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## LAWS AND REGULATIONS

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### PRC REGULATORY OVERVIEW

This section sets out the summary of certain aspects of PRC laws and regulations, which are relevant to our Group's operation and business.

### ESTABLISHMENT, OPERATION AND MANAGEMENT OF A WHOLLY FOREIGN-OWNED ENTERPRISE

The establishment, operation and management of corporate entities in China are governed by PRC Company Law, which was adopted by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 29 December 1993 and took effect from 1 July 1994. It was last amended on 27 October 2005 and took effect from 1 January 2006 (the PRC Company Law has been further revised on 28 December 2013, and will become effective on 1 March 2014). Under the PRC Company Law, companies are generally classified into two categories — limited liability companies and companies limited by shares. The Company Law also applies to foreign-invested limited liability companies. According to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail.

The establishment procedures, approval procedures, registered capital requirements, foreign exchange, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are regulated by the Wholly Foreign-owned Enterprise Law of the PRC\* (中華人民共和國外資企業法) (the “**Wholly Foreign-owned Enterprise Law**”), which was promulgated on 12 April 1986 and amended on 31 October 2000, and the Implementation Rules to the Wholly Foreign-owned Enterprise Law\* (中華人民共和國外資企業法實施細則), which were promulgated on 12 December 1990 and amended on 12 April 2001.

The Catalogue of Industries for Guiding Foreign Investment (2011 Revision)\* (外商投資產業指導目錄 (2011年修訂)) (the “**Catalogue**”), which was amended and promulgated by the MOFCOM and the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) on 24 December 2011, took effect from 30 January 2012. The Catalogue contains specific provisions guiding market access of foreign capital, stipulating in detail the rules of entry according to the categories of encouraged industries, restricted industries and prohibited industries. Industries not listed in the Catalogue are generally open to foreign investment unless prohibited or restricted specifically by other PRC laws and regulations. Foreign investment in the encouraged category is entitled to certain preferential treatment and incentive extended by the government, while foreign investment in the restricted category is permitted but is subject to certain restrictions under PRC laws and regulations. Foreign investment in the prohibited category is not allowed.

### IMPORTATION AND EXPORTATION OF GOODS

Pursuant to the Foreign Trade Law of the PRC\* (中華人民共和國對外貿易法) (the “**Foreign Trade Law**”), which was last amended on 6 April 2004 and took effect from 1 July 2004, and Measures for the Archival Filing and Registration of Foreign Trade Business Operators\* (對外貿易經營者備案登記辦法), which was promulgated on 25 June 2004 and took effect from 1 July 2004, foreign trade dealers engaged in the import and export of goods or technologies shall register with the authority responsible for foreign trade under the State Council or its authorised bodies unless stated otherwise by the relevant PRC laws, regulations and the authority responsible for foreign trade under the State Council. Where foreign trade dealers fail to register as required, the PRC customs authority shall not process the procedures of declaration, examination and release of the imported and exported goods.

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According to Circular of the MOFCOM on Relevant Issues Concerning the Record Keeping and Registration of the Right to Foreign Trade by Foreign-invested Enterprises\* (商務部關於外商投資企業外貿權備案登記有關問題的通知), which was promulgated on 17 August 2004 and took effect from the same date, where a foreign-invested enterprise is newly established to undertake the import and/or export of goods and/or technology which are neither self-produced nor for self-use, the examination and approval authorities shall indicate clearly “business of import/export (business of distribution excluded)” for its scope of business. Upon the establishment of the foreign-invested enterprise, the enterprise must complete the record-keeping and registration formalities in accordance with the Measures for the Archival Filing and Registration of Foreign Trade Business Operators\* (對外貿易經營者備案登記辦法). The registration authorities shall affix a stamp indicating “business of distribution of import goods excluded” on the registration form.

