



July 29nd, 2022

Chinese antitrust.

Review #26 (2022)

QUOTES

In the face of enormous, profound change, our core principle for responding is to remain confident, actively adapt, and reach our potential.

Remaining confident means stubbornly believing in the development of the Chinese economy, in the future of the digital economy, in the unchanging desire of people for a better life. Clearly aware of these trends and adhering to them, we are filled with faith, and Alibaba gains support for existence and development, and can contribute to the development of society.

Actively adapting means adapting to the changing environment, stepping back from one's own views and looking at Alibaba, feeling Alibaba, realizing society's expectations of Alibaba in terms of social development, finding one's right path based on social development trends and the economic cycle.

Unleashing your potential means focusing on your core strategy, constantly improving your ability to create value for customers and society, improving Alibaba's way of coexistence and interaction with society, and coping with the uncertainty of the external environment with well-defined efforts.

Alibaba Letter to Investors ¹

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¹ Source: <https://mp.weixin.qq.com/s/Kyh6lR00h0G53lJQeA5gVA>

New requirements for data processing by taxi services

The Ministry of Transportation of China has published requirements for processing information from online taxi services. All digital taxi platforms are required to directly transfer data to the industry portal (regulatory information portal of the Ministry of Transport of the People's Republic of China) without involving third parties or systems. Data must be stored on the portal for at least 2 years. When transferring data, the services are obliged to guarantee their completeness, reliability and timeliness (information about the order, operations and service must be transmitted in real time with a delay of no more than 300 seconds, and about the location - no more than 60 seconds). It is forbidden to transfer data to third parties without the consent of the regulator and use it for commercial purposes.

Sources:

http://www.acfic.org.cn/ddgh/bwzc/202207/t20220727_357516.html

<https://www.caixinglobal.com/2022-07-25/china-tightens-grip-on-ride-hailing-platforms-data-practices-101917614.html>

Interdepartmental meeting on the development of the digital economy

The State Council of the People's Republic of China agreed on the establishment of an interdepartmental meeting on the development of the digital economy. Its main functions will be to study and coordinate key issues in the field of the digital economy; development of policy recommendations for digital transformation, big data development, the Internet+ project, etc.; overseeing the annual results of sector development activities; assistance in the formation of a regulatory framework; planning large infrastructure projects and demonstration zones, etc. The meeting will be attended by representatives of 20 departments, including the Committee for Development and Reform, the Cyberspace Administration, SAMR, the Ministry of Education, Public Security, Transport, and Commerce. The plenary meeting will be held once a year.

Source: http://www.gov.cn/zhengce/content/2022-07/25/content_5702717.htm

Gan Lin on the success of antitrust regulation

Commissioner of the National Anti-Monopoly Bureau of China and Vice Head of SAMR Gan Lin spoke at the press conference of the Propaganda Department of the CPC Central Committee on the historical achievements of statecraft in the new era. She noted that China is actively involved in the global competition management: at the moment, cooperation documents have been signed with 35 countries and regions, including the US, EU, Russia and Japan. According to Gan Lin, now China, along with the United States and the European Union, is one of the three largest antitrust jurisdictions. She also announced the statistics of the last decade: 794 antimonopoly cases, 234 thousand cases of unfair competition were considered, and 3822 decisions were made on economic concentration transactions. The competent authorities also checked over 4.5 million administrative documents and annulled 53,000 of them due to damage to fair competition.

Source: <https://mp.weixin.qq.com/s/gD43JmTaD704ekh7W2-ShQ>

Digital China Summit

At the end of July, the Digital China Summit was held in eastern China. In his welcoming speech, Huang Kunming, head of the Propaganda Department of the CPC Central Committee, said that with the rise of the digital economy, China needs to seize new opportunities, face new challenges, and create new advantages. It is necessary to

develop our own potential, form a stable base, use the benefits of the socialist system and the huge domestic market. He also noted the importance of creating digital government and smart cities. According to Huang Kunming, it is necessary to improve the digital economy management system, create a favorable digital "ecology" (environment), actively develop a healthy Internet culture.

The summit launched a campaign to improve the digital literacy and skills of the population. A number of events will take place throughout the month, including forums, exhibitions and lectures. The campaign will take place throughout the country and will help increase the supply of digital resources and improve the digital education system.

Sources:

https://mp.weixin.qq.com/s/jjZtpt-b_lbDMYCuSyL_SuA

<http://russian.people.com.cn/n3/2022/0725/c31518-10126766.html>

The Supreme Court on the need to strengthen the fight against monopolies

The Supreme People's Court of China has published Opinions on Judicial Services and Guarantees to Accelerate the Construction of the All-China Single Market. The Opinions emphasize that the court intends to support the formation of a single market for factors of production and resources, to improve the rules for considering competition cases. Judicial interpretations of civil antimonopoly claims will be published, and the fight against monopolies and unfair competition at the level of judicial practice will be intensified. The Court will crack down on anti-competitive agreements, abuses of market dominance and other forms of anti-competitive behavior, and impose penalties for market disruption.

