of them left of their own will. If some business fails, it is the commander's liability, not the employee's. When we remove a department, we should find a way for its employees who have developed many skills as they grow.

For example, the company recently commended the application & software department. I approved the department's request to invite 10,000 employees to walk the red carpet, which ended up with several thousand employees. In 2017, we held a strategy retreat in Shanghai and decided to scale down the application & software department which had made no major achievements. When we decided to remove this department, I was afraid that its employees would suffer in their new departments because they might not have good performance or their personal grades were low. So I privately told the HR department to raise their salaries before they left. Two years later when I visited them, I found many of them had set out to a new journey even before their salaries were raised, and contributed a lot to the success the Consumer BG and the Cloud BU. They went for strategic opportunities, and got promotions while finding the opportunities to make contributions. During this process of scaling down, most of the redundant personnel were transferred to key strategic operating teams. Only a few mediocre employees were advised to leave. While restructuring our organization, we remove departments, but don't dismiss employees.

**Q38 *The Paper*: Richard Yu said that you used iPhone in the past, but now you use Huawei's own high-end phones. Are you using a P30?**

**Ren:** The P30 is too advanced. My phones are not the latest. If I use advanced phones, I have to study the new functions, which is a waste of time for me. I don't need new functions.

***The Paper*: Have you always favored the CNBG (carrier network business)?**

**Ren:** No. I often scold those who I favor. Otherwise, why do I scold them? I also scold Richard Yu a lot.

***The Paper*: How do you see the growth of the CBG (consumer business)?**

**Ren:** After all, it is a support business. It aims to make money and give it to the CNBG to help it become a global leader. The CNBG uses the money the CBG gives it to charge ahead and capture "Mount Everest". Even if we can't grow crops there, it is still right we capture it. This is the principle we follow. It's not that I favor the CNBG.

***The Paper*:** **I think Richard Yu is very capable.**

**Ren:** I didn't say that he is not capable. You media people are all saying good things about Richard Yu. Please call Richard right now.

***The Paper*: Can you summarize the development of the CBG over the past several years?**

**Ren:** When we recognize a department, we must not just praise it.We need to correct its mistakes and drive it to move in the right direction. We have a lot of reflection internally. Sometimes, members of the Board of Directors Executive Committee quarrel, but they will often reach a consensus eventually.

**Richard Yu:** I hope that we can gain more of your support, boss. Some of your words might be misinterpreted or misunderstood, and some people even used these words to attack us relentlessly.

**Ren:** Richard, you don't walk tall today.

***Financial Weekly*: You set a 150-billion-dollar goal for the CBG?**

**Ren:** They set it themselves, and I am sure they will not attain it.

***Financial Weekly*: You place hope in them, aren't you?**

**Ren:** Market demand has approached the saturation curve. When you move forward along the saturation curve, you may put in a lot of effort, but cannot widen the gap between you and the followers. The gap will only gradually narrow. For example, it is very difficult to download two movies within a second. It doesn't actually matter much to users if they can download one movie or two movies within a second. Even if we invest heavily in technology for this, we won't see any big difference in its application. This will easily cause losses to the company. It is easy to take the lead while an industry is rising. However, it is hard to do so when we begin to approach the saturation curve. Therefore, I am not sure what will happen in the future.

**Q39 *Caijing*: Regarding the shareholding structure. I previously interviewed some Huawei employees. They are very concerned about one issue: In the past, Huawei's shares grew along the way, and they bought many shares in Huawei, which benefited them tremendously. However, they have one question now. Uncertainty about the future is increasing. If Huawei encounters problems, will dividends and earnings per share be impacted?**

**Ren:** Naturally. Whether to buy or sell company shares is up to the employees themselves. The mechanism is open and our employees are not bundled with the company. Dividends from Huawei shares are expected to drop. Our Blue Team has criticized the company for "distributing dividends at a rate of more than 30% for 30 years in a row." They asked, "How long will this continue?" Therefore, I criticize the Board of Directors Executive Committee every year, saying that profits are increasing so much, and our strategic investment is not sufficient. Their self-reflection minutes for the previous year are still on my desk, and I haven't approved them yet. This year, Donald Trump approved the sanctions on Huawei, which may cause our profits to drop slightly.

***Caijing*: This means they need to take the good with the bad?**

**Ren:** We understand what some employees think, and they can take back their money if they want.

***Caijing*: You just mentioned that as long as you don't allow capital into Huawei, you can adopt any path for your future development. Capital is a very sensitive topic and we've already heard all kinds of rumors.**

**Ren:** Rumors are just rumors. We will never allow capital into Huawei. This is a consensus shared by all our executives. We work for ideals, not money.

**Q40 *36kr*: Regarding the operating system, which department is responsible for it? Will you open up the source code to attract some developers?**

**Ren:** I can't say for sure which department is responsible for this. We will try our hand at this. It is not technically difficult to develop an operating system. What is difficult is building an ecosystem. This is a big issue, and we should take it easy.

**Q41 *jiemian.com*: Yesterday, I went to visit your Exhibition Hall for Virtual Restricted Shares and I was shocked. Huawei is highly bundled with the rights and interests of its employees. You hold only 1.4% of company shares and you only have the power of veto. In many companies today, the founder often has rights that align with their shares or demands more rights than their shares can provide. Your influence in Huawei is incredible. What is the essence of this?**

**Ren:** At the beginning of the year, we completed the election for representatives of our shareholding employees, who become members of our new Representatives' Commission. This was a result of more than one year of preparations. These members were elected on a one-share-one-vote basis. Why didn't people outside Huawei know about this? I don't know why our employees have voluntarily kept this a secret. These representatives of shareholding employees do not represent shares. Instead, they represent shareholding employees and vote company decisions on a one-person-one-vote basis. The company's Board of Directors makes decisions through voting, which also follows the one-person-one-vote principle. As authorized by the Board of Directors, its Executive Committee manages the company's daily operations.

**Q42 *Pear Video*: You have never used your power of veto, Mr. Ren. Have you ever wanted to use it at a specific moment? Or, what would be likely to prompt you to use your veto in the future?**

**Ren:** "Brexit." There was a date that my power of veto would expire. I had planned to give it up when that date arrived. However, when we passed the new *Charter of Corporate Governance*, the UK happened to vote on Brexit. If we allowed voting as they did, the fate of Huawei might be ruined as a company. That would be a regret, so we retained the power of veto, which is temporarily in my hands. When some members of our Executive Management Team exit to form a Core Elite Group, I will give up this power and hand it over to the Core Elite Group, which will be made up of seven people. Then the Core Elite Group will be able to veto decisions on critical issues. Normally there is no need to use the power of veto on business matters.