



MMLC Group 

北京铭辉达知识产权代理有限公司

## *China Update*

*Lawyers and Consultants*

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## *Legal News*

### Intellectual Property

#### **The Success of China's Intellectual Property Courts**

The Supreme People's Court of China has recently released data in relation to the intellectual property (IP) courts, which commenced operation at the end of 2014, and has been extremely successful in hearing cases concerning intellectual property rights, with approximately 10,800 intellectual property cases accepted and approximately 4,200 cases concluded since the commencement of operations. Specifically, the Beijing IP Court, in line with its focus on administrative intellectual property cases, has had over 75% of its accepted cases being administrative cases concerning the grant and affirmation of patent or trademark rights, as well as handling more foreign-related intellectual property cases. Additionally, the Shanghai IP Court has accepted cases with over 50% relating to copyright rights, and Guangzhou IP Court has accepted cases with approximately 54% relating to patent rights.

Compared to traditional courts, the IP courts have a more streamlined and efficient personnel structure for the judges due to its specialisation in the IP area. Therefore, this illustrates the efficiency and usefulness of the IP courts, especially in an era where China is one of the highest producers of intellectual property.

#### **A Research Team for the Beijing IP Court**

Due to the surge of cases in the Beijing Intellectual Property (IP) Court, a technology research team has been established to assist judges in hearings complex disputes to ensure more professional verdicts. The team of 64 researchers, which includes 27 specialists from universities and academic institutes specializing in industries such as telecommunications, chemicals and computers, will be assisting judges in understanding complicated evidence, which will ensure judicial efficiency, especially because most IP lawsuits involve complex issues of biology,

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software and electrical circuits, therefore this addition will reduce the burden of the court as well as increasing more accurate decisions.

## **SIPO Seeks to Strengthen Intellectual Property Innovation**

The State Intellectual Property Office recently issued the Work Plan for Accelerating the Construction of Provinces with Strength in the Intellectual Property, which lays out the overall strategy of pilot exploration, classified advancement, step-by-step implementation, and dynamic adjustment and overall upgrading of intellectual property areas, as well as specifying the various major pilot tasks for provinces to lead and support intellectual property. Therefore, China is working towards strengthening its innovation in intellectual property to ensure it maintain its economic growth.

## **Anti-Trust/Competition**

### **Ministry of Commerce Regulates Merger Control Review**

Under the Anti-Monopoly Law of the People's Republic of China, businesses are required to notify the Ministry of Commerce (MOFCOM) of transactions for merger control review if the parties meet certain revenue thresholds and the transaction involves a change of control or the establishment of a joint venture. However, many businesses – both Chinese and multinational – attempt to avoid this filing requirement, mainly because multinational companies are wary of the potential length and complications a review may bring.

Therefore, MOFCOM has sought to publicise decisions to ensure transactions are being notified and illustrate its strict attitude towards failure to notify qualifying transactions, including publishing four decisions in September 2015 for failing to notify qualifying transactions, where two decisions involved the failure to notify the establishment of a joint venture between a multinational and its Chinese partners, and the remaining two decisions involving multistep acquisition and levied penalties for premature implementation of an acquisition prior to MOFCOM's approval. These decisions are part of a larger campaign by MOFCOM, which has commenced over 50 investigations, of which 20 are still ongoing.

Under the Anti-Monopoly Law, notification of a broader range of joint ventures is required, including requiring notifications for joint ventures that only service their respective parents and have no outward, customer-facing functions or true independent economic existence, which would normally not be caught in many other jurisdictions, including the European Union. Therefore, because of MOFCOM's breadth in relation to joint venture filing requirements, relevant parties have to remain aware and determine accurately whether a joint venture requires a filing, even when the transaction might be exempted from filing requirements in the United States, the European Union and other jurisdictions.

In the two decisions where there was failure to notify of the establishment of joint ventures, the parties involved were:

1. Microsoft and BesTV New Media (fined RMB 200,000 each); and
2. Bombardier Transportation Sweden and CSR Nanjing Puzhen (fined RMB 150,000 each).

The Microsoft/BesTV investigation was triggered by a third-party complaint, which is a tool increasingly used by MOFCOM. Therefore, multinational companies need to be aware that publicly announced transactions may receive heightened scrutiny from competitors, customers and suppliers in China, where a failure to file may provoke a third-party complaint, which will lead to a MOFCOM investigation.