Source: <https://mp.weixin.qq.com/s/TFXi1syuestQU79-egigZQ>

Platforms will start displaying the names of marketing agencies

China's largest media platforms Weibo (microblogging) and Douyin (video hosting) have announced that they will start displaying the names of marketing agencies (the so-called MCNs - "multi-channel networks") that sponsor their activities on the pages of bloggers. On this occasion, SCMP quotes a Chinese Cyberspace Administration spokesperson: "Some MCNs manipulate influencer accounts and generate false information that promotes false values. <...> Sometimes they are the initiators of chaos in the online space." Users supported the move, noting that it will now be easier to recognize agencies that hire internet trolls. Earlier, social networks also began to display the user's location region, determined by the IP address.

Sources:

<https://baijiahao.baidu.com/s?id=1739313645823441795&wfr=spider&for=pc>

<https://www.scmp.com/tech/policy/article/3186403/chinas-social-media-giants-require-influencers-disclose-agency-names>

Representatives of Ant Group withdrew from Alibaba Partnership

As indicated in the financial report of Alibaba, the top managers of the fintech company Ant Group, where Alibaba holds a 33% stake, are no longer members of the corporation's governing structure, the Alibaba Partnership. In the market, these changes were regarded as further efforts by Ant Group to optimize corporate governance, increase efficiency and transparency, as well as strengthen independence. In the fall of 2020, China

blocked the IPO of Ant Group, and since then, payment service operator AliPay has been working to eliminate violations.

In parallel, the decision of Alibaba, whose shares are traded on the New York Stock Exchange, to additionally enter the Hong Kong stock exchange by the end of 2022 is reported. Zhang Yong, chairman of the board of the company, explained this by the desire to share the fruits of Alibaba's growth and development with a wider range of investors, including members of the Alibaba ecosystem. However, the Wall Street Journal notes that the decision comes amid the threat of delisting Chinese companies from US exchanges for failing to comply with external audit requirements - delisting threatens more than 250 Chinese companies, including Alibaba. The WSJ also reports that Ant Group founder Jack Ma is also planning to transfer control of Ant Group (currently the legal entity under his control owns 50.52% of Ant Group shares) - this may give the company hope for the resumption of plans for an IPO.

Sources:

<https://finance.china.com/tech/13001906/20220728/37279252.html>

http://www.xinhuanet.com/finance/2022-07/27/c_1128866509.htm

https://www.wsj.com/articles/alibaba-prepares-for-its-u-s-divorce-11658832946?mod=Searchresults_pos2&page=1

https://www.wsj.com/articles/jack-ma-plans-to-cede-control-of-ant-group-11659002402?mod=Searchresults_pos1&page=1

Information protection when using the digital yuan

Mu Changchun, director of the Institute for the Study of Digital Currencies of the People's Bank of China, said that, as a digital currency issued by the Central Bank, the digital yuan will fully protect the privacy and personal data of users. He explained that his "controllability" does not mean that the bank has full control over him, but implies the control and prevention of risks and the fight against crime: such controllability and anonymity will help provide citizens with a more convenient and secure payment method. Mu Changchun also pointed out the need to create a mechanism for isolating personal data: access to customer information will only be requested for risk analysis and monitoring in case of suspicion of money laundering, sponsoring terrorism or tax evasion. New regulatory technologies using big data, AI, cloud computing, etc. will be used to regulate the circulation of the digital yuan.

Source: <https://www.163.com/dy/article/HD49NLOC0514R9NP.html>

List of the most demanded professions

The Toutiao news resource has published a rating of the most popular search queries about specialties for admission to a university over the past 10 years. If in 2013 the humanitarian professions (English, marketing) were in the top, with the development of remote technologies and the new economy, technical specialties related to advanced developments have become leaders: artificial intelligence, big data, etc. This indicates the increased interest of applicants in more applied and technological sciences.

	Humanities and social sciences	Technical science	Natural Sciences	Medical sciences
	TOP 1	TOP 2	TOP 3	TOP 4
2013	Financial management	Marketing	English language	Business management
2014	business management	Electronic commerce	Jurisprudence	Accounting
				TOP 5
				Jurisprudence
				Clinical medicine

2015	Jurisprudence	Informatics and computing technologies	Structural engineering	International Economics and Trade	Accounting
220 16	International Economics and Trade	English language	Business management	Computer science	Jurisprudence
220 17	Finance	Electronic commerce	Artificial intelligence	Jurisprudence	Structural engineering
220 18	Electronic commerce	Artificial intelligence	Clinical medicine	Psychology	Finance
220 19	Structural engineering	Electronic commerce	business management	Artificial intelligence	Marketing
220 20	Artificial intelligence	Robotics	Electronic commerce	Internet programming	Big data technologies
220 21	Artificial intelligence	Telecommunication engineering	Structural engineering	Big data technologies	Clinical medicine
220 22	Artificial intelligence	Big data technologies	mechanical engineering	electrical engineering	Clinical medicine

Source : https://www.toutiao.com/w/1737934737909828/?upstream_biz=toutiao_pc&source=m_redirect&wid=1658828291817

Investigation against the former head of SAMR

Against the Minister of Industry and Informatization of China, Xiao Yaqing, an investigation has been launched on suspicion of violating party discipline. What violations are meant is not specified. As a rule, such accusations are related to corrupt activities. Previously, Xiao Yaqing served as Deputy Head of the Secretariat of the State Council of the People's Republic of China and Head of the State Property Regulatory Committee, and from May 2019 to July 2020, he headed the State General Administration for Market Regulation. The day after the start of the investigation, he was removed from the post of secretary of the party cell of the Ministry of Industry and Informatization, which he held at the same time as the head of the department. According to The Wall Street Journal, this is the first investigation against a sitting minister in the last 5 years.