Where a foreign-invested enterprise has been lawfully approved in accordance with the Administrative Measures for Foreign Investment in Commercial Fields\* (外商投資商業領域管理辦法) or other relevant regulations to undertake the import and/or export of goods and/or technology (including the distribution thereof), the record and registration authorities shall not affix the stamp indicating “business of distribution of import goods excluded” when the foreign-invested enterprise completes the formalities of record-keeping and registration as required.

Pursuant to the Administrative Provisions for the Registration of Customs Declaration Agents by the PRC Customs Authorities\* (中華人民共和國海關對報關單位註冊登記管理規定), which was promulgated on 31 March 2005 and took effect from 1 June 2005, “consignor or consignee of export or import goods” means any legal person, other organisation or individual that directly imports or exports goods within the territory of the PRC. Consignors or consignees of import or export goods shall go through registration formalities with their local Customs authorities in accordance with the applicable provisions. After going through the registration formalities with Customs authorities, consignors or consignees of import or export goods may handle their own customs declarations at any customs port or any other places where customs supervisory affairs are concentrated within the customs territory of the PRC. And a PRC Customs Declaration Registration Certificate for Consignor or Consignee of Import or Export Goods\* (中華人民共和國海關進出口貨物收發貨人報關註冊登記證書) shall be valid for a period of three years.

### TAXATION

#### INCOME TAX

According to EIT Law, which was promulgated on 16 March 2007 and took effect from 1 January 2008, and the Implementation Rules To the EIT Law\* (中華人民共和國企業所得稅法實施條例) (the “**Implementation Rules**”), which was promulgated on 6 December 2007 and took effect from 1 January 2008, the income tax for both domestic and foreign-invested enterprises is at the same rate of 25%. Furthermore, resident enterprises, which refer to enterprises that are set up in accordance with the PRC laws, or those set up in accordance with the laws of the foreign country (region) but with its actual administration institution in the PRC, shall pay enterprise income tax originating both within and outside the PRC. While non-resident enterprises that have set up institutions or premises in the PRC shall pay enterprise income tax in relation to the income originating from the PRC and obtained by their institutions or establishments, and the income incurred outside the PRC but there is an actual relationship with the institutions or establishments set up by such enterprises. Where non-resident enterprises that have not set up institutions or establishments in the PRC, or where institutions or establishments are set up but there is no actual

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relationship with the income obtained by the institutions or establishments set up by such enterprises, they shall pay enterprise income tax in relation to the income originating from the PRC.

### VALUE-ADDED TAX

Pursuant to the Provisional Regulations on Value-added Tax of the PRC\* (中華人民共和國增值稅暫行條例) last amended and promulgated on 10 November 2008 and took effect from 1 January 2009 and its implementation rules, all entities or individuals in the PRC engaging in the sale of goods, the provision of processing services, repairs and replacement services, and the importation of goods are required to pay value-added tax (“VAT”). The amount of VAT payable is calculated as “output VAT” minus “input VAT”. The rate of VAT is 17% for those engaging in the sale or importation of goods except otherwise provided under paragraph (2) and paragraph (3) of Article 2 in the Provisional Regulations on Value-added Tax of the PRC and is also 17% for those providing processing services, repairs and replacement services.

### BUSINESS TAX

Pursuant to Provisional Regulations of the PRC on Business Tax\* (中華人民共和國營業稅暫行條例), which was promulgated on 10 November 2008 and took effect from 1 January 2009, unit or individual providing services as prescribed, transferring intangible assets or selling immovable properties within the territory of the PRC are required to pay business tax. The turnover multiplied by the prescribed tax rates shall be the business tax payable. And the tax rate ranges from 3% to 20% according to different industries involved according to the Table of Items and Rates of Business Tax\* (營業稅稅目稅率表) attached to the regulation.

### URBAN MAINTENANCE AND CONSTRUCTION TAX AS WELL AS EDUCATION SURTAX

According to Circular of the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surtax Paid by Domestic and Foreign-invested Enterprises and Individuals\* (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知), which was promulgated on 18 October 2010, from 1 December 2010, the Tentative Regulations of the PRC on Urban Maintenance and Construction Tax\* (中華人民共和國城市維護建設稅暫行條例) and the Tentative Provisions on the Collection of Educational Surtax\* (徵收教育費附加的暫行規定) which were last revised on 8 January 2011 and took effect from the same day by the State Council shall be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners.