In the remaining two decisions involving multistep acquisitions, it involved the acquisition of Shenzhen CHINO-E Communication Co., Ltd by Fujian Electronics & Information Co., Ltd, and the acquisition of Suzhou Erye Pharmaceutical Co., Ltd by Shanghai Fosun Pharmaceutical Co., Ltd. In Fujian Electronics/Shenzhen CHINO-E, Fujian Electronics signed an agreement to acquire 35% of Shenzhen CHINO-E without notifying MOFCOM, with one of its subsidiaries entering into an agreement to purchase 100% of Shenzhen CHINO-E's shares two weeks later, therefore amounting to an initial minority share acquisition forming part of a larger overall transaction, and thus incurring a fine of RMB 150,000. Furthermore, in Shanghai Fosun/Suzhou Erye, the same situation occurred, where Shanghai Fosun planned to acquire 65% stake in the target by purchasing 35% of the shares itself and then purchasing 30% through an overseas subsidiary, though only notifying MOFCOM of the 65% acquisition, therefore incurring a fine of RMB 200,000.

Therefore, these decisions indicates that both Chinese companies and multinational companies must diligently ascertain whether their transactions are subject to filing requirements in China to avoid any penalties, as well as indicating China's insistence in regulating over mergers and acquisitions to ensure maximum efficiency.

### **China's Drafting of Antitrust Guideline for the Automobile Sector**

The National Development and Reform Commission has recently announced its plans to draft an antitrust guideline for the automobile sector, which is expected to be published at the end of October 2015. Due to the rise of online retailers such as Alibaba and JD.com, consumers are looking online for better deals, including cars in their search. Therefore, it is important for China to clarify its regulations in relation to the automobile sector, with the antitrust guidelines looking to cover price-fixing violations by car-makers selling products online and online promotional pricing activities. Therefore, China is aligning itself with the movement towards the e-Commerce world by expanding its regulations to online sales.

### **Dispute Resolution**

#### **Hong Kong May Liberalise Arbitration Financing**

Hong Kong is the third most popular location worldwide for settling commercial arbitration; therefore recently the Law Reform Commission of Hong Kong has recommended introducing third party funding to further consolidate Hong Kong as a leading centre for international arbitration. Third party funding is where contracts generally allow a percentage of the financial benefit of a litigation proceeding to go to a third party, therefore it provides essential access to justice for companies facing financial difficulty, and is highly popular with such arrangements already existing in Australia, England, the United States and many European countries. Because Hong Kong's court system is strictly independent and the territory has long been considered a pro-arbitration stronghold in Asia, liberalising the funding rules will ensure Hong Kong maintains this leading position.

#### **China's Recent Enforcement of HKIAC Awards**

Recently, the Fuzhou Intermediate People's Court enforced two awards issued by the Hong Kong International Arbitration Centre (HKIAC) in the civil ruling of Fujian Across Express Information Technology Co., Ltd and others v China MediaExpress Holdings, Inc., which was significant as it

was the first time a Chinese court considered a variable interest entity (VIE), valuation adjustment mechanism (VAM) and the public policy exception in one ruling.

Starr Investments Cayman II Inc. entered into a Share Purchase Agreement (SPA) and an Investors' Rights Agreement (IRA) with China MediaExpress, where Starr purchased:

- a. 1,000,000 convertible preference shares in consideration of US \$30,000,000; and
- b. 1,545,455 ordinary shares warrants in consideration of US \$6.47 per share.

Under the SPA, the occurrence of certain events allowed Starr to request from China MediaExpress, its subsidiaries and shareholders to buy back Starr's shares or to assume liability. Following this transaction, Starr learned certain shareholders of China MediaExpress were involved in improper and illegal secret dealings violating the SPA and IRA, therefore it commenced arbitration before HKIAC against the relevant shareholders and China MediaExpress, which resulted in two arbitral awards:

- a. ordering the relevant shareholders and China MediaExpress to compensate Starr for losses under the SPA and IRA; and
- b. ordering the relevant shareholders and China MediaExpress to pay legal costs and interests.

In a subsequent Fuzhou Court proceeding where Starr applied for the enforcement of the awards, the relevant shareholders (Applicants) submitted the HKIAC awards seriously violated the public interest of the Mainland, and argued the Fuzhou Court reject Starr's application for recognition and enforcements of the awards, by contending:

1. the VIE structure adopted by the parties in the underlying transactions is prohibited by the mandatory provisions of Chinese law;
2. the SPA was a VAM arrangement which infringed the interests of China MediaExpress, its creditors and other shareholders;
3. the arbitration agreement applied US law with the purpose of sidestepping the mandatory provisions of the relevant Chinese laws.

