This section summarises the principal laws and regulations of Hong Kong and the PRC which are relevant to the Group's business. As this is a summary, it does not contain the detailed analysis of the Hong Kong and the PRC laws which are relevant to the Group's business.

THE LAWS AND REGULATIONS OF HONG KONG

Regulatory regime

In addition to the business registration certificate required for the commencement of restaurant business, there are three principal types of licenses required to be obtained for the operation of the Group's restaurants which are as follows:

(a) restaurant license granted by the DFEH of the FEHD, which are required to be obtained before commencement of the relevant food business operation;

(b) water pollution control license granted by the DEP of the EPD; which is required to be obtained before any discharge of trade effluents into a communal sewer or communal drain in a water control zone commences; and

(c) liquor license granted by the LLB, which is to be obtained before commencement of sale of liquor in the restaurant premises.

Business registration certificate

To commence the business of restaurants, bars or cafes, in addition to other business licenses described below, it is necessary to obtain business registration certificate pursuant to section 5 of the Business Registration Ordinance (Chapter 310). The business registration application shall be made within 1 month of the commencement of business.

Restaurant license

In Hong Kong, any person carrying on restaurant business is required to obtain a restaurant license granted by the DFEH under the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) and the FBR before commencing the restaurant business. A general restaurant license permits the licensee to prepare and sell any kind of food for consumption on the premises. It is provided under section 31(1) of the FBR that no person shall carry on or cause, permit or suffer to be carried on any food business including restaurant business except with a restaurant license. Generally, before a general restaurant license is granted, the DFEH needs to be satisfied that certain requirements in respect of for instance means of ventilation, sanitary fitments, facilities for cleansing equipment and utensils, means of exit and entry and fire safety are made. The FEHD will consult the Buildings Department, the Planning Department and Fire Services Department in accessing the suitability of premises for use as a restaurant, and the fulfillment of the Buildings Department's structural standard and the Fire Services Department's fire safety requirement are considered. If their comments are such that its policy or requirement cannot be complied with, the licencing authority will refuse the application and inform the applicant of the refusal with reasons.

Under section 33C of the FBR, the DFEH may grant provisional restaurant licenses to new applicants who have fulfilled the basic requirements in accordance with the FBR pending completion of all outstanding requirements for the issue of a full restaurant license. A provisional restaurant license shall be valid for a period of six months or a lesser period and a full restaurant license is generally valid for a period of 12 months, both subject to payment of the prescribed license fees and continuous compliance with the requirements under the relevant legislation and regulations. A provisional restaurant license is renewable on one occasion and only on one occasion at the absolute discretion of DFEH and a full restaurant license is renewable annually.

Demerit points system

The demerit points system is a penalty system operated by the FEHD to sanction food businesses for repeated violations of relevant hygiene and food safety legislation. Under the system:

(a) if within a period of 12 months, a total of 15 demerit points or more have been registered against a licensee in respect of any licensed premises, the license in respect of such licensed premises will be subject to suspension for seven days (the "**First Suspension**");

(b) if, within a period of 12 months from the date of the last offence leading to the First Suspension, a total of 15 demerit points or more have been registered against the licensee in respect of the same licensed premises, the license will be subject to suspension for 14 days (the "**Second Suspension**");

(c) thereafter, if within a period of 12 months from the date of the last offence leading to the Second Suspension, a total of 15 demerit points or more have been registered against the licensee in respect of the same licensed premises, the license will be subject to cancellation;

(d) for multiple offenses found during any single inspection, the total number of demerit points registered against the licensee will be the sum of the demerit points for each of the offences;

(e) the prescribed demerit points for a particular offence will be doubled and trebled if the same offence is committed for the second and the third time within a period of 12 months; and

(f) any alleged offence pending, that is the subject of a hearing and not yet taken into account when a license is suspended, will be carried over for consideration of a subsequent suspension if the licensee is subsequently found to have violated the relevant hygiene and food safety legislation upon the conclusion of the hearing at a later date.

Water pollution control license

In Hong Kong, discharges of trade effluents into specific water control zones are subject to control and the discharger is required to obtain a water pollution control license granted by the DEP under the WPCO before commencing the discharge.

