*The information presented in this section is derived from various official governmental publication. Whilst our Directors have taken reasonable care to ensure that certain information presented in this section is accurately reproduced from the official governmental publication, such information has not been prepared or independently verified by our Company, the Selling Shareholders, the Global Co-ordinator, the Sponsor or other parties involved in the Share Offer or any of their respective advisers or affiliates. Our Company, the Selling Shareholders, the Global Co-ordinator, the Sponsor or other parties involved in the Share Offer or any of their respective advisers or affiliates makes no representation to the accuracy of this information.*

## INTRODUCTION

We are principally engaged in the production of motive battery products in China. Currently, our motive battery products are predominantly used in electric bikes, but they can also be used in other electric vehicles, such as electric motorcycles and electric cars. Because lead-acid batteries are commonly used in electric bikes in China, our motive battery products are largely confined to lead-acid motive battery products, albeit that we have the production know-how for other types of motive battery. Our Directors believe that we are well positioned to capture the additional business opportunities in China's personal transportation device market.

The following sets forth an overview of the motive electric bike battery industry in China which is followed by an analysis of the electric bike industry in China and around the world, both of which drive the demand for our motive battery products.

## FROST & SULLIVAN REPORT

Frost & Sullivan is a global consulting company and was founded in 1961 in New York City to engage in publication of market consulting information and intelligence on emerging high-technology and industrial markets. It offers industry research and market strategies and provides growth consulting and corporate training. The industry coverage in China includes automotive and transportation, chemical material and food, energy and power supply, environment and building technologies, automation and electronics, healthcare, and information, communication and technology.

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. was commissioned by us in March 2006 to produce the Frost & Sullivan Report on the rechargeable battery market and the battery market in China for electric bikes at an agreed fee of RMB128,000.

We understand that the forecasting methodology of Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. has integrated several forecasting techniques with the market engineering measurement-based system. The forecasting methodology is a seven-step system shown as follows that maximises the credibility and accuracy of the forecasts.

1. *Market Engineering Research Process Completed*

   The market engineering research process provides the navigational measurements of current market position and trends, which become the basis of the forecast.

2. *Measurements and Challenges Analysed over Time*

   Measurements and challenges are analysed over time to provide additional insights into their potential impact on the market size and development.

3. *Identification of Market Drivers and Restraints*

   At this stage, the analyst specifies the factors that will drive the market forward in terms of revenues and determines the elements that will inhibit growth.

4. *Expert-Opinion Integration with Analyst Team*

   The interview process includes a variety of industry experts, competitors and key customers. These experts' opinions on the direction of the market are integrated with the data and analysis already created.

5. *Forecasts Calculated*

   At this stage, analysts collect the market data needed to create the initial forecast scenarios. Each scenario is assessed to determine the most probable outcome for the market size. For example, the forecasts are matched to the leading economic indicators and drivers for each specific industry.

6. *Delphi Technique Integration, If Needed*

   If data and forecast scenarios conflict, it becomes necessary to again discuss the market forecasts with the industry experts interviewed in the research process.

7. *Quality Control within Research Department*

   Once the forecasts are integrated into the market section, they are verified by the other team members in the industry research group, and the research director. The forecasts are also ensured for mathematical accuracy and internal consistency by the final review preparation department and the editing department.

## RECHARGEABLE MOTIVE BATTERIES INDUSTRY FOR ELECTRIC BIKES IN CHINA

### Overview

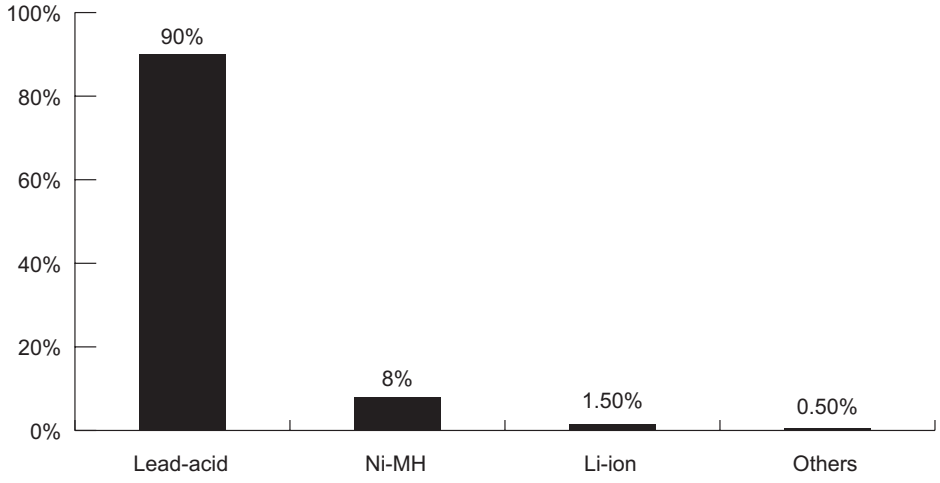
Since electric bikes are operated by a driver with moderate energy consumption, price and safety are the major considerations for electric bike manufacturers and consumers.

Rechargeable batteries using lead-acid are the most cost-efficient source of energy in terms of production cost and power density. In 2005, according to the Frost & Sullivan Report, approximately 90.0 per cent. of the Chinese electric bike manufacturers chose to use valve-regulated lead-acid absorbent glass mat (VRLA-AGM) rechargeable batteries in their electric bikes. Nickel battery products and Li-ion battery products only represented approximately eight per cent. and two per cent., respectively, of the total batteries used in electric bikes in China in 2005.

Due to environmental concerns, Ni-Cd battery is restricted in electric bike applications. Other batteries such as Ni-MH and Li-ion batteries may be used in electric bikes and are therefore considered to be potential alternative motive batteries in electric bikes. However, as the technologies of Ni-MH and Li-ion batteries applied to electric bikes are still at their primary stages, with the high production costs, Ni-MH and Li-ion battery products are not expected to replace the lead-acid battery products in the electric bike market at least in the next four years.