In return, Starr argued the enforcement of the HKIAC awards would not violate the public interest of the Mainland, by contending that the wording of Article 7 of the Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region indicates the Court should only examine whether the consequence of enforcement would violate the public interest of the Mainland, and not whether the applicable law issue in the substantive legal dispute would violate the public interest of the Mainland, and included that when considering whether enforcement of a Hong Kong award would violate the public interest of the Mainland, the correct reference was the basic legal system of China and the fundamental interest of the society.

Consequently, the Fuzhou Court ruled in favour of Starr, and pronounced:

1. both HKIAC awards were enforceable against the Applicants to compensate Starr for its loss arising out of the Applicants' breach of the SPA and IRA; and
2. violations of certain regulations concerning VIE and VAM do not necessarily constitute a violation of the public interest of the Mainland.

Therefore, the ruling is significant because it ruled that when examining a violation of public interest of the Mainland claim brought under the Arrangement, the court should look at the effect or consequence of the enforcement instead of the content or substantive issues in the award. Furthermore, the ruling clarified that the public interest of the Mainland or public policy in China is not equivalent to the mandatory provisions of Chinese laws or regulations, which means a violation of government regulation does not necessarily equate to a violation of the public interest or public policy of the Mainland.

This illustrates the Chinese courts' commitment to enforcing arbitral awards, which encourages people to abide by their agreements, and to uphold the spirit of contract law and serve the purpose of safeguarding the public interest.

### **Court Cases in China Increase After Filing Reform**

There has been a huge increase in court cases in the past four months due to administrative changes requiring cases to be accepted when they are registered, rather than after a preliminary review of the merits, and requiring courts to respond to litigants promptly, with the aim of avoiding situations in which claims are ignored or refused. It has been reported that the Chinese courts have accepted more than 7 million cases since the guideline took effect, with May and June seeing an increase of 29% cases being accepted. Therefore, China has removed unnecessary barriers to filing a case, leading to an improvement in the court system and increased justice.

### **Advertising/Marketing**

#### **China Releases Revised Advertising Law**

China's revised Advertising Law of the People's Republic of China, effective as of 1 September, 2015, represents the first major revision since being enacted in 1995. China and the world has changed drastically since then in terms of technologies, medicines and goods and services, therefore an updated advertising law was long overdue. The new Advertising Law is aimed at standardizing advertising activities, protecting the lawful rights and interests of consumers, facilitating the healthy development of the advertising sector, and maintaining the social and economic order.

The new Advertising Law significantly expands the regulation of advertisements for specific products, including:

1. medicine, medicinal treatment and medical devices;
2. pesticides, veterinary medicine, fodder and fodder additives;
3. tobacco and alcohol;
4. education and training;
5. products or services that promise return on investment;
6. real estate and listings; and
7. seeds for cultivation and animals for breeding.

Mainly, the Advertising Law seeks to regulate over false advertisements, which is provided for under Article 28 to include the following cases:

1. the commodity or service does not exist;
2. the commodity performance, function, origin, usage, quality, specifications, ingredients, price, manufacturer, valid period, sales and awards, among others, or service items, provider, format, quality, price, sales and awards, among others, or promise related to the commodity or service, among others, does not match the actual situation and has a material influence on the purchase decision;
3. using fictional, falsified, or unsubstantiated scientific research, statistics, survey, excerpt or quotation, as supporting material;
4. fabricating efficacy of using the commodity or service; and
5. other situations in which false or misleading content is used to cheat or mislead consumers.

The production of a false advertisement may have many consequences under Articles 55-57, which includes the following actions by the Industry and Commerce Administration Department:

1. a demand made to cease publications of the advertisement;

2. a demand made to mitigate the influence within a due scope;
3. an issue of a fine ranging from three to five times of the advertising cost, or in cases where the advertising cost is difficult to calculate, a fine ranging from RMB 200,000 to RMB 1,000,000;
4. to bear civil liability where the advertiser intended to cheat and mislead consumers and cause detriment to the lawful rights and interests of consumers who purchased the commodity or received the service; and
5. to order the cancellation of the advertiser's business license.

The revised Advertising Law indicates China's intention to strengthen consumer protection by prohibiting undesirable advertising activities. With its wide scope and comprehensiveness, it can be expected for the Chinese government to further produce supplementary regulations and interpretations to assist and provide further guidance on the application of the new law. Therefore, it is advisable for businesses both domestically and internationally to take note of the revised Advertising Law to ensure maximum compliance, especially in light of the potential regulatory enforcement.