Under section 8(1) and 8(2) of the WPCO, a person who discharges (i) any waste or polluting matter into the waters of Hong Kong in a water control zone; or (ii) any matter into any inland waters in a water control zone which tends (either directly or in combination with other matter which has entered those waters) to impede the proper flow of the water in a manner leading or likely to lead to substantial aggravation of pollution, commits an offence and where any such matter is discharged from any premises, the occupier of the premises also commits an offence.

Section 9(1) and 9(2) of the WPCO provides that generally a person who discharges any matter into a communal sewer or communal drain in a water control zone commits an offence and where any such matter is discharged into a communal sewer or communal drain in a water control zone from any premises, the occupier of the premises also commits an offence. Under section 12(1)(b) of the WPCO, a person does not commit an offence under sections 8(1), 8(2), 9(1) or 9(2) of the WPCO if the discharge or deposit in question is made under, and in accordance with, a water pollution control license.

Under section 15 of the WPCO, the DEP may grant a water pollution control license on terms and conditions as he thinks fit specifying requirements relevant to the discharge, such as the discharge location, provision of wastewater treatment facilities, maximum allowable quantity, effluent standards, self-monitoring requirements and keeping records.

A water pollution control license may be granted for a period of not less than two years, subject to payment of the prescribed license fee and continuous compliance with the requirements under the relevant legislation and regulations. A water pollution control license is renewable.

Liquor license

Section 17(3B) of the DCO provides that where regulations prohibit the sale or supply of any liquor except with a liquor license, no person shall sell, or advertise or expose for sale, or supply, or possess for sale or supply, liquor except with a liquor license.

Any person who intends to operate a business which involves the sale of liquor for consumption at any premises must obtain a liquor license from the LLB under the DCR before commencement of such business. Regulation 25A of the DCR prohibits the sale of liquor at any premises for consumption on those premises or at a place of public entertainment or a public occasion for consumption at the place or occasion except with a liquor license. A liquor license will only be issued when the relevant premises have also been issued with a full or provisional restaurant license. A liquor license will only be valid if the relevant premises remain licensed as a restaurant. All applications for liquor licenses are referred to the Commissioner of Police and the District Officer concerned for comments.

Under regulation 15 of the DCR, any transfer of a liquor license must be made on the form as determined by the LLB. For a transfer application, consent of the holder of liquor license is required. Under regulation 24 of the DCR, in case of illness or temporary absence of the holder of liquor license, the secretary to the LLB may in his discretion authorise any person to manage the licensed premises. The application under such regulation is required to be made by the holder of liquor license. For any application for cancellation of the liquor license made by the holder of liquor license, an application for new issue of a liquor license will be required to be made to the LLB. Under section 54 of the DCO, in case of death or insolvency of the holder of liquor license, his executor or administrator or trustee may carry on the business in the licensed premises until the expiration of the license.

A liquor license is valid for a period of one year or a lesser period, subject to the continuous compliance with the requirements under the relevant legislation and regulations.

THE LAWS AND REGULATIONS OF PRC

The relevant PRC laws and regulations related to the dining industry in the Mainland of the People's Republic of China are as follows:

Provisions on Foreign Investment

According to the amended Catalog for the Guidance of Foreign Investment Industries (《外商投資產業指導目錄》), dining services and general food production and sales are classified as projects where foreign investments are allowed by the State.

The Law of Wholly Foreign-owned Enterprises of the PRC (《中華人民共和國外資企業法》) (the "**Law of Foreign-invested Enterprises**"), which was promulgated by the National People's Congress on 12 April 1986 and amended on 31 October 2000 stipulates that applications for the establishment of foreign-invested enterprises or to be reviewed and approved by the Ministry of Foreign Trade and Economic Cooperation under the State Council or the authorities authorised by the State Council. In the event of a split, merger or other major events of changes, such event must be reported to the review and approval authorities for approval, and the changes are to be registered with the State Administration for Industry and Commerce. The foreign investor may remit overseas profits lawfully earned from the foreign-invested enterprise, other lawful income and funds following the liquidation of the enterprise.

The Implementation Rules for the Law of Wholly Foreign-owned Enterprises of the PRC (《中華人民共和國外資企業法實施細則》) which was promulgated on 12 December 1990 and amended on 12 April 2001 and 19 February 2014, respectively, stipulates that a foreign-invested enterprise shall make contributions to reserve funds from its profits at a rate of no less than 10% after income tax payment. When the accumulated total amount of contributing funds is equal to 50% of the registered capital, no further contributions may be made. A foreign-invested enterprise shall not distribute any profits until any losses from prior fiscal years have been offset.