Pursuant to Tentative Regulations of the PRC on Urban Maintenance and Construction Tax\* (中華人民共和國城市維護建設稅暫行條例), and the Circular of the State Administration of Taxation on Issues Concerning the Collection of the Urban Maintenance and Construction Tax\* (國家稅務總局關於城市維護建設稅徵收問題的通知), which was promulgated on 12 March 1994 and took effect from the same day, any unit or individual liable to consumption tax, value-added tax and business tax shall also be required to pay urban maintenance and construction tax. Payment of urban maintenance and construction tax shall be based on the consumption tax, value-added tax and business tax which a taxpayer actually pays and shall be made simultaneously when the latter are paid. Furthermore, the rates of urban maintenance and construction tax shall be 7%, 5% and 1% for a taxpayer in a city, in a county town or town and in a place other than a city, county town or town respectively.

In accordance with Tentative Provisions on the Collection of Educational Surtax\* (徵收教育費附加的暫行規定), all units and individuals who pay consumption tax, value-added tax and

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business tax shall also be required to pay educational surtax in accordance with these Provisions. The educational surtax rate is 3% of the amount of value-added tax, business tax and consumption tax actually paid by each unit or individual, and the educational surtax shall be paid simultaneously with value-added tax, business tax and consumption tax.

### **FOREIGN EXCHANGE REGISTRATION, FOREIGN CURRENCY EXCHANGE AND DIVIDEND DISTRIBUTION**

#### **FOREIGN EXCHANGE REGISTRATION**

Pursuant to the SAFE Circular 75, where domestic legal or natural person residents intend to directly established or indirectly controlled an offshore enterprise (hereafter referred to as “SPV”) for the purpose of carrying out offshore equity financing (including convertible bond financing) with the assets or equity interests they hold in domestic enterprises, they are required to apply to the competent administration of foreign exchange for foreign exchange registration of offshore investment prior to establishing or gaining control of an SPV. Furthermore, when domestic legal or natural person residents inject assets or equity they owns in a domestic enterprise into an SPV, or carrying out offshore equity financing after injecting assets or equity into an SPV, they are required to make amendment registration of the offshore investment-related foreign exchange to reflect the net assets or equity they hold in the SPV, and the changes thereto. Besides, if an SPV becomes the subject of material changes in capital, such as capital increase or reduction, equity transfer or swap, merger or division, long-term equity or debt investment, provision of security to a third party, etc. and such changes do not involve reverse investment, the domestic legal or natural person residents shall apply for amendment registration of the offshore investment-related foreign exchange, or the filing with the competent administration of foreign exchange within 30 days of the date of the occurrence of such material changes.

According to the Circular of the SAFE on Further Improving and Adjusting the Administration of Foreign Exchange with Respect to Direct Investment\* (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知), which was promulgated on 19 November 2012 and took effect from 17 December 2012, before handling the offshore investment-related foreign exchange registration, domestic legal or natural person residents may first establish SPVs overseas; but before the completion of the offshore investment-related foreign exchange registration, such SPVs shall not conduct overseas financing or have any change in equities or round-tripping investment or other material change in capital or equities. Foreign-invested enterprises established through round-tripping investments are prohibited from paying profits overseas, making settlement, transferring shares, making capital reduction, recovering in advance investment and the principal and interest of shareholder loans and other funds (including the use of profits paid overseas in domestic reinvestment, capital increase, etc.) if domestic legal or natural person residents fail to make the offshore investment-related foreign exchange registration as required.