## **Consumer Protection/Food Safety**

### **China's Updated Food Safety Law**

Food safety in China has always been a growing concern, and for the first time since 2009, China has updated its Food Safety Law of the People's Republic of China, effective as of October 1 2015. Due to its status as a fundamental law responsible for the governing of food safety in China, the new Food Safety Law contains significant revisions that have the potential to materially strengthen regulation of food companies in China. Included in the revised Food Safety Law are a number of significant amendments, which are further supplemented by a number of measures and regulations published by various agencies, containing important regulations and national food safety standards.

There are many new strict measures in the new Food Safety Law, including a verification record system for the first time under Article 50, which states food producers must record incoming food raw materials, food additives and food-related products, which are to be kept for six months up to two years. Therefore, although stringent, this new provision shall enable the authorities to keep a track of the type of food used in China.

Food additives seem to be of a high concern in the new Food Safety Law, with Article 60 requiring food additives distributors to inspect the license and quality certificate of the supplier when purchasing food additives, and to record relevant information. Along with the many provisions providing for the regulation of food additives are many regulations and measures which seek to supplement the relevant provisions, including:

1. the *General Code of Hygienic Practice for Food Additives*, which incorporates requirements on food additive production and applies to all domestic production of food additives, setting forth the requirements and management code for production sites, facilities and personnel in raw material procurement, processing, packaging, storage and transportation of food additives; and
2. the amended *General Standards for the Use of Food Additives*, which regulate the use of food additives in food products distributed in China.

Also for the first time, online sales platform operators are covered under the Food Safety Law. Article 62 charges third-party platforms providers with the obligation to register real contact information of sellers who use the sales platforms and to check the seller's permits. However, to

comply with such requirements, sales platform operators may need to set up new computer systems, revise their registration procedures for sellers, and recruit additional manpower to verify contact information, therefore significantly increasing costs. However, the costs compared to the benefits are insubstantial, and the relevant bodies have also introduced a supplementary measure to aid online sales platform operators, the *Measures for the Administration of Supervision of Foods Operation via Internet*.

Furthermore, the Food Safety Law seeks to increase their monitoring of food producers and distributors. This can be seen from Article 26, which lists food safety standards and includes food inspection methods and specifications related to food safety. This is supplemented by the *Measures for the Administration of Supervision and Inspection of Food Production and Operation*, which regulates the supervision and inspection of food producers and operators per corresponding requirements mandated by the new Food Safety Law. As well as this, the Food Safety Law branches its regulatory control beyond China, evidenced by Article 93, which regulates for overseas exporters and overseas producing enterprises that must submit their national standards or international standards to the health administration under the State Council for review. This is also further regulated by:

1. the *Administrative Measures for the Audit and Inspection of Overseas Companies by Food Product Importers*, which impose significant responsibilities on the local importer to ensure the safety of food products intended for distribution in China; and
2. the *Administrative Measures for the Supervision of Imported Food Inspection at Port*, which is intended to guide local ports of China on their inspection of imported food products by establishing a categorisation system per risk level and risk assessment result to manage the inspection.

Furthermore, the Food Safety Law seeks to strengthen the supervision in relation to health foods, foods for special medical purposes and infant formula food. It has simplified the registration obligation for health food by establishing a registration notification system in Article 76, and has prohibited false or exaggerated information under Article 71 and 73. The *Regulation on Health Food Function Claim Catalog and Ingredient Catalog* was also promulgated to assist in regulating the safety of health foods, by setting forth the detailed standards and procedures for a health function claim or an ingredient to be included in the corresponding catalog, where the health claim catalog refers to a list of permitted health function claims on health foods, based on test methods and criteria that have been systematically evaluated and verified.

Finally, the Food Safety Law provides for infant formula food as a special food. Specifically, Article 81 requires enterprises producing infant formula to implement full-process quality control from incoming materials to outgoing finished products and to inspect the outgoing infant formula food batch by batch to ensure food safety. Therefore, as well as revising food safety procedures and standards in the new Food Safety Law, China has also placed a focus on significantly increasing its regulation over health foods to ensure the safe consumption of health foods in China.

## **Taxation and Foreign Exchange**

### **Changes to China's Tax Adjustment Regime**

On September 17, 2015 the State Administration of Taxation (SAT) issued the Implementation Regulation for Special Tax Adjustment (Draft for Comment) (the "Discussion Draft"), which is a revision of the Implementation Regulation for Special Tax Adjustment issued in 2009.