The following diagram illustrates the demand for different types of battery product for electric bikes in China for the year 2005. In China, approximately 90 per cent. of the rechargeable batteries used in electric bikes are lead-acid batteries. According to the Frost & Sullivan Report, lead-acid batteries are expected to continue to be the preferred choice for electric bike batteries and that the market share of lead-acid batteries is expected to represent approximately 85 per cent. of the total electric bike rechargeable battery market by 2010.

**Demand by battery products used in electric bikes (China) in 2005**

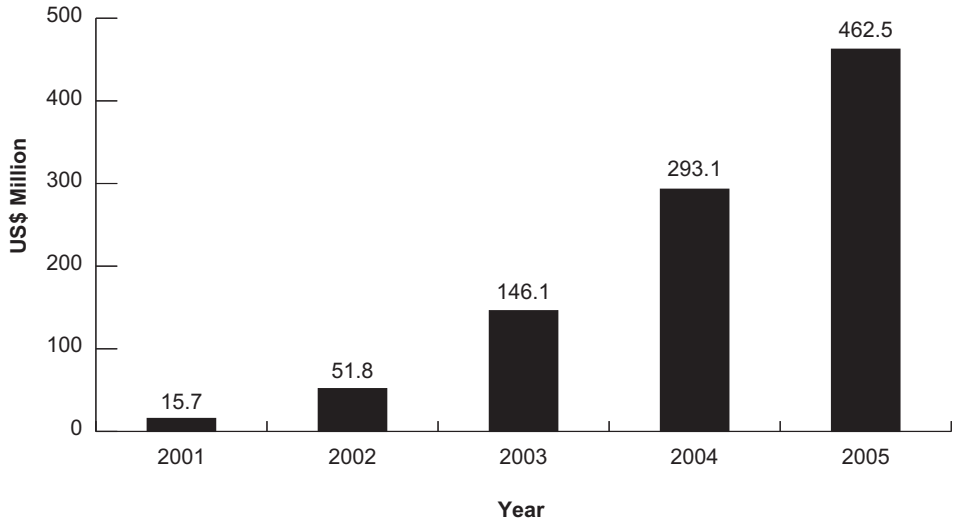



*Source: Frost & Sullivan Report*

Among the total consumption of lead-acid rechargeable batteries in China, usage in electric bikes accounted for approximately 18.3 per cent. in 2005, with total revenue of US$0.46 billion.

The following diagram sets forth the sales revenue of electric bike batteries in China from 2001 to 2005:—

**Sales revenue of electric bike batteries in China**




*Source: Frost & Sullivan Report*

According to the Frost & Sullivan Report, the total sales revenue of electric bike batteries in China grew from US$15.7 million in 2001 to US$462.5 million in 2005, with a CAGR of 132.97 per cent.

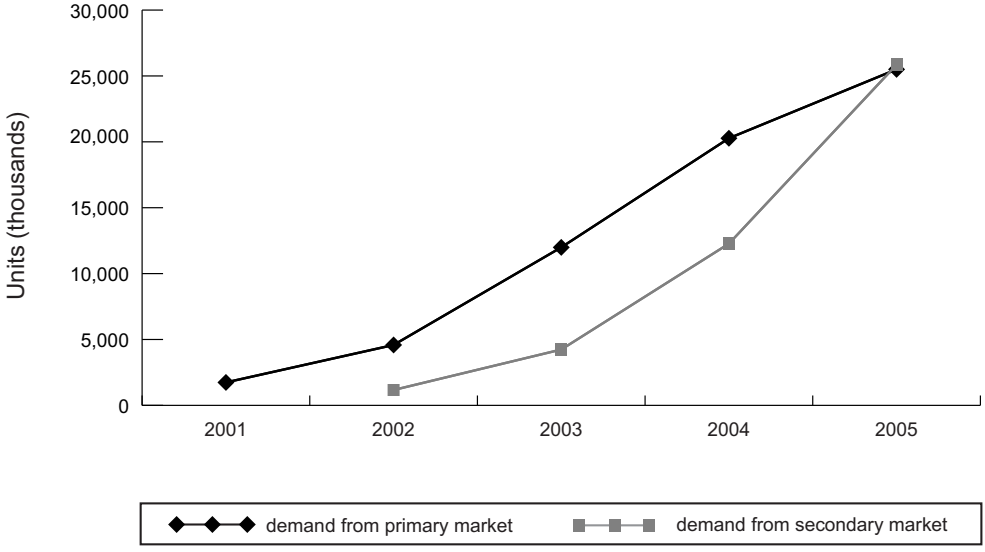
Taking into consideration the potential growth of electric bike population and the continued acceptance of lead-acid battery products as the principal source of energy for electric bikes, our Directors anticipate that the lead-acid motive battery market in China will grow substantially during the next three to five years.

**Primary and secondary markets**

The demand for electric bike batteries can be divided into two sources: newly manufactured electric bikes (i.e. the primary market) and the replacement of used batteries for existing electric bikes (i.e. the secondary market). The average life-cycle of a lead-acid electric bike battery is approximately 1.5 years (though actual usage life may vary considerably depending on a variety of factors on the part of the user).