#### **FOREIGN CURRENCY EXCHANGE**

The principal regulation governing foreign currency exchange in China is the Foreign Exchange Administration Rules of the PRC\* (中華人民共和國外匯管理條例) (the “**Foreign Exchange Administration Rules**”). Under these rules, which are last amended and promulgated on 5 August 2008 and took effect from the same date, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans unless the prior approval by the competent authorities for the administration of foreign exchange is obtained.

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Under the Foreign Exchange Administration Rules, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of SAFE for paying dividends by providing certain evidencing documents (board resolutions, tax certificates, etc.), or for trade and services-related foreign exchange transactions by providing commercial documents evidencing such transactions. They are also allowed to retain foreign currency (subject to a cap approval by SAFE) to satisfy foreign exchange liabilities. In addition, foreign exchange transactions involving overseas direct investment or investment and trading in securities, derivative products abroad are subject to registration with the competent authorities for the administration of foreign exchange and approval or filings with the relevant government authorities (if necessary).

### DIVIDEND DISTRIBUTION

Before the promulgation of the EIT Law, the principal regulations governing the distribution of dividends paid by wholly foreign-owned enterprises include the Wholly Foreign-owned Enterprise Law and its Implementation Rules, the Foreign-investment Enterprise and Foreign Income Tax Law of the PRC\* (中華人民共和國外商投資企業和外國企業所得稅法).

Under these regulations, wholly foreign-owned enterprises in China may only pay dividends from accumulated after-tax profit, if any, determined in accordance with PRC accounting standards and regulations. And dividends paid to its foreign investors are exempted from withholding tax. However, this exemption provision has been revoked by the EIT Law which prescribes a standard withholding tax rate of 20% on dividends and other China-sourced passive income of non-resident enterprises. The Implementation Rules reduced the rate from 20% to 10%, effective from 1 January 2008.

The PRC and the government of Hong Kong signed the Arrangement between the Mainland of the PRC and Hong Kong SAR for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income\* (內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排) on 21 August 2006 (the “**Arrangement**”). According to the Arrangement, the withholding tax rate of 5% applies to dividends paid by a PRC company to a Hong Kong resident, provided that such Hong Kong resident directly holds at least 25% of the equity interests of the PRC company. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if such Hong Kong resident holds less than 25% of the equity interests of the PRC company.

Furthermore, pursuant to the Circular of the State Administration of Taxation on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty Agreements\* (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated and took effect from 20 February 2009, all of the following requirements should be satisfied where a fiscal resident of the other party to the tax agreement needs to be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a Chinese resident company: a) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; b) owner’s equity interests and voting shares of the Chinese resident company directly owned by such a fiscal resident reaches a specified percentage; and c) the equity interests of the Chinese resident company directly owned by such a fiscal resident, at any time during the twelve months prior to the obtainment of the dividends, reaches a percentage specified in the tax agreement.

In addition, according to the Administrative Measures for Non-resident Enterprises to Enjoy Treatments under Tax Treaties (Trial)\* (非居民享受稅收協定待遇管理辦法 (試行)) (“**Administrative**



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**Measures**”) which came into force on 1 October 2009, where a non-resident enterprise (as defined under the PRC tax laws) that receives dividends from a PRC resident enterprise wishes to enjoy the favourable tax benefits under the tax arrangements, it shall submit an application for approval to the competent tax authority. Without being approved, the non-resident enterprise may not enjoy the favourable tax treatments provided in the tax treaties.

### PRODUCT QUALITY

The principal legal provisions governing product liability are set out in the Product Quality Law of the PRC\* (中華人民共和國產品質量法) (the “**Product Quality Law**”), which was last amended on 8 July 2000 and took effect from the same day. The Product Quality Law is applicable to all activities of production and sale of any product within the territory of the PRC, and the producers and sellers shall be liable for product quality in accordance with the Product Quality Law. According to the Product Quality Law, consumers or other victims who suffer personal injury or property losses due to product defects may demand compensation from the producer as well as the seller. Where the responsibility for product defects lies with the producer, the seller shall, after settling compensation, have the right to recover such compensation from the producer, and vice versa. Violations of the Product Quality Law may result in the imposition of fines. In addition, the seller or producer may be ordered to suspend operation and its business license may be revoked. Criminal liability may be incurred in serious cases.