The key changes include the following:

1. the Discussion Draft introduces a distinction between the legal and economic ownership of intangibles, where the income from intangible property cannot be distributed to enterprises

with legal ownership of it if they have not contributed to the development of the intangible property, and where an enterprise pays a royalty to a related party but the licensed intangible does not bring an economic return to the enterprise, the tax authority can impose a special tax adjustment and deny the deduction of the royalty in the enterprise's income tax return;

2. the Discussion Draft introduces a chapter on intragroup services, holding that only an intragroup service that is both beneficial to the enterprise and arm's length will be recognised as valid, therefore an intragroup service which has no benefit can be denied the deduction by the tax authority in an enterprise's income tax calculation, and enterprises with intragroup services must prepare a special report illustrating the authenticity, cost base and allocations, pricing method, any comparable transaction in the group and other relevant justifications;
3. the Discussion Draft reinforces the analysis of profit distribution among a group in a master file and a value chain analysis in a local file, and provides for enterprises that only have transactions with domestic related parties to be exempt from having to prepare this documentation;
4. the Discussion Draft emphasises the procedural requirements for the special tax adjustment, and introduces a more detailed approach to investigation and analysis; and
5. the Discussion Draft introduces two new transfer pricing methods: the value contribution method and a valuation method, where profit contribution analysis must be included in the transfer pricing analysis under each transfer pricing method.

### **New Regime for Foreign Debt Control**

The National Development and Reform Commission (NDRC) has recently released the Circular on Promoting the Reform of the Filing and Registration Regime for Issuance of Foreign Debt by Corporate Entities, which replaces the previous approval system with a national quota and filing regime for foreign debts. There are several changes included in the new regime, which includes:

1. requiring the issuer/borrower to register certain information with NDRC prior to incurring a foreign debt, and documents to be submitted to NDRC to include an application report and a plan setting out the currency, size, interest rate, term, purpose of the debt and remittance details;
2. imposing a standard timeframe for reviewing the pre-incurrence filing applications;
3. requiring eligible issuers and borrowers to meet certain requirements such as having a good credit track record and a sound corporate governance and risk-control system;
4. requiring NDRC to make a public announcement stating that the filing of foreign debts will no longer be accepted for the year when the aggregate registered foreign debt reaches the stipulated annual national quota; and
5. requiring the issuer or borrower to report foreign debts to NDRC within 10 working days of the drawdown or issuance of the foreign debt.

## ***Business News***

### **Apple Launches Clean Energy Program in China**

Apple Inc. has announced two new programs aimed at reducing the carbon footprint of its manufacturing partners in China, therefore potentially resulting in avoiding over 20 million metric tons of greenhouse gas pollution in China between now and 2020. Furthermore, Apple has announced its completion of the construction of 40 megawatts of solar projects in the Sichuan Province, which produces more than the total amount of electricity used by Apple's offices and retail stores in China, making Apple's operations in China carbon neutral.

Climate change is one of the greatest challenges of current society, therefore Apple's efforts to transition to a greener economy is welcoming. Apple's programs include:

1. significantly expanding its clean-energy investments in China by building more than 200 megawatts of solar projects in the northern, eastern and southern grid regions of China; and
2. launching a new initiative to drive its manufacturing partners to become more energy efficient and to use clean energy for their manufacturing operations.

Along with this, Apple will be sharing its best practices in procuring clean energy and building high-quality renewable energy projects, and providing hands-on assistance to suppliers in areas such as energy efficiency audits and regulatory guidance to ensure all components of Apple are responsible and participating in the drive towards a greener economy.

### **China's GDP Growth Slows in Third Quarter**

It has been recently announced by the National Bureau of Statistics that China's economy posted a 6.9% growth year on year in 2015's third quarter, which is 7% lower than the first half of 2015. Therefore, this is the first time the quarterly growth rather has dropped under 7% since the second quarter of 2009. This is due to global factors amid the world economic recovery, and especially due to the expectation of the United States interest hike, which prompted volatility in commodity prices, stocks and foreign currency market, therefore many countries devalued their currencies, which put pressure on Chinese exports and causing its growth to drop 7.9% in the first three quarters.

### **Crowdfunding in China Increases**

In September, the number of crowdfunding investors hit a new record high, with nearly 3.75 million Chinese choosing to invest via crowdfunding, which is a 38.54% increase from August. Thus, new business ventures have been given a significant boost by crowdfunding, with last month showing the majority with reward-based schemes in which entrepreneurs raised money by preselling a product or service to launch a business concept without incurring debt. Therefore, the State Council is proposing to create new platforms and modes to broaden the number of finance channels available to startups and entrepreneurs in addition to the 234 crowdfunding platforms operating in 21 provinces across China already, indicating China's enthusiasm and its innovative attitude.