The following diagram illustrates the demand from the primary and secondary markets for electric bike batteries in China:—

**Demand for electric bike batteries in China**



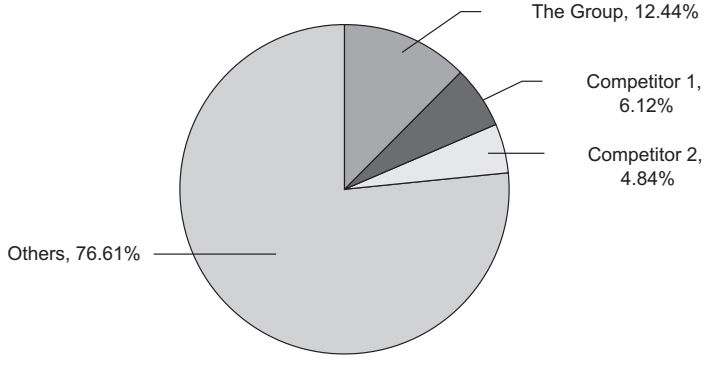

*Source: Frost & Sullivan Report*

Both sources of demand are expected to continue to grow in the next five years. With further development of the electric bike market and taking into consideration the current average battery life of approximately 1.5 years, the demand for replacement electric bike batteries in China is likely to exceed the demand from newly manufactured electric bikes.

**Market participants**

According to the Frost & Sullivan Report, we were ranked as the largest supplier of lead-acid motive battery products in China in 2005 with an average daily production capacity of 22,000 units based on the annual production capacity of 6.8 million units and 310 working days per year after deducting the time for maintenance work and testing throughout the year.

The following diagram illustrates our market share and the market share of the other two competitors:—

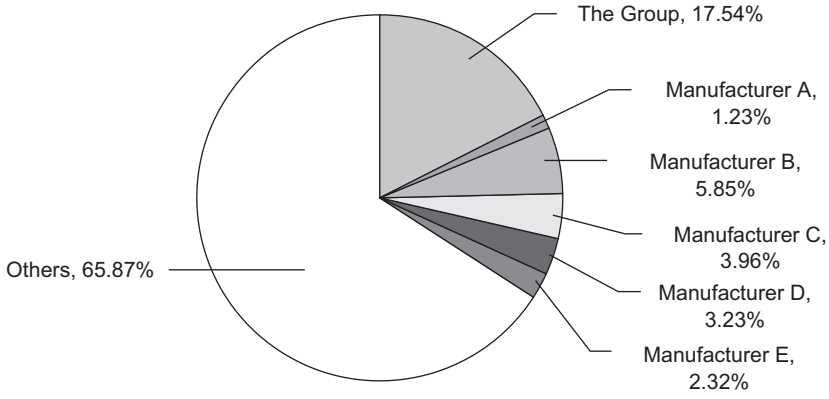



*Source: Frost & Sullivan Report*

The above diagram also illustrates that the market share of the three largest manufacturers of lead-acid motive battery products in 2005 accounted for approximately 23.4 per cent. of the total market size. Hence, the market is fragmented and there are numerous relatively small manufacturers producing lead-acid motive battery products around the country. Our Directors believe that the increasing demand for high-standard batteries and the emphasis on environmental protection will have significant adverse impact on the operation of these relatively small manufacturers. This is expected to result in significant market opportunity in the lead-acid motive battery market for electric bikes in China to be available to established manufacturers.

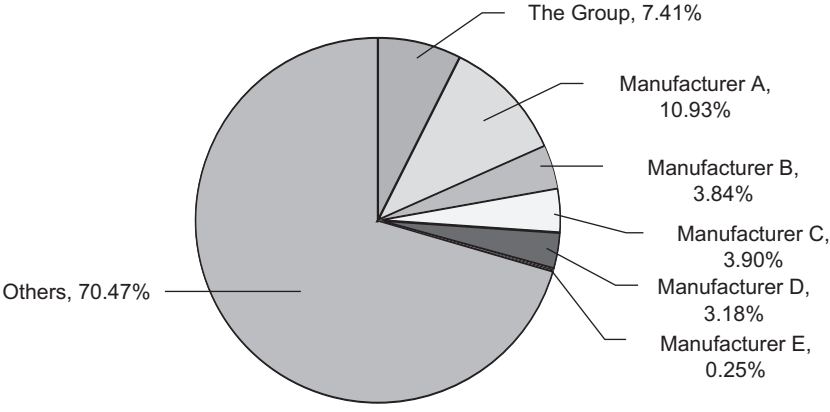
In terms of primary and secondary markets, they are also fragmented. The following diagrams illustrate the six major players in these two markets with their respective market shares, according to the Frost & Sullivan Report:—

**Market shares of the six top manufacturers in the primary market by sales revenue, (China), 2005**




*Source: Frost & Sullivan Report*

**Market shares of the six top manufacturers in the secondary market by sales revenue, (China), 2005**




*Source: Frost & Sullivan Report*

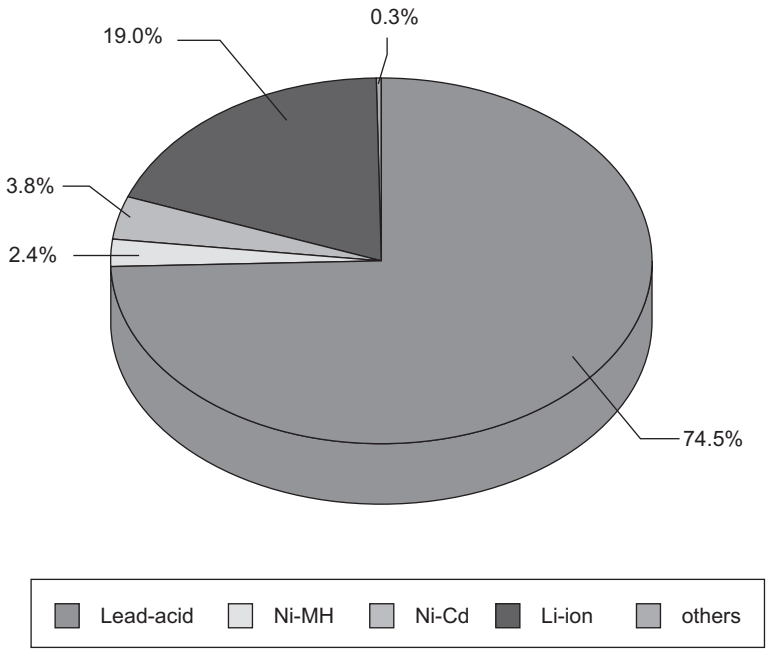
**Scope for future development**

The lead-acid motive battery is currently the most commercially viable and technologically mature rechargeable battery products, which offers the best power-to-price ratio and reliability. It is generally used in the automotive, motorcycle, marine and deep-cycle fields (the latter of which encompasses electric bikes).