### COMPETITION LAW

Competitions among the business operators are generally governed by the Law of the PRC for Anti-Unfair Competition\* (中華人民共和國反不正當競爭法)(the “**Anti-Unfair Competition Law**”), which was promulgated on 2 September 1993 and took effect from 1 December 1993. According to the Anti-Unfair Competition Law, when trading on the market, operators shall abide by the principles of voluntariness, equality, fairness, honesty and credibility, and observe generally recognised business ethics. And acts of operators which contravene the provisions of the Anti-Unfair Competition Law, with a result of damaging the lawful rights and interests of other operators, and disturbing the socio-economic order shall constitute unfair competition. Where an operator commits unfair competition in contravention of the provisions of the Anti-Unfair Competition law and causes damage to another operator, it or he shall bear the responsibility for compensating for the damages. Where the losses suffered by the injured operator are difficult to calculate, the amount of damages shall be the profit gained by the infringer during the period of infringement through the infringing act. The infringer shall also bear all reasonable costs paid by the injured operator in investigating the acts of unfair competition committed by the operator suspected of infringing its or his lawful rights and interests.

### PRICE LAW

Pursuant to the Price Law of the PRC\* (中華人民共和國價格法) (the “**Price Law**”), which was promulgated on 29 December 1997 and took effect from 1 May 1998, the operators shall, in determining prices, abide by the principle of fairness, being in conformity with law, honesty and credibility. And production and management costs and market supply and demand situation shall be the fundamental basis for the determination of prices by the operators.

The operators shall, in selling, procuring commodities and providing services, display the clearly marked price in accordance with the provisions of the competent departments of price of the government. And the operators shall not sell commodities with additional price besides the

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marked price and shall not collect any fee not indicated. Furthermore, the operators shall not commit such unfair price acts as manipulating market price in collusion to the detriment of the lawful rights and interests of other operators or consumers and so on. Any operator who commits any of the unfair price acts prescribed in the Price Law shall be ordered to make a rectification, confiscation of illegal gains and may be concurrently imposed a fine of less than five times of the illegal gains; where the circumstances are serious, an order shall be issued for the suspension of business operations for consolidation, or the business license revoked by the agency of industry and commerce administration. In addition, any operator who causes consumers or other operators to pay more prices for illegal price acts should refund the portion overpaid; where damage has been caused, liability for compensation shall be borne according to law. And any operator who violates the provision of clearly marking prices shall be ordered to make a rectification, confiscation of illegal gains and may be concurrently imposed a fine of less than RMB5,000.

### LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

#### TRADEMARK

Pursuant to the Trademark Law of the PRC\* (中華人民共和國商標法) (the “**Trademark Law**”), which was revised on 27 October 2001 and with effect from 1 December 2001 (the Trademark Law has been further revised on 30 August 2013, and will become effective on 1 May 2014), the right to exclusive use of a registered trademark shall be limited to trademarks which have been approved for registration and to goods for which the use of trademark has been approved. The period of validity of a registered trademark shall be ten years, counted from the day the registration is approved. According to the Trademark Law, using a trademark that is identical with or similar to a registered trademark in connection with the same or similar goods without the authorisation of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc.

#### PATENT

Pursuant to the Patent Law of the PRC\* (中華人民共和國專利法) (the “**Patent Law**”), which was revised on 27 December 2008 and took effect from 1 October 2009, after the grant of the patent right for an invention or utility model, except where otherwise provided for in the Patent Law, no entity or individual may, without the authorisation of the patent owner, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, or use, offer to sell, sell or import any product which is a direct result of the use of the patented process, for production or business purposes. And after a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent, that is, for production or business purposes, manufacture, offer to sell, sell, or import any product containing the patented design. Where the infringement of patent is decided, the infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc.

