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QUOTES

Today we received a SAMR decision on administrative punishment. We sincerely accept and will unswervingly comply with it, conduct a comprehensive and in-depth self-examination and correct violations in accordance with the "Decision on Administrative Punishment" and "Administrative Guidelines", stop using the practice of "choosing one of two". Meituan will learn a lesson from what happened, conduct business in accordance with applicable law, defend a fair, competitive order on its own, be diligent in its social responsibility, better follow and serve the overall picture of socio-economic development, and diligently contribute to the high-quality development of the national economy.

Meituan in response to SAMR's antitrust investigation decision¹

Antitrust is widely recognized as the most effective weapon for regulating super platforms.

China Market Regulation News in the article about the Meituan fine²

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¹ Source: <https://mp.weixin.qq.com/s/530n5oAZblaaCTaiOTCEHw>

² Source: <https://mp.weixin.qq.com/s/dkCAv9ZzVzF5DCY8UC6IXw>

Negative list of industries

At the opening of the Canton Fair, Premier Li Keqiang of the State Council of the People's Republic of China announced the state's intention to continue to create a "marketed" and "internationalized" business environment governed by laws, make China "fertile soil" for foreign investment and reduce the "negative list" for foreign capital. He also mentioned the formation of a fair, competitive market, where companies will be treated the same regardless of whether their capital is Chinese or foreign.

Meanwhile, the Chinese authorities have published a draft new edition of the aforementioned (annually updated) "negative" list - a list of industries with prohibited or limited access for investment (Chinese and foreign). The total number of positions on the list was reduced from 123 (2020) to 117, but new bans were added. One of the most discussed points was the proposal to prohibit the access of non-state capital to news activities. In particular, it is prohibited to invest private capital in the activities of news organizations, including, but not limited to, news agencies, print media, television and radio broadcasting companies and institutions providing Internet services for the collection, editing and publication of information.

Sources:

https://hd.ndrc.gov.cn/yjzx/yjzx_add.jsp?SiteId=371

<http://politics.people.com.cn/n1/2021/1015/c1024-32254127.html>

<https://baijiahao.baidu.com/s?id=1713277787903640967&wfr=spider&for=pc>

The investigation against DiDi is related to national security

The state news agency Xinhua has published an article on the protection of cyberspace, where cybersecurity is directly linked to the security of national interests. Specifically, the authors confirm that government agencies have launched an investigation against the DiDi, Ymm56, Huochebang transportation applications and the BOSS job search program to effectively prevent national security risks associated with procurement, data processing and overseas listing.

Cybersecurity is an important part of the national agenda. From 11th to 17th October, events are held throughout the country within the framework of the annual Cybersecurity Education Week, and in continuation of the concept of a "community of a common destiny for humanity", back in 2015, the concept of a "community of a common destiny in cyberspace" was put forward.

Sources:

<https://baijiahao.baidu.com/s?id=1713228302006808313&wfr=spider&for=pc>

<http://cpc.people.com.cn/n1/2021/1015/c164113-32254752.html>

Closing LinkedIn in China

On October 14th, the New York Times, Reuters and many other non-Chinese media outlets announced LinkedIn's decision to cease operations in China due to stricter regulatory requirements. In response, on the official Weibo page, the company denied this wording and called it "inaccurate." A letter addressed to Chinese users states that it was only decided to adjust the development strategy, and this year a series of completely new products and services will be offered to users: they will fully focus on providing professional contacts. They will no longer include the functions of posting original user content and interactive intercommunication.

Source: <https://m.weibo.cn/status/4692335792750744?>

People's Daily: Strengthen the fight against monopolies

Antitrust articles continue to appear on the pages of China's main media outlet, People's Daily. In the October 13th issue, Shi Jianzhong, Vice-Rector of China University of Politics and Law, writes about the importance of antitrust regulation and competition review to achieve the country's key development goals. He notes that at the current stage, the Chinese economy has reoriented from "high-speed" development to "high-quality", and the technological innovations necessary for it are impossible without antitrust measures and control over administrative decisions. The professor writes that antitrust law can also help bring about prosperity for all. He pays special attention to the platform economy: in his words, antitrust enforcement in this sector should "clean up" the competitive environment and improve the environment for innovation.