There are other rechargeable battery products available on the market today, primarily Li-ion and Ni-MH batteries, which possess certain technological advantages over the lead-acid batteries. However, given the inherent price-sensitivity of the electric bike consumers, these alternative chemistries are not yet commercially popular for application to electric bikes due to their premature stages of development and consequently lower power-to-price ratio.

The chart below shows the global market breakdown by battery products in 2005:—

**Revenue analysis by battery products, (World), 2005**




*Source: Frost & Sullivan Report*

The total revenue of global rechargeable batteries in 2005 was recorded to be US$25.38 billion in 2005, of which lead-acid rechargeable batteries accounted for 74.5 per cent. (US$18.9 billion).

It is conceivable that, in the foreseeable future, continued development of such alternative chemical batteries may improve these alternative chemistries' viability, popularity and therefore market share in their application to batteries for electric bikes. In addition, other more novel and "green" technologies such as fuel cells and solar cells are also under development and may become a viable power source for electric bikes.

In particular, as Ni-MH battery is already the preferred motive battery chemistry in petrol-electric hybrid vehicles, when Ni-MH battery technology becomes further developed and commercialised, increased volume will enhance the power-to-price ratio of Ni-MH battery and therefore its competitiveness against lead-acid motive batteries. As such, Ni-MH batteries are expected to be the probable alternative to lead-acid motive batteries in electric bike applications.

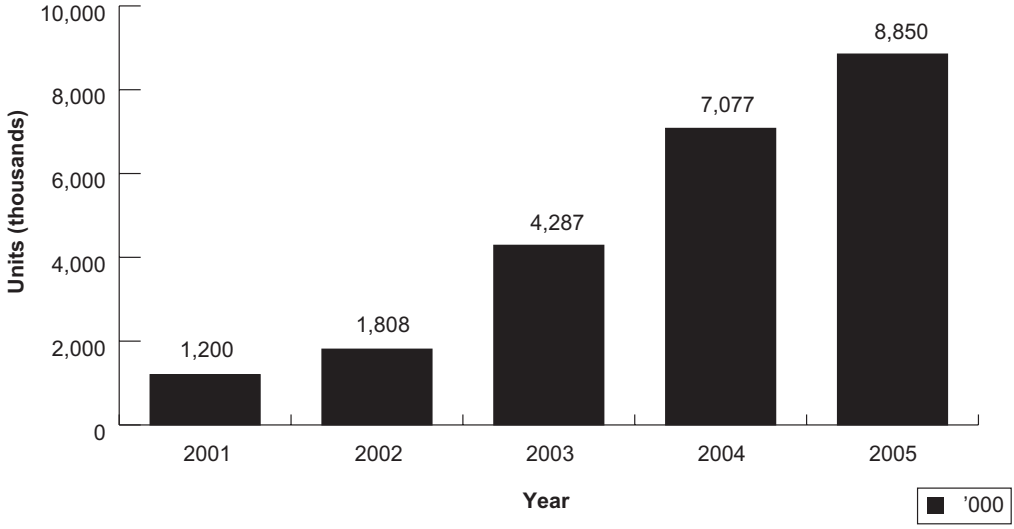
## OVERVIEW OF THE GLOBAL AND PRC ELECTRIC BIKE MARKET

Electric bikes are developed from traditional bicycles. At its most fundamental level, an electric bike is a traditional bicycle equipped with a battery-powered motor to provide on-demand motorised power, which either operates concurrently with pedaling or independently to provide motorised power. Variations on this basic structure and successive levels of sophistication and performance can be found in the market.

Commercialisation of the electric bikes industry began in 2000 and has grown since then against the gradual but imminent depletion of the world's scarce oil reserves and the increase in oil prices.

The diagram below shows that from 2001 to 2005, the global demand for electric bikes increased by approximately 7.7 million units:—

**Global demand of electric bike market**




*Source: Frost & Sullivan Report*

According to the report *"China's Light Electric Vehicle Development Strategy Research Report"* dated 5 June 2006 (the "**DRC Report**") prepared jointly by, inter alia, the Development Research Center of the State Council, the Construction Department and the Technology Department of the PRC government, the Chinese electric bike industry is currently at the beginning phase of rapid growth in the industry's life cycle. The DRC Report estimates that sales of electric bike in China will continue to grow from 2006 to 2010.

The DRC Report further estimates that currently there are in excess of 500 million bicycles in China and views the continued growth of the domestic electric bike industry to play key roles in furthering the PRC government's policy:—

(a) as the rapid economic development of the country drives up disposable incomes, the general population will demand more regarding their personal transportation tool and will, as natural progression, choose to upgrade to the electric bike, a tool which is functionally superior yet retains the simplicity, low cost and familiar nature of its ubiquitous predecessor;

(b) the zero emission, low cost, minimum maintenance and high maneuverability attributes of the electric bike provide a matching solution to the country's considerable problems of high pollution, population, congestion and under-developed infrastructure.

According to the National Bicycle Industry Information Center, excluding the new demand for electric bikes, 20 per cent. of the total number of the traditional bicycles (equating to 100 million units) is estimated to be gradually replaced by electric bikes in the next decade.

