



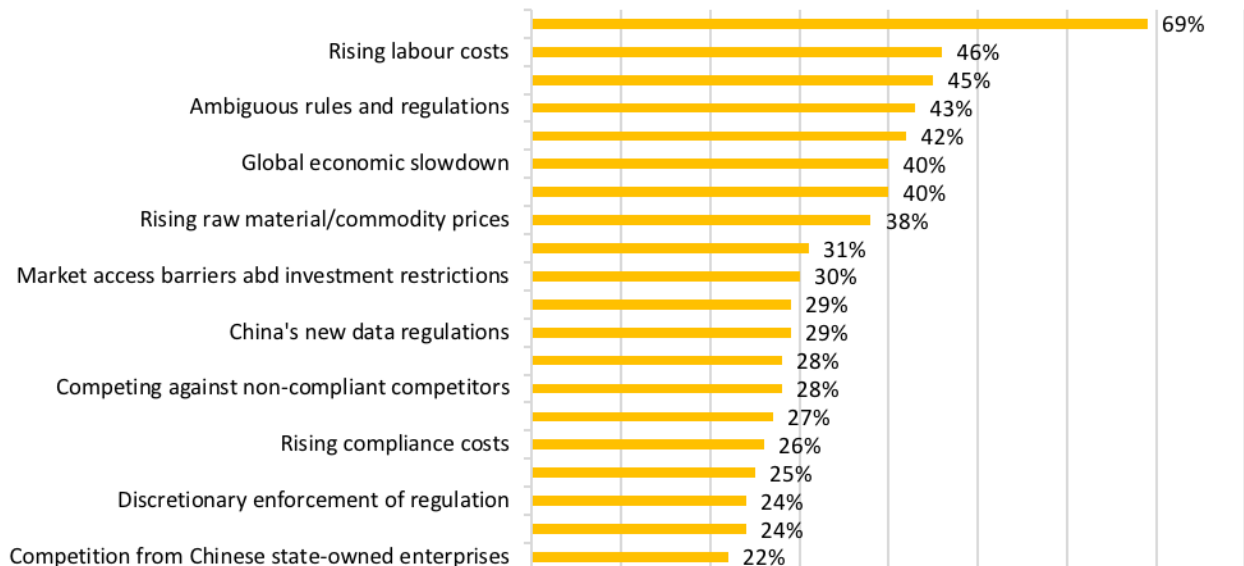
September 23rd, 2022

Chinese antitrust.

Review #32 (2022)

QUOTES

Challenges your company thinks will have the greatest impact on your future business in Mainland China



Source: Report of the EU Chamber of Commerce in China ¹

EVENTS

- Seminar on protection of competition and professional values
- Antitrust Compliance for Central Enterprises
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- Alibaba Cloud Invests \$1 Billion in Global Ecosystem

¹ Source: <https://www.europeanchamber.com.cn/en/publications-business-confidence-survey>

Seminar on protection of competition and professional values

The head of SAMR, Lo Wen, held a seminar for employees of the department on the protection and development of fair competition. He noted that over the past ten years, outstanding success has been achieved in this direction: the theoretical framework of fair competition is being formed at an accelerated pace, relevant legislation is emerging, law enforcement practice is showing historical results, and the competitive environment in the market continues to improve. Luo Wen stressed the need to develop regulation on a legal and intellectual basis with the involvement of a social rating system, achieve regulatory success through joint efforts.

Along with this, a meeting was also held on the formation of professional values: the head of the department noted that the activities of government officials should serve the interests of the people and solve problems that concern the general public. In administrative law enforcement, both strength and softness should be shown at the same time, the field covered by regulation should be expanded, as well as work efficiency should be increased in order to interfere as little as possible in the production and economic operations of market entities.

Sources:

https://www.samr.gov.cn/xw/zj/202209/t20220916_350087.html

https://www.samr.gov.cn/xw/zj/202209/t20220920_350152.html

Antitrust Compliance for Central Enterprises

The State Property Management Committee has published Compliance Management Methods for Central Subordination Enterprises. A separate paragraph in the Methods indicates that such companies are required to develop specific regulations or special guidelines on antimonopoly compliance, as well as compliance in other key areas: ecology, safety, anti-corruption measures, labor guarantees, taxation, information protection, etc.