Provisions on Food Production and Dining Operations

Regulatory Provisions before 2009

Prior to 2009, food production operations in the PRC shall abide by the Food Hygiene Law of the PRC (《中華人民共和國食品衛生法》) (the "**Food Hygiene Law**"), which was promulgated on 30 October 1995 by the Standing Committee of the National People's Congress (the "**SCNPC**") and came into force on the same date. Pursuant to the Food Hygiene Law, enterprises engaged in food production operations must obtain in advance a hygiene license issued by the health administration authority. No entity may engage in food production operations without obtaining a hygiene license.

The Administrative Measures for Food Hygiene Licenses (《食品衛生許可證管理辦法》) came into force on 1 June 2006. Under the Measures, any entity or individual must be examined and approved by the health administration authority before engaging in food production operations, and shall be responsible for food hygiene in the food production operations. Hygiene licenses for producing food additives, healthcare foods and food from new resources will be issued by provincial level health administration department. Hygiene licenses for the food production operations by other operators will be issued by the health administration departments at the provincial level, municipal level with sub-districts or county levels. The valid period of hygiene license is four years, while the valid period of hygiene licenses for entities and individuals that engage in food production operations temporarily shall not exceed half a year.

Currently Effective Regulatory Provisions

On 28 February 2009, the SCNPC promulgated the Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法》) (the "**Food Safety Law**"), which came into force on 1 June 2009 and the Food Hygiene Law was repealed concurrently. According to the Food Safety Law, it is applicable to food production and processing, food circulation and dining services in the PRC. The State adopts a licenses system for food production operations. Operations in food production, food circulation, and dining services must obtain food production license, food circulation license and dining service license in accordance with the Law. The Law was amended on 24 April 2015 and the amendments will become effective on 1 October 2015. The amended Food Safety Law imposes standardisation on the use of food additives and increases the responsibility of operators. It also increases the magnitude of penalisation for illegal behaviour.

On 30 July 2009, the SCNPC promulgated and implemented the Administrative Measures for Food Circulation Licenses (《食品流通許可證管理辦法》). According to the Measures, industry and commerce administration authorities at county level or above are the competent authorities for implementing the food circulation licenses system. Entities engaged in the circulation of food operations should obtain food circulation licenses according to law. However, a food circulation license is not required when a food producer which has already obtained a food production license sells food it produces at its production venue. A food circulation license is not required when a dining service provider which has already obtained a dining service license sells processed foods produced by it at its dining service venue.

On 1 May 2010, the Administrative Measures for Dining Service Licenses (《餐飲服務許可管理辦法》) and the Administrative Measures for the Monitoring of Food Safety of Dining Services (《餐飲服務食品安全監督管理辦法》) were implemented, while the Administrative Measures for Food Hygiene Licenses and the Administrative Measures for Food Hygiene of the Dining Industry (《餐飲業食品衛生管理辦法》) were repealed concurrently. Pursuant to the Administrative Measures on Dining Service Licenses, the local food and drug administrations at various levels are responsible for the administration of dining service licenses. Providers of dining services are required to obtain a dining service license and are responsible for food safety in dining services in accordance with the law. One service provider providing dining services at different locations or venues shall obtain separate dining service licenses, respectively. In the event of any change in the operation location or venue, a new application for dining service license is required. The dining service license is valid for a period of three years. For those temporary dining services, the dining service license is valid for a period of not exceeding six months. Where renewal is required, the dining service providers should submit a renewal application in writing to the original issuing department at least 30 days before the expiry date of the valid period of the dining service license. Overdue renewal application may follow the same procedure as new application for dining service license. The original issuing department, after accepting the renewal application of dining service license, shall focus on whether there was any change to the formerly licensed operation venue, any change in the layout of flow processes, and any change to the hygiene facilities, as well as whether the applicant has satisfied the basic conditions required for license applications, and a new dining service license will be issued upon successful renewal. Any transfer, alteration, lending, sale or leasing of dining service licenses by dining service providers are prohibited. Dining service providers should operate within the scope of their licenses in accordance with the law and their dining service licenses should be hung or displayed at a conspicuous position in the venue for dining. If the dining service providers had already obtained a food hygiene license before the implementation date of the Administrative Measures on Dining Service Licenses, the food hygiene license shall remain effective during its valid period, and such dining service providers should apply to the local food and drug supervision and administration authorities in the administrative regions where they operate for a dining service license before its expiry date. On 22 September 2014, the Administrative Measures for Operation of the Dining Industry (Trial) (《餐飲業經營管理辦法（試行）》) was jointly promulgated by the Ministry of Commerce and the State Development and Reform Commission, and implemented on 1 November 2014. Pursuant to the Administrative Measures for Operation of the Dining Industry (Trial), the dining operators must not sell the food which does not comply with the state standards of the food quality and hygiene; the dining operators must not dispose of the dining waste randomly; the dining operators shall mark the price of food and services in accordance with the regulations promulgated by the Administration of Commodity Price of the State Council; the dining operators must not set any minimum consuming amount. In the event of sales promotion, the dining operators shall expressly explain the promotion information, including reasons, methods, rules, duration, the scope of promoted goods, and the relevant restrictions. When a dining operator fails to comply with the administrative measures, it may be subject to administrative penalties such as warnings, order of correction within a prescribed period of time, and fines.