#### DOMAIN NAME

Pursuant to the Measures for the Administration of Internet Domain Names of China\* (中國互聯網絡域名管理辦法), which was promulgated on 5 November 2004 and took effect from 20 December 2004, “domain name” shall refer to the character mark of hierarchical structure, which identifies and locates a computer on the internet and corresponds to the Internet protocol

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(IP) address of that computer. And the principle of “first come, first served” is followed for the domain name registration service. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/it. Furthermore, the holder shall pay operation fees for registered domain names on schedule. If the domain name holder fails to pay the corresponding fees as required, the original domain name registrar shall write it off and notify the holder of the domain name in written form.

### LAWS AND REGULATIONS RELATING TO LABOUR

#### EMPLOYMENT CONTRACTS

The Labour Contract Law of the PRC\* (中華人民共和國勞動合同法) (the “**Labour Contract Law**”), which was promulgated on 29 June 2007 and took effect from 1 January 2008 by the Standing Committee of the NPC and whose amendments made on 28 December 2012 will take effect on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employment contract. The Labour Contract Law stipulates that employment contracts must be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

#### SOCIAL INSURANCE AND HOUSING FUND

Under applicable PRC laws and regulations, including the Social Insurance Law of the PRC\* (中華人民共和國社會保險法), which was promulgated on 28 October 2010 and took effect from 1 July 2011 by the Standing Committee of the NPC, and the Regulations on the Administration of Housing Accumulation Fund\* (住房公積金管理條例), which was amended by the State Council on 24 March 2002, employers and/or employees (as the case may be) are required to contribute to a number of social insurance funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing funds. These payments are made to local administrative authorities and employers who fail to contribute may be fined and ordered to rectify within a stipulated time limit.

#### PREVENTION AND TREATMENT OF OCCUPATIONAL DISEASE

Pursuant to Regulations on the Prevention and Treatment of Occupational Disease of the PRC\* (中華人民共和國職業病防治法), which was promulgated on 27 October 2001 and took effect from 1 May 2002, and was amended on 31 December 2011, for any new/expansion/modification projects, technical modification projects and technology introduction project (hereinafter referred to as “**Construction Project**”) that has high occupational disease exposure, the responsible organisations should, in the feasibility study phase, submit the report for pre-assessment of occupational-health harm to the competent public health authority, which, within thirty (30) days after the receipt of the report stated hereinabove, shall notify the said organisation the written decision thereof. It is not allowed to approve any Construction Project by relevant authorities where the above pre-assessment report has not been submitted or has been denied by the competent public health authority. And the expense of the occupational-disease-prevention facilities for any Construction Project shall be counted into the engineering budget of the Construction Project, and the occupational-disease-prevention facilities should be designed, engineered and put into operation concurrently with the main body of the project. Furthermore, the relevant organisation shall subject the Construction Project to the assessment of the effect of prevention of the occupational-health harm by the matched facilities prior to the check and acceptance of the



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Construct Project by relevant parties. The Construction Project shall not be put into operation until the matched facilities for the prevention of the occupational-health harm are certified by the public health department. Also according to Regulations on the Prevention and Treatment of Occupational Disease of the PRC, the employer should, at its own cost, proceed with the pre-employment/on-job/pre-departure physical examination for the labourers engaged in the occupational-disease-inductive operation and faithfully inform the labourers of the examination result. Besides, the employer is prohibited from assigning the labourers to the occupational-disease-inductive operation before undertaking pre-employment physical examination or assigning the taboo-bound labourers to the taboo operations. In addition, the Employer should also transfer the labourer suffering from the work-related disease found in the occupational health examination to other post. Moreover, the employer is prohibited from invalidating or terminating the labour contract of any labourer not undergoing pre-departure occupational health examination.

### LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the PRC\* (中華人民共和國環境保護法) (the “**Environmental Protection Law**”), which was promulgated and became effective on 26 December 1989 by the Standing Committee of the NPC, establishes the legal framework for environmental protection in the PRC. The environmental protection department of the State Council supervises and administers the environmental protection work in the PRC, and establishes national standards for the environmental quality and discharge of pollutants. Local environmental protection bureaus are in turn responsible for the environmental protection work within their respective jurisdictions.

### PREVENTION AND CONTROL OF POLLUTIONS

The Law of the PRC on Prevention and Control of Water Pollution\* (中華人民共和國水污染防治法), which was amended by the Standing Committee of the NPC on 28 February 2008 and with effect from 1 June 2008, the Law of the PRC on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), which was amended by the Standing Committee of the NPC on 29 April 2000, and took effect from 1 September 2000, and the Law of the PRC on Prevention and Control of Environmental Noise Pollution\* (中華人民共和國環境噪聲污染防治法), which was promulgated on 29 October 1996 and took effect from 1 March 1997 by the Standing Committee of the NPC, as well as the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes\* (中華人民共和國固體廢物污染環境防治法), which was last revised on 29 June 2013 and took effect from the same day, prescribe the details for the prevention and control of water pollution, atmospheric pollution, noise pollution and solid waste pollution.

### CONSTRUCTION PROJECT ENVIRONMENTAL PROTECTION

The Environmental Impact Appraisal Law\* (中華人民共和國環境影響評價法) which was promulgated on 28 October 2002 and took effect from 1 September 2003 by the Standing Committee of the NPC, the Administration Rules on Environmental Protection of Construction Projects\* (建設項目環境保護管理條例) which was promulgated by the State Council and became effective on 29 November 1998, require enterprise planning construction projects to engage qualified professional institution to provide assessment reports on the environmental impact of such projects. The assessment report must be approved by the competent environmental protection authorities prior to commencement of any construction work. Enterprises shall file an application for examination and acceptance of the environmental protection facilities upon the completion of the construction project. A construction project may be formally put into production or use only if the corresponding environmental protection facilities have passed the acceptance examination.

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### LAWS AND REGULATIONS RELATING TO PRODUCTION SAFETY

Pursuant to the Production Safety Law of the PRC\* (中華人民共和國安全生產法), which was last revised on 27 August 2009 and took effect from the same day, special equipment that concerns the safety of life or is rather dangerous, the containers of hazardous substances, or transportation tools that any production and business operation entity uses must, according to the relevant provisions of the state, be manufactured by specialised production entities, and may only be put into use after it has passed the detections and tests of those detecting and testing institutions that have been equipped with the professional qualifications for which a certificate for safe use or a mark of safety has been obtained. In addition, the production, business operation, transportation, storage, and use of any dangerous substances or the disposal of or abandonment of dangerous substances shall be subject to the examination and approval as well as the supervision and administration of the relevant administrative departments according to the provisions of the relevant laws and regulations, national standards, or industrial standards.

Pursuant to the Regulations on Safety Supervision of Special Equipment\* (特種設備安全監察條例), promulgated on 11 March 2003 and took effect from 1 June 2003 (amended on 24 January 2009 and with effect from 1 May 2009), “**special equipment**” used in the regulations refers to boilers, pressure vessels (including gas cylinders, same below), pressure pipelines, elevators, lifting appliances, passenger ropeways, large amusement devices and field(factory) inside special motor vehicles, which relate to safety of human lives and have high risks. As required by the Regulations, prior to the putting-into-service of any special equipment or within 30 days after such putting-into-service, units using special equipment shall register with competent departments for safety supervision and administration of special equipment. The registration mark shall be placed or attached to a prominent position of the special equipment. Furthermore, operators and the relevant managerial staff of boilers, pressure vessels, elevators, lifting appliances, passenger ropeways, large amusement devices and field(factory) inside special motor vehicles (referred to as the “**operators of special equipment**”) shall not engage in corresponding operation or management until they have passed the examination organised by the departments for safety supervision and administration of special equipment as required by the State and acquired certificates for operators of special equipment with a nationally unified formula.