Sources :

<https://baike.baidu.com/item/%E8%82%96%E4%BA%9A%E5%BA%86/1310321>

https://www.wsj.com/articles/china-puts-minister-in-charge-of-tech-regulation-under-investigation-11659002402?mod=Searchresults_pos2&page=1

Pairing the Philippine exchange with China

President of the Philippine Stock Exchange Ramon Monzon announced plans to implement the interface with Chinese stock exchanges (Shanghai, Shenzhen and Beijing) by 2024. The Philippine Exchange and the Bank of China are working to bring the capital markets of the two countries closer together, and one of the results of this activity may be the creation of a "stock connect" program that will allow investors in each country to trade shares in the market of the other through their own exchange. The parties have already signed a memorandum of understanding. Ramon Monzon called the differences in regulatory policies regarding registration, cross-border transactions, etc. the biggest obstacle. At present, China has already launched mechanisms for interfacing with exchanges located outside of China: Hong Kong and London.

Source : <https://www.yicaglobal.com/news/exclusive-philippine-china-stock-connect-should-be-ready-by-2024-philippine-bourse-head-says>

Anticompetitive agreement in the education sector

The Kairui English School was fined for entering into and enforcing an anti-competitive price-fixing agreement for classes, amounting to more than 900,000 yuan (≈\$133,000), representing 3% of 2020 turnover. Kairui School was the licensee of the American educational brand Sesame Street English with the exclusive right to sublicense in China. From 2014 to 2021 Kairui entered into price-fixing agreements with counterparties throughout China. During the existence of the school, 455 educational institutions joined the cooperation, and if someone lowered the price on their own initiative, others informed Kairui about it, cutting off price competition. Kairui imposed penalties on violators of the pricing policy, up to and including the termination of classes.

Source: https://www.samr.gov.cn/fldys/tzgg/xzcf/202207/t20220727_348944.html

Dumping ban on food delivery platforms

In order to ensure the safety of food on food delivery platforms, on July 21, the market regulator of Hangzhou City held a meeting with the main delivery services from restaurants and shops, including the largest players in the sector Meituan and Ele.me. Platforms are required to:

- make food safety a priority, as it concerns the life and health of people;
- not engage in unfair competition and do not dump prices, since malicious price reduction is often associated with the safety of products.

Platforms must conduct self-tests and strictly adhere to the requirements so that these problems do not reoccur.

Source: <https://baijiahao.baidu.com/s?id=1739675212060795199&wfr=spider&for=pc>

TMall to leave Hong Kong

Alibaba Group will close the Tmall marketplace in Hong Kong by the end of October. The platform was launched last year but did not achieve the expected success. The local market is dominated by the HKTVmall platform, which owns Hong Kong's largest and most popular online shopping app. "Given the size of the market, it is simply impossible to have a few dominant [e-commerce] players in Hong Kong," said Carlton Lai, analyst at Daiwa Capital Markets Hong Kong. "Tmall Hong Kong is not able to compete with HKTVmall in terms of logistics efficiency, assortment, or number of sellers."

However, in mainland China, Tmall is the leading online shopping marketplace, with Alibaba being fined last year for forcing merchants into exclusive partnerships through its marketplace dominance.

Source: <https://www.scmp.com/tech/big-tech/article/3186801/hong-kongs-online-retail-market-has-become-too-crowded-e-commerce>

Criteria for delegating an M&A review

The Beijing Market Regulator published an illustrated instruction on delegating authority to consider applications for economic concentration transactions. SAMR will transfer to the local market regulation departments (Beijing, Shanghai and Chongqing, as well as the provinces of Guangdong and Shaanxi) for simplified consideration of the transaction, where at least one of the applicants is registered in the territory under their jurisdiction, the entity, the rights to control over which are acquired during a transaction resulting from a merger of an enterprise or with such a territory completely or partially

coincides with the corresponding geographical market. The case must be returned to SAMR if:

- it does not fall under the criteria of the simplified procedure;
- - the transaction was carried out before the approval of the regulator;
- - the transaction does not fall under the notification criteria, and the applicants withdraw the application;
- - the transaction has been canceled or its conditions have changed significantly, and the applicants withdraw their application;
- - for other reasons that SAMR considers sufficient.

Source: <https://mp.weixin.qq.com/s/Pzwy9B2-5G2F6KboV2Jqgg>