Provisions on Public Hygiene

On 1 April 1987, the State Council promulgated and implemented the Administrative Provisions on Hygiene in Public Venues. According to the Provisions, restaurants are included as public venues. Personnel providing direct service for customers in public venues must possess a health certificate in order to perform their duties. A restaurant can only apply for an operating license with the administrative department of industry and commerce after it has obtained a hygiene license.

The Rules for the Implementation of the Administration of Hygiene in Public Venues implemented on 1 May 2011 are the current effective rules, and were promulgated by the Ministry of Health (now withdrawn). The Rules stipulate the hygiene conditions and hygiene management systems for public venues, including restaurants.

According to the above regulations, local health authorities are responsible for monitoring the hygiene of public venues within their administrative regions. Should there be any violation of the above laws and regulations, administrative penalties including warnings, fines, correction orders, suspension of business and even revocation of hygiene licenses may be applied according to the severity of the situation.

Provisions on Consumer Protection

The Law on Protection of Consumer Rights (《消費者權益保護法》), which came into force on 1 January 1994, and was amended for the first time on 27 August 2009, and amended for a the second time on 25 October 2013, stipulates that that the merchandise or services provided by business operators should meet safety requirements. Business operators of venues such as restaurants must fulfill their obligation in protecting the safety of their customers. Business operators are forbidden to impose unfair and unreasonable restrictions such as exclusion or restriction of customer rights, mitigation or exemption of the responsibility of business operators, increase of consumer responsibility through standard terms, notices, disclaimers and store notices. When a business operator violates the Law on Protection of Consumer Rights and causes bodily or property damage to consumers, they are required to undertake civil compensation responsibilities. They may also receive administrative penalties including warnings, confiscation of illegal earnings, fines, orders to suspend business and revocation of business license from administrative departments.

Provisions on Liquor Circulation

The Administrative Measures for Liquor Circulation (《酒類流通管理辦法》) (the "**Liquor Circulation Measures**") promulgated on 7 December 2005 and implemented on 1 January 2006 stipulates that "liquor circulation" includes business operations like the wholesale, retail and storage and transport of liquor. The liquor operator shall, within 60 days of acquiring a business license, make the archival filing and registration formalities in the competent department of commerce at the same level as the administrative department for industry and commerce where the registration is handled according to the principle of

territorial administration. Where any registered item in the Registration Form for Liquor Circulation Archival Filing is altered, the relevant liquor operator shall, within 30 days as of alteration (in the case of any item regarding the industrial and commercial registration, it shall be within 30 days as of the alteration of industrial and commercial registration), handle the formalities for alteration in the competent department of commerce. When an enterprise or individual fails to make the archival filing and registration formalities or handle the formalities for alteration in accordance with the measures, he/she/it may be subject to administrative penalties such as warnings, order for correction within a set timeframe, and fines.

On 25 June 2004, the 32nd meeting of the third session of the Standing Committee of the People's Congress of Shenzhen, Guangdong Province passed the Decision by the Standing Committee of the People's Congress of Shenzhen to Repeal Four Regulations Including Administrative Measures for the Real Estate Industry in the Shenzhen Special Economic Zone (《深圳市人民代表大會常務委員會關於廢止<深圳經濟特區房地產行業管理條例>等四項法規的決定》), which included the repeal of the Administrative Measures for Liquor in the Shenzhen Special Economic Zone (《深圳經濟特區酒類管理條例》).