The following is a comparison of the energy cost for traveling by light electric vehicle and motorcycle in China. Although light electric vehicle includes electric bike, electric scooter, electric wheelchair, etc., which are powered by electricity, light electric vehicles in China principally includes electric bikes.

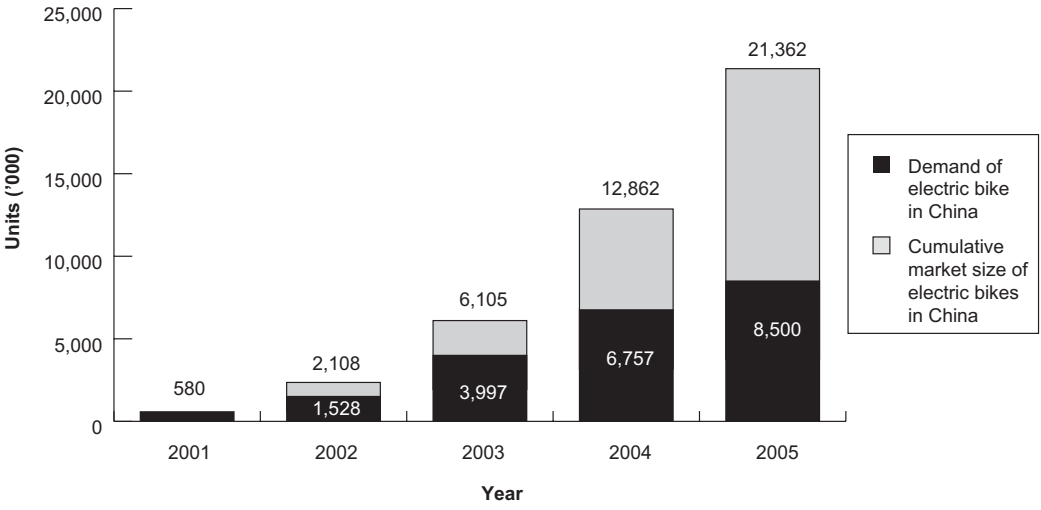
| | **Energy consumption (for every 100 kilometers)** | **Energy cost (for every 10,000 kilometers)** |
|---|---|---|
| Light electric vehicle | 1.5 units of electricity | RMB90 |
| Motorcycle | 3 litres of petroleum | RMB1,050 |

*Source: DRC Report*

Taking into consideration the elevating oil price and the cost saving of approximately RMB960 for every 10,000 kilometers of travel by light electric vehicle as estimated in the DRC Report, our Directors anticipate that there will be growing demand for electric bikes as substitutes for traditional motorcycles.

The diagram below illustrates the total demand for electric bikes in China and the cumulative market size of electric bikes in China from 2001 to 2005:—

**Demand and cumulative market size of electric bikes in China (2001-2005)**

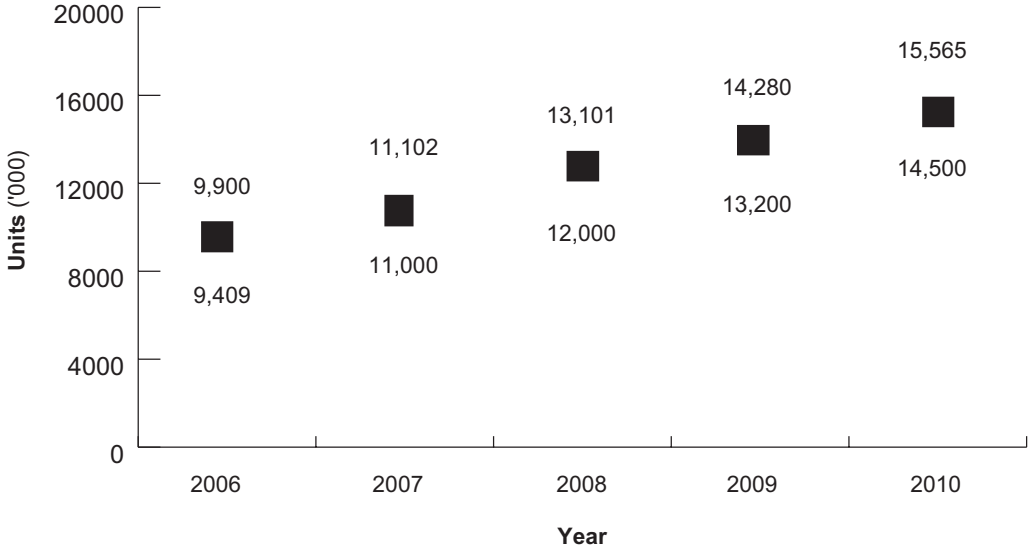



*Source: Frost & Sullivan Report*

During the period from 2001 to 2005, the electric bike market in China increased by 36 times with the cumulative market size reaching 21.36 million units in 2005.