Source: http://paper.people.com.cn/rmrb/html/2021-10/13/nw.D110000renmrb_20211013_2-14.htm

Kuaishou received compensation

The Hangzhou Provincial Internet Court found a company that generated fictitious traffic for marketing live broadcasts guilty of unfair competition. Kuaishou received compensation in the amount of 1 million yuan (\approx \$ 155 thousand). The defendant faked the number of viewers, fans, likes and comments on live broadcasts, misleading consumers. Representatives of Kuaishou said that since 2018 they had been actively fighting against "machine" and "manual" traffic counterfeiting: to date, they have gone to court more than 200 times. In May of this year, the Cyberspace Administration of China published pilot administrative methods for live sales, in which it prohibited operators of such broadcasts from falsifying and distorting statistics of views, likes, transactions, etc.

Source: <https://new.qq.com/rain/a/20211012A0BL8W00>

Tips for monopolists

After Xi Jinping's proclamation of the fight against monopolistic practices, articles on the value of competition and the dangers of monopolies are increasingly appearing in major news media. On October 12th, the authors listed the disadvantages of monopoly companies on the National Business Daily website: a decrease in innovation potential, getting used to the existing business model, neglecting new markets, and focusing on short-term profits. They offered a number of important recommendations:

- always maintain "awareness of the danger";
- strive for breakthrough innovations;
- focus on the future to build the capacity for sustainable development.

Source: <http://www.nbd.com.cn/articles/2021-10-12/1941575.html>

Digital giants help flood victims

Heavy rains in Shanxi province caused severe floods, killing at least 15 people. On October 10, twelve Internet giants, which have become much more serious about their social responsibility under strict regulation, announced voluntary donations to help the victims. The companies published the transferred amounts on their social media accounts: Alibaba, Baidu, Tencent, Bytedance and Pinduoduo donated 50 million yuan (\approx \$ 7.8 million) each, Ant Group and NetEase each donated 20 million yuan (\approx \$ 3 million), and Hello Group, Xiaomi, vivo, OPPO and vip.com - 10 million yuan (\approx \$ 1.6 million) each.

Source: https://m.thepaper.cn/baijiahao_14855706

WeChat will restrict access to photo albums

Recently, information appeared on the network that WeChat is constantly "looking" at users' photos in the background. To this, Tencent responded that iOS provides app developers with a photo album update notification feature. If there are any changes in their content, the system warns applications about the possibility of advance preparation, and these preparatory actions can be recorded as direct access to photos. Preparation makes it possible to quickly send photos to interlocutors in the chat, provided that the user has opened access to his photo albums to the application. In the updated version of the application, the developer will optimize the function of quick sending of pictures and remove the background access.

Source:

<https://baijiahao.baidu.com/s?id=1713058066725006939&wfr=spider&for=pc>

Ant Group increased its registered capital by 47%

Now it stands at 35 billion yuan (\approx \$ 5.4 billion). The company commented to The Paper that the increase is due to regulatory requirements and operational imperatives - the move will provide

more room for the company's future development. Ant Group also said that the funds came from the transfer of capital reserves to share capital: the company did not attract market funding or new investors.

Source: https://www.thepaper.cn/newsDetail_forward_14848135

Statistics of requests during the holiday week

Market regulators have published statistics on hotline calls during the "golden week" - holidays in honour of the Founding Day of the PRC. Statistics were compiled by provinces and cities under the central government. Thus, the Shanghai Municipal Department received 15,116 appeals and responded to 11,638 of them. The majority concerned the food sector (1867), communications (1604), clothing and footwear (1504), Internet services (1116) and education services (1011). The problems that caused the greatest concern for consumers were, among other things, delays in the supply of certain types of products, poor quality of services, lack of technical support, mismatch of the real product with advertising, blocking of accounts in online games, problems with refunds, etc.

Source: <https://mp.weixin.qq.com/s/nQcC4De1Bnya4ZzS6vjujg>

Municipal regulator fights for expanded rights

Guangzhou City Market Regulatory Authority officials said they are actively seeking to pilot them with higher (provincial) antitrust enforcement powers. In its province, the city is a leader in investigations of unfair competition and online sales: during the current year, local regulators reviewed 77 cases and applied fines and penalties in the amount of 36 million yuan (\approx \$ 5.5 million).

Source: <https://mp.weixin.qq.com/s/Z5aRwkF30DctHH077C07Fw>