On 5 July 2004, the Decision on Publishing the Results of Clearance on Shenzhen Municipal Administrative Approval Items (《關於發佈深圳市行政審批事項清理結果的決定》) was made by Shenzhen municipal people's government. According to the Decision, Shenzhen has cancelled the approval of Liquor Retail Licenses.

Provisions on Taxation

Enterprise Income Tax

Before 1 January 2008, the enterprise income tax of foreign-invested enterprises was adjusted according to the Income Tax Law of the PRC of Foreign-invested Enterprises and Foreign Enterprises (《中華人民共和國外商投資企業和外國企業所得税法》) (the "**Income Tax Law of Foreign-invested Enterprises and Foreign Enterprises**"), and a tax rate of 30% in respect of the taxable income was charged. The local income tax was computed on the basis of taxable income at the rate of 3%.

On 1 January 2008, the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) promulgated by the National People's Congress was officially implemented and the Income Tax Law of Foreign-invested Enterprises and Foreign Enterprises were repealed concurrently. Income derived from the PRC by enterprises or other organisations shall be charged enterprise income tax at the rate of 25%.

Business Tax

The business tax of foreign-invested enterprises was governed by the Provisional Regulations on Business Tax of the PRC (《中華人民共和國營業税暫行條例》), which came into force with effect from 1 January 1994 and was amended on 10 November 2008. According to the Provisional Regulations, enterprises in service industry shall be subject to business tax at the rate of 5% on their turnover.

Value-added tax

The Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) was officially implemented on 1 January 1994 and amended on 10 November 2008. The Provisional Regulations stipulate that value-added tax is payable on the sale or import of goods and the provision of processing, repair and labor replacement services in the PRC. The value-added tax rate is generally levied at 17%, however, a tax rate of 13% is applicable to the sale or import of certain categories of necessities. Exports are exempted from value-added tax.

Provisions relating to Foreign Exchange

The Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管條例》) (the "**Foreign Exchange Administrative Regulations**") which was promulgated and implemented on 1 April 1996 and amended on 5 August 2008 forms an important legal basis for the PRC authorities to supervise and regulate foreign exchange. According to the Foreign Exchange Administrative Regulations, the foreign exchange income in the capital accounts of domestic enterprises shall be deposited, in accordance with relevant State regulations, into foreign exchange accounts opened with banks designated. Any foreign exchange payment from capital account shall, in accordance with provisions enacted by State Council foreign exchange administrative department relating to foreign exchange payments and purchases, be made out of the payer's own foreign exchange funds on the strength of valid documents or be made with foreign exchange purchased from any financial institution engaged in foreign exchange settlement and sales business. Where an approval from the relevant foreign exchange administrative authority is required in accordance with State provisions, the relevant approval formalities shall be completed before the foreign exchange payment is made. For foreign-invested enterprises wound up in accordance with the relevant laws, the amount of Renminbi that belongs to the relevant foreign investor(s) after liquidation and payment of tax pursuant to relevant State provisions may be used to purchase foreign exchange from any financial institution engaged in foreign exchange settlement and sales business in order to remit it outside the PRC.

Provisions on 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"**) implemented on 26 December 1989 and amended on 24 April 2014 stipulates that installations for the prevention and control of pollution in construction projects must be designed, built and commenced operation together with the main body of the project. Installations for the prevention and control of pollution should comply with the requirements of the approved environmental impact report and may not be dismantled or left idle without authorisation. Enterprise units and other production operators engaged in pollutant discharge licensing management should discharge pollutants according to the pollutant discharge license. Those which have not yet obtained the pollutant discharge license may not discharge pollutants. If business units or other production operators violate the relevant regulations of the Environmental Protection Law, they may be liable to legal

responsibilities including administrative penalties such as fines, correction orders, suspension of production for improvement, order of suspension of business or being shut down. Direct management and direct persons in charge may be subject to detainment, and are liable to criminal responsibility if their violations constitute a criminal offense.

The PRC Environmental Impact Evaluation Method (《中華人民共和國環境影響評價法》) implemented on 1 September 2003 and the Reply Regarding Environmental Impact Evaluation Systems Which Should be Implemented by Newly Constructed Food and Beverage and Entertainment Facilities (《關於新建飲食娛樂服務設施應當執行環境影響評價制度的覆函》) implemented on 20 January 1999 stipulates that the new construction, renovation and expansion construction of dining service facilities and the conversion of leased buildings into dining service facilities must be registered with and approved by local environmental protection administrative authorities.