Source: <https://mp.weixin.qq.com/s/ASuYvekJFDXrXkfkIS-YpA>

Anti-Competitive Practices Warning

The market regulator of Henan province published a warning letter on its official website: its purpose is to increase awareness of antitrust compliance and unleash the potential of companies to prevent and eliminate related risks. The letter states that, despite the general trend of improving the business environment, there has been an increase in anti-competitive activity in the province recently, which has already given rise to industry or sectoral antitrust violation risks. The regulator detailed the prohibited activities, including anti-competitive agreements and abuse of dominance, as well as specified penalties.

Source: <https://scjg.henan.gov.cn/2022/09-20/2610031.html>

Report of the EU Chamber of Commerce in China

The EU Chamber of Commerce in China has published a report on the results of a survey of member companies on their confidence in doing business in China. The survey showed that 23% are considering pulling current or planned investments out of China. Respondents cite strict anti-epidemic measures as the main reason: 77% of respondents indicated that China's tough anti-COVID policy has reduced its attractiveness as an investment destination. While companies continued to make profits in 2021, doing business in China has become more risky. Participants also canceled the politicization of

the business environment, as well as persistent market barriers, unequal "rules of the game" and not always effective regulatory measures.

Source: <https://www.europeanchamber.com.cn/en/publications-business-confidence-survey>

Alibaba's New AI Labs

Alibaba has opened joint artificial intelligence labs with Peking University and China University of Science and Technology. Laboratories will generalize advanced theoretical experience, methods and key technologies. "We aim to actively explore the latest trends - the application of artificial intelligence, the metaverse, the digital human - and will focus on interdisciplinary intersections and integration between disciplines, groping for a development path with Chinese characteristics and embodying Chinese wisdom," said the dean of the Peking University Institute of Intelligence.

Source: <https://www.163.com/dy/article/HHPHD5SI05521T32.html>

UBS hires Chinese content reviewers

Financial holding UBS Group is hiring a team of content reviewers whose task will be to check research papers in Chinese for the absence of references to "sensitive" topics. The job posting states that the "language, tone and content" of all UBS reports in Chinese must be "relevant and consistent with regulatory and corporate guidelines." Competitors called the holding's actions "self-censorship" - while an unnamed affiliate of UBS objects that censorship of reports is not carried out and that this practice is common among other banks.

Source: <https://www.ft.com/content/ff30bbb0-7e11-4ff7-a0b4-d900aa157989>

China stimulates foreign investment

The manufacturing industry will take precedence. China will facilitate the exchange of employees of foreign companies (subject to strict adherence to anti-epidemic measures). The authorities will also review the list of industries where foreign investment is encouraged in order to direct the flow of funds to such areas as advanced manufacturing, high technology and modern services, as well as to the central, western and northeastern regions of the country. China will also hold activities to organize an exchange platform between multinational and local companies. It is stated that, despite the difficult external conditions, this year the development of foreign investment has noticeably intensified.

Source: <https://english.news.cn/20220919/260c17eca5a6474aba2098cd36762de1/c.html>

US begins review of Chinese audit data

Representatives of the American regulator arrived in Hong Kong to check the audit reports of Chinese companies. The outcome of the review, which will last eight to ten weeks, will determine whether Chinese companies, including Alibaba, NetEase and JD.com, face delisting from US exchanges. As noted in the WSJ report, during the audit it will also become clear whether China complies with the terms of the cooperation agreement and whether it is ready to give full access to audit documentation. "The time for negotiations has passed. The agreement has been signed. And it must be fully respected," says PCAOB Chair Erica Williams. "Any interference with our authority to collect the necessary volumes of information would be a breach of the terms of the deal." Representatives of the Securities Market Regulatory Commission and the Ministry of Finance of the PRC also take part in the audit and provide assistance.

Source: https://www.wsj.com/articles/audits-of-chinese-companies-start-to-face-u-s-inspections-11663875097?mod=Searchresults_pos1&page=1

Alibaba Cloud Invests \$1 Billion in Global Ecosystem

Alibaba Cloud said it will spend \$1 billion over the next three years to support technology innovation and expand its partners. Support will include financing, discounts and marketing support for partners within the ecosystem, including distributors, technology partners and consultants. To date, Alibaba Cloud has partnered with 11,000 companies around the world, including Salesforce, VMware, Fortinet, IBM, and Neo4j. “By continuing to support the expansion of our partners’ business, we will be able to build an inclusive ecosystem that benefits both them and our customers,” the company said.

Source: <https://www.alizila.com/alibaba-cloud-billion-mentorship-shark-tank-daymond-john-luxury-metaverse/>