### **China, South Korea, and Japan and the Potential Free Trade Agreement**

In early November, a trilateral summit is expected to take place between the government leaders of China, the Republic of Korea and Japan. This will provide an opportunity for the establishment for the three sides to advance their negotiations for a trilateral free trade agreement, which will further unleash economic vitality of the three countries, boosting regional integration and driving world

economic growth. Expected topics at the summit will include Beijing's Belt and Road Initiative, the stability and denuclearisation of the Korean Peninsula, and free trade between the three countries.

### **Chinese Investors Back Takeover Bid for Formula One**

The China Media Capital is leading a group of Chinese firms to back a \$8.5 billion takeover bid for the Formula One Motor Racing Sport, which includes an investment by the Chinese media investors of approximately \$1.5 billion. The takeover proposal comes at a difficult time for Formula One, with a number of teams succumbing to or facing financial difficulties, and lingering concerns about the quality of the sporting spectacle. Therefore, the Chinese investors hope to assist in this area, as well as pursue rapid global expansion in sports and entertainment business, which will expand China's reach internationally.

### **China Music Industry Takes a Step Forward**

QQMusic recently reached an agreement with Netease Cloud Music to sublicense the copyright of 1.5 million songs, which marks China's first copyright transfer case and creates a significant opening in the music market. Internationally, the copyright of music is of great importance, but is one that has often been neglected in China with disputes regularly occurring, therefore QQMusic's announcement that both sides will be establishing a new platform for the legalization of China's music market is welcomed, as the agreement will also promote the better regulation of copyright transfers among music service providers and improve copyright management.

### **China and Online Ride-Booking Services**

China has drafted a plan to ban the use of cars registered for private use in online ride-booking services, potentially setting back companies such as Didi Kuaidi and Uber.

The draft includes the following proposals:

1. Operators will need to obtain licenses from local authorities to provide online ride-booking services;
2. Operators will use China-based servers and set up local offices where the services are provided;
3. Cars being used should be registered for commercial use and enabled with GPS devices; and
4. Drivers will need to pass qualification tests.

The current draft challenges the relevant companies' business model of signing up owners of private cars and matching them with riders, especially because it gives the local governments the authority to decide on the number of licenses, and requires offices in individual cities, which will potentially slow the pace of expansion of such companies. Therefore, if the draft comes into fruition, companies such as Uber and Didi may incur higher costs operating in China, which may eventually lead to failed operations in China.

### **China Invests in Australian Beef**

As part of the China-Australian free trade agreement, Shandong Delisi Food Company will be investing \$140 million for its stake in Bindaree Beef Group, one of Australia's largest meat processors with a processing count of 1300 cattle per day and 600 employees. This transaction will assist Bindaree Beef Group in expanding its premium beef markets in Asia, as Delisi's expertise in meat sales and processing will be valuable, along with their premium and trusted brands and

established distribution channels opening up new avenues for Bindaree Beef Group to leverage China's growing appetite for beef protein.

### **Google Invests in Chinese Company Mobvoi**

Google Inc. has recently made an investment in Chinese artificial intelligence startup Mobvoi, a Beijing-based firm founded by former Google employees. In its latest round of funding, Mobvoi received a \$75 million investment, especially due to its unique speech and natural language processing technologies, as well as its ability to support Google in its push for wearable operating system Android Wear. Therefore, Google may be returning to the world's largest Internet market, and its investment in Mobvoi will assist it in seizing a foothold in the market.

### **China's Yuan May Join the Currency Basket**

The International Monetary Fund may be reaching a favourable decision on including the RMB in the lender's benchmark currency basket, along with the dollar, yen, euro and the pound sterling. While the assessment of the RMB is in November, where it will be examined against a checklist of technical criteria, there is no political obstacle and the early report indicates the inclusion of the RMB in the basket. Furthermore, China is pushing for its RMB to join the Special Drawing Rights basket as part of its long-term strategic goal of reducing dependence on the dollar and to mark the country's coming of age as an economic power, however, this decision will also be made by the IMF's Executive Board when the meeting is held.

*This update is aimed at keeping our clients and partners informed as to the latest legal and business developments in the Greater China region. Whilst every care has been taken to ensure the accuracy of the information contained in this update, it should not be relied upon for any purpose prior to formal legal advice being obtained.*