

SUBJECT	LEGAL CHANGE	ACTION REQUIRED
Business Protection		
Strengthening of Trade Secret Protection	<p>Amendments were made to the PRC Anti-Unfair Competition Law (the "AUCL") on November 4, 2017, to strengthen trade secret protection and accountability. The changes became effective on January 1, 2018.</p> <p>Key changes include:</p> <p>(1) new confidentiality obligations on employees, ex-employees and their new employers, to protect the previous employer's trade secrets;</p> <p>(2) a widening of the definition of 'trade secret', which means confidential information is now more likely to be a trade secret, and therefore protected by the AUCL;</p> <p>(3) a significant increase in fines for breach: from CNY 10,000 – CNY 200,000, to CNY 100,000 – CNY 3 million. Fines below CNY 100,000 may be issued if the infringer has mitigated any damage caused or the infringement is minor;</p> <p>(4) The governmental supervisory authority can seize property and check business bank accounts if infringement is suspected.</p>	<p>(1) Require candidates to disclose details of pre-existing non-disclosure agreements with ex-employers.</p> <p>(2) Review and update template confidentiality agreements with staff to ensure infringement risks are mitigated.</p> <p>(3) Consider issuing warning letters to ex-employees and their employers if you suspect your trade secrets are being misused.</p>
<i>Applicable across the PRC</i>		
Representation		
Employee Representative Councils ("ERCs")	<p>Amendments to the Regulations of Shanghai Municipality on ERCs became effective on January 1, 2018.</p> <p>The changes bolster current requirements on employers to establish ECRs and consult with them on major operational matters. Local labour authorities can now carry out regular inspections and audits, and can order an employer to rectify any breach of employee rights within 30 days. Failure to rectify within the deadline may affect the company's credit rating.</p>	<p>(1) Become familiar with the existing and new rules on ERCs and ensure compliance.</p> <p>(2) Be on the alert for last minute inspections and audits.</p>
<i>Shanghai</i>		
Pensions		
Mandatory Provident Funds ("MPFs")	<p>Employers and employees in Hong Kong must make a 5% monthly contribution of each employee's relevant income to a MPF Scheme, depending on how much the employee earns.</p> <p>In particular, only the employer must contribute if the employee earns less than HK\$7,100 per month (the 'Minimum Relevant Income'), and any monthly income earned in excess of HK\$30,000, will not trigger MPF contributions (the 'Maximum Relevant Income').</p> <p>The Mandatory Provident Fund Schemes Authority has proposed to increase the Minimum Relevant Income and Maximum Relevant Income thresholds to HK\$8,000 and HK\$45,000 respectively. If the proposal is adopted by the Government, employer and employee contributions will in certain cases increase significantly.</p>	<p>No action required at present, but keep abreast of how this develops.</p>
<i>Hong Kong</i>		