The chart below illustrates the forecast demand of light electric vehicles in China from 2006 to 2010:—

**Forecast demand of light electric vehicles in China (2006-2010)**




*Source: DRC Report*

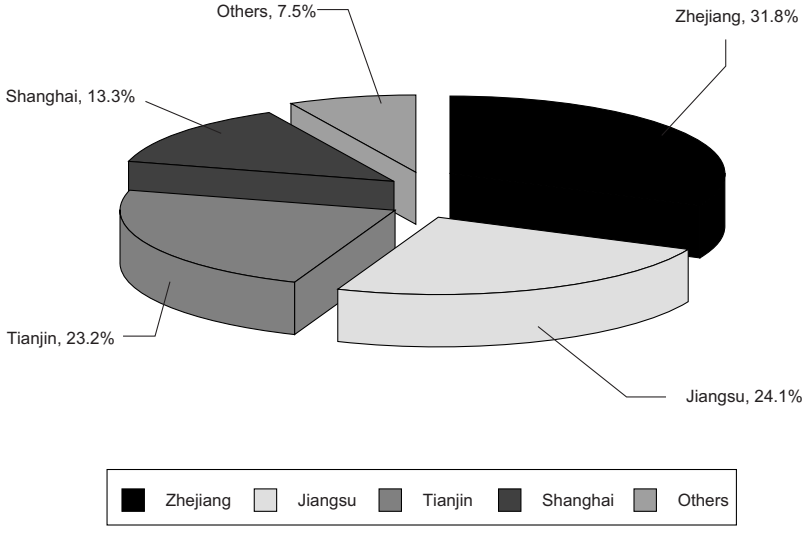
According to the DRC Report, the total demand for light electric vehicles is forecasted to reach approximately 14.5 million to 15.6 million units in 2010. As light electric vehicles in China currently comprise mainly electric bikes, our Directors, taking into account the aforesaid estimated demand for light electric vehicles, expect that the demand for electric bikes would grow substantially in the coming years.

China dominates the entire global electric bike market accounting for approximately 90 per cent. of the global sales volume. A comparison of the estimated growth in the global market and the PRC market above, will conclude that the principal growth of the global industry up to 2010 will be driven by the domestic market in China.

Further, congruent with its dominance of the global industry in sales, the Chinese electric bike industry is also the largest producer and exporter of electric bikes in the world (accounting for approximately 90 per cent. of global production). Intense competition in the domestic electric bike market has also driven rapid development of expertise in core upstream technologies including batteries, chargers and energy retrieval, as well as downstream vocations such as sales services and equipment maintenance, to world-leading standards.

The following diagram presents the market demand for electric bikes by province, autonomous region and directly-administered municipality in China in 2005:—

**Market demand for electric bike in China by province, autonomous region and directly-administered municipality in 2005**




*Source: Frost & Sullivan Report*

Zhejiang Province, Jiangsu Province, Tianjin and Shanghai accounted for over 90 per cent. of the total demand for electric bikes in China in 2005. The high concentration is considered to be attributable to the economic performance, comparatively high income level, infrastructure and the presence of a substantial number of manufacturers of electric bikes and relevant components in those areas.

The Frost & Sullivan Report forecasts that Zhejiang Province will have the largest market share in China up to 2010, whereas the other provinces, autonomous regions and directly-administered municipalities including the provinces in the northern and western regions of China will increase their market share by approximately 10.0 per cent., as the living standards and road construction will be substantially improved in those areas.

## PRC LAWS AND REGULATIONS

In addition to the laws and regulations of general application to businesses in China, lead-acid motive battery manufacturers are also required to comply with the laws and regulations in the following areas:—

— Environmental protection;

— Workplace health and safety; and

— Electric bike registration and user licensing.

### Environmental protection

The primary components of lead-acid motive batteries, namely lead (and/or lead compounds) and sulphuric acid, are inherently dangerous and can potentially be environmentally harmful if incorrectly handled. Lead in particular is toxic, can contaminate soil, water and air and can bio-accumulate. Set out below are (i) the common ways how lead gets in the human body and (ii) its effect on human health:—

*The common ways how lead gets in the human body*

Lead gets in human body through (a) breathe in environment that is full of lead dust; (b) put their hands or other objects covered with or contaminated by lead dust in their mouths; and (c) intake diets contaminated by lead dust.

*Effect of lead on human health*

Lead is more dangerous to children than adults because (a) babies and young children often put their hands and other objects in their mouths, these objects can have lead dust on them; (b) children's growing bodies absorb more lead; and (c) children's brains and nervous systems are more sensitive to the damaging effects of lead.

If not receiving medical treatment in appropriate ways, children with high level of lead may suffer from (a) damage to brain and nervous system; (b) behavioral and learning problems; (c) slowed growth; (d) hearing problems and (e) headaches.

Lead is also harmful to adults. Adults with high level of lead may suffer from (a) illness during pregnancy; (b) other reproductive problems (in both men and women); (c) high blood pressure; (d) digestive problems; (e) nerve disorders; (f) memory and concentration problems and (g) muscle and joint pain.

The PRC government has formulated a comprehensive set of environmental protection laws and regulations that cover areas such as land rehabilitation, sewage discharge and waste disposal. The State Environmental Protection Administration Bureau (國家環境保護總局) regulates matters relating to environmental protection in China and formulates the national standards on environmental quality and discharge of pollutants. The environmental protection authorities at the county level or above are responsible for matters on environmental protection within their own jurisdictions.

The Administrative Regulations on Environmental Protection for Construction Projects (建設項目環境保護管理辦法) stipulates that environmental impacts of construction projects should be assessed before project commencement. Upon completion, construction unit should request the relevant environmental protection authority to assess the air pollutant density and inspect the site and the equipment installed for the project. Construction unit can make application for the inspection and acceptance of environmental protection for construction projects and obtain the approvals from the relevant environmental protection department when the results meet the requirements of the environmental protection department. The Environmental Impact Assessment Laws of the PRC (環境影響評價法) stipulates that the environmental impact assessment shall be carried out by a qualified institution.

Pursuant to the Environment Protection Laws of the PRC (中華人民共和國環境保護法), the Water Pollution Prevention Laws of the PRC (中華人民共和國水污染防治法) and the Air Pollution Prevention Laws of the PRC (中華人民共和國大氣污染防治法), all entities, directly or indirectly, discharge pollutants to water shall register at the local environmental protection department before commencing operation. After reviewing the registration, the local environmental protection department will issue a Pollutants Discharge Permit (the "**PDP**") to the entity, which sets out the discharge standards for permitted waste water, exhaust air and solid waste. Generally, the PDP is valid for a period of five years and shall be renewed not less than three months prior to its expiration date. Each entity shall submit a Pollutants Discharge Registration Form (the "**PRD**") to the local environmental protection department every year within the operation period. The category and the quantity of the raw materials applied for, the possible pollutants caused, the treatment facilities and process of site installation, as well as the efficiency and economic analysis of the projects shall be set out in the PRD. PRD should be submitted to the local environmental protection department within one month after receiving the approval of environmental inspection and acceptance of completed construction projects. For those entities which fail to report the registration matters relating to pollutant emission reporting, the environmental protection departments would issue warnings or punish with a fine penalty. For those enterprises which cause serious water pollution or have not adopted effective pollution preventive measures regarding the venting of ash or other toxic gas to the atmosphere will be granted a period of time for remedy, if they could not remedy the problem after the expiration of the granted period, apart from being charged for an amount of more than double of the drainage surcharge according to the requirements of the State Council, will also be subject to a fine penalty or suspension or close of business according to the danger and damages caused.

In accordance with the Laws of the PRC on the Solid Wastes Pollution Prevention Law (中華人民共和國固體廢物污染環境防治法) and the Administrative Regulations on Transferring Dangerous Waste (危險廢物轉移聯單管理辦法), no solid wastes are allowed to be discharged to water. The PRC government implements the declaration and registration system for the production and disposal of the industrial solid wastes. Industrial solid waste producer shall provide the local environmental protection authority with the relevant information regarding the arising, whereabouts, storage and disposal of the solid wastes. The open storage for slag, chemical slag, coal ash, waste minerals, mineral waste residues and other industrial solid wastes requires special facilities. Failure to comply with the requirements of declaration and registration of the industrial solid wastes or hazardous wastes will be ordered to take remedial measures in due course and fined by the environmental protection authority.

Enterprises generating hazardous wastes must register with the local environmental protection authority and must properly dispose the wastes in compliance with the relevant laws and regulations imposed by the PRC government. Any entity disposing its hazardous materials by way of burying or without complying with the relevant regulations should pay relevant hazardous waste disposal charges. All hazardous wastes listed on the "National Catalogue of Hazardous Wastes" should be collected and disposed by entities approved for handling the disposal of hazardous wastes. Any entity without the permit of hazardous waste disposal is prohibited from engaging in collection, storage, transportation, utilisation and disposal of hazardous wastes. Hazardous wastes should not be placed and handled together with non-hazardous waste.

Under the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001) (危險廢物貯存污染控制標準(GB18597-2001)), containers with abandoned batteries should have a label indicating its category as required by the laws and regulations; or a specialised facilities should be constructed according to the Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001) for the storage of abandoned batteries, in which the abandoned batteries will be placed inside plastic containers and stored in the specialised facilities. The plastic containers should be corrosion and pressure resistance, properly sealed and in perfect condition. For those used for reclamation should also fulfill the stringent requirements necessary for reclamation.

Any breach of the above mentioned laws and regulations may be subject to warnings, fines or administrative sanctions, depending on the nature and the seriousness of the resulting environmental damage. Any entity undertaking construction work or manufacturing activities without complying with the relevant environmental protection requirements may be ordered to suspend production or operations and may be fined. The responsible person of the entity may commit criminal offences if the breaches result in significant loss of property, personal injuries or death.

The following quantitative measurements on various aspects of environmental quality standards and pollutants discharge standards are applicable to our operation in accordance with the relevant laws, regulations and standards promulgated in China:—

## A. Environmental Quality Standards

*(1) Air Quality in a Specific Environment*

The daily average concentration of lead in the air has to comply with the maximum concentration limit of the toxic materials in the atmosphere in a residential zone permitted under the "Hygiene Standards for Industrial Enterprises" (工業企業設計衛生標準) (TJ36-79); while the average annual and quarterly concentration has to meet the concentration limits as set out under the "Air Quality Standards in a Specific Environment" (環境空氣質量標準) (GB3095-1996). Details of the concentration limits are set out as follows:—

| Period | Lead (Unit: μg/m³) | Standards |
|---|---|---|
| Daily average | 0.70 | TJ36-79 |
| Quarterly average | 1.50 | GB3095-1996 |
| Annual average | 1.00 | GB3095-1996 |

*(2) Ground Surface Water Condition*

According to the water usage category, water discharged has to comply with the standards of Category III specified under the "Ground Surface Water Quality Standards" (地表水環境質量標準) (GB3838-2002), which refers to an indicative lead value of ≤0.05mg/L.

*(3) Underground Water Condition*

Quality of underground water has to comply with the "Underground Water Quality Standards" (地下水質量標準) (GB/T14848-93) as detailed below:—

| Category | Category I | Category II | Category III | Category IV | Category V |
|---|---|---|---|---|---|
| pH | 6.5 ~ 8.5 | 6.5 ~ 8.5 | 6.5 ~ 8.5 | 5.5 ~ 6.5<br>8.5 ~ 9 | < 5.5<br>>9 |
| Permitted maximum lead concentration (Unit: mg/L) | ≤0.005 | ≤0.01 | ≤0.05 | ≤0.1 | >0.1 |

*(4) Soil Condition*

Soil condition has to comply with "Soil Quality Standards" (土壤環境質量標準) (GB15168-1995). Specific parameters are listed as follows:—

| Soil Class | First Class | Second Class | | | Third Class |
|---|---|---|---|---|---|
| pH ..... | Natural background | <6.5 | 6.5~7.5 | >7.5 | >6.5 |
| Permitted maximum lead concentration (Unit: mg/kg) ..... | ≤35 | ≤250 | ≤300 | ≤350 | ≤500 |

*(5) Other Water Condition*

Water used for fishery industry has to comply with the required lead content of ≤0.05mg/L as stipulated in the "Water Quality Standards for Fishing" (漁業水質標準) (GB11607-89); water used for agricultural irrigation purpose has to comply with the required lead content of ≤0.1mg/L as set out under the "Water Quality Standards for Agricultural Irrigation" (農用灌溉水質標準) (GB5084-92); water for living consumption has to comply with the required lead content of ≤0.05mg/L as set out under the "Water Hygiene Standards for Daily Consumption" (生活飲用水衛生標準) (GB5749-85).

**B. Pollutants Discharge Standards**

*(1) Exhaust air*

The emission of lead and its chemical compounds in the industrial exhaust air has to comply with the Second Class Emission Standard as set out under the "Comprehensive Air Emission Standards" (大氣污染物綜合排放標準) (GB16297-1996) as set out below:—

| Pollutants | Permitted maximum emission concentration ($mg/m^3$) | Height of air chimney (m) | | | | Non-organised emission concentration limit | |
|---|---|---|---|---|---|---|---|
| | | 15 | 20 | 30 | 40 | Monitoring threshold | Concentration ($mg/m^3$) |
| | | Permitted maximum emission rate (kg/h) | | | | | |
| Lead and its chemical compounds ..... | 0.70 | 0.004 | 0.006 | 0.027 | 0.047 | Maximum concentration outside the perimeter | 0.0060 |

The concentration of lead and its chemical compounds discharged from factories has to meet the non-organised emission concentration limit as set out under the "Comprehensive Air Emission Standards" (大氣污染物綜合排放標準) (GB16297-1996), in which the maximum concentration limit of lead and its chemical compounds outside the perimeter is 0.006mg/m³.

The emission of exhaust air from metal melting furnaces has to meet the Second Class Standard under "Emission Standards for Air Pollutants of Industrial Furnaces" (工業爐窑大氣污染物排放標準) (GB9078-1996), relevant measurements are set out as follows:—

| | Organised emission limit | | | | |
|---|---|---|---|---|---|
| **Category of furnace** | | **Concentration of soot** | **Darkness of smoke** *(Ringelmann number)* | **Lead** | **Permitted maximum non-organised soot emission concentration** |
| | *(mg/m³)* | *(mg/m³)* | | *(mg/m³)* | *(mg/m³)* |
| Metal melting furnaces | | | | | |
| ≥15m ..... | 850 | 150 | 1 | 0.1 | 5 |
| <15m ..... | 425 | 75 | 1 | 0.05 | |

*(2) Waste water*

The discharge of waste water has to comply with Category I of the First Class Standard of Pollutants as set out under the "Integrated Waste Water Discharge Standards" (污水綜合排放標準) (GB8978-1996), details as follows:—

| **Pollutants** | **First Class Standard** | **Permitted maximum emission concentration of pollutants category I** |
|---|---|---|
| pH of waste water ..... | 6~9 | — |
| Total lead (Unit: mg/L) . | — | 1.0 |

*(3) Noise Pollution*

Noise produced by factories is assessed according to the Category II Standard under "Noise Standard for Industrial Enterprise Factories" (工業企業廠界噪音標準) (GB12348-1990), the required standards are set out below:—

| | Unit: equivalent acoustics Leq[dB(A)] | |
|---|---|---|
| **Category** | **Daytime** | **Nighttime** |
| II . . . . . | 60 | 50 |

*(4) Solid waste*

Solid waste handling is implemented according to the relevant standards under "Solid Waste Environmental Management Manual of Zhejiang Province" (浙江省固體廢物環境管理工作手冊). The toxic leakage of solid waste is assessed according to "Hazardous Waste Identification Standard — Identification of toxic leaking" (危險廢物鑒別標準—浸出毒性鑒別) (GB5085.3-1996). The permitted maximum concentration of lead is 3mg/L.

*(5) Discharge Conduit*

The installation of discharge conduit has to comply with the standards of "Environmental Protection Graphic Logo — Discharge Conduit (Yuan)" (環境保護圖形標誌—排放口(源)) (GB15562.1-1995).

**Workplace health and safety**

The dangerous nature of the components of lead-acid motive battery would pose risks to battery manufacturers if they do not handle the lead materials in the appropriate ways. Laws and regulations also exist to specifically regulate workplace conditions where such dangerous chemicals are used to ensure that workers involved in handling or transporting them are adequately protected. The Rules on Safety Use of Chemicals at Workstations (工作場所安全使用化學品的規定) and the Regulations on Safety Control of Dangerous Chemicals (危險品安全管理條例) stipulate specific requirements in the purchase, storage, transportation and usage of dangerous goods and disposal of hazardous chemical wastes. According to the Regulations on Safety Control of Dangerous Goods (危險品安全管理條例), the storage of and dealing with dangerous goods should be as follows: (1) dangerous chemicals should be stored in a purpose-built warehouse, purpose-built premise or storage room and managed by special-trained staff; (2) the purpose-built warehouse or storage room should meet the prescribed standard for ventilation, fire-proof and fire-suppression, explosion-proof, pressure discharge, lightning-proof, thermoregulation, static electricity-proof and protection coffer system; and (3) chemicals should be stored separately according to their property and type. Different types of chemicals should be stored in a safety distance away from each other.

**Electric bike registration and user licensing**

Electric bikes are classified as “non-motor vehicles”. As such, they can be used on roads if they are registered. In order to be registered, an electric bike must meet certain criteria including:—

— must be limited to top speed of 20km per hour;

— must weigh less than 40kg; and

— must be able to travel not less than 25km per full charge.

However, the actual implementation of the above registration regime varies at different cities in China. In this connection, some cities in China have announced a general prohibition on the use of electric bikes on road, and users violating such prohibition may be subject to fines, imprisonment and confiscation of the electric bike.