The Regulations on Environmental Protection Administration of Construction Projects (《建設項目環境保護管理條例》) implemented on 29 November 1998 and the Administrative Measures for Environmental Protection Inspection of Completed Construction Projects (《建設項目竣工環境保護驗收管理辦法》) implemented on 1 February 2003 stipulates that completed construction projects are to be inspected by environmental protection departments or an external environmental protection administrative authority, and that the construction project may only commence production or be used after it has passed the inspection and obtained the inspection approval. Unless approval has been granted by local environmental protection administrative authorities, installations for the prevention and control of pollution may not be dismantled or left idle.

The Circular on Strengthening Environmental Management of Food and Beverage and Entertainment Service Enterprises (《關於加強飲食娛樂服務企業環境管理的通知》) implemented on 1 February 1995 stipulates that besides complying with the environmental protection requirements listed by the Environmental Protection Law, dining service enterprises should also install certain devices to absorb cooking oil fumes and odors which are discharged through specialised chimneys. Also, dining service enterprises should adopt measures to prevent and control the noise and heat pollution generated by air conditioners.

The Law of Water Pollution Prevention and Control of the People's Republic of China (《中華人民共和國水污染防治法》) implemented on 1 November 1984 and amended on 15 May 1996 and 28 February 2008, respectively, and the Notice on Issues Concerning Strengthening the Levying of Pollutant Discharge Fees on Village and Township Enterprises and Food and Beverage and Entertainment Service Industries issued by the State Administration for Environmental Protection (《國家環境保護局關於加強鄉鎮企業和餐飲娛樂服務業排污收費有關問題的通知》) stipulates that dining service enterprises that directly discharge pollutants into a water body shall pay pollutant discharge fees according to the type and quantity of the water pollutants discharged and the standard scale of collecting pollutant discharge fees.

Provisions on Fire Prevention

The Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) (the "**Fire Prevention Law**") was implemented on 1 September 1998 and amended on 28 October 2008. According to the Fire Prevention Law, upon completion of large venues with a high density of people or other particular construction projects as prescribed by the Ministry of Public Security, such projects must go through fire prevention inspection by the fire prevention authority of the public security department. Such projects will be prohibited from commencement of operation without inspection or failure to pass the inspection. Prior to the commencement of use or operation of public gathering venues, the construction unit or user unit is required to make an application to the fire prevention authority of the public security department at the county level or above at the place where the venue is situated for a fire prevention inspection. When a construction project has been delivered for use without passing the inspection, or where public gathering spots which commenced for use or operation without being inspected for fire prevention or had been inspected but failed to satisfy the fire prevention safety requirements, an order to cease its use or production or operation may be made and a fine may be levied by the relevant authority.

The Provisions for the Administration of Fire Prevention Supervision and Examination of Construction Projects (《建設工程消防監督管理規定》) implemented on 1 May 2009 and amended on 17 July 2012 stipulates that hotels with gross floor area exceeding 10,000 square meters and restaurants with entertainment functionality with gross floor area exceeding 500 square meters are classified as venues with a high density of people under the Fire Prevention Law.

Provisions on Labor Services

The Labor Law of the PRC (《中華人民共和國勞動法》) (the "**Labor Law**") was promulgated by the SCNPC and was implemented on 1 January 1995. The Labor Law stipulates that workers are entitled to have equal opportunities in employment, selection of occupations, receiving wages and remuneration, rest days and holidays, protection of occupational safety and health, the rights to social insurance and welfare, etc.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) which was implemented on 1 January 2008 and amended on 28 December 2012 stipulates that labor contracts must be executed in order to establish a labor relationship between the employer unit and the labor worker. When an employer unit is recruiting labor workers, it should inform the labor workers truthfully the content of work, working conditions, place of work, occupational hazards, safe production conditions, labor remuneration and other circumstances requested to be known by the labor workers.

The Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) implemented on 1 July 2011 stipulates that employer units must purchase social insurance for labor workers. Such insurance includes pension insurance, unemployment insurance, childbirth insurance, work injury insurance and medical insurance. When an

employer unit fails to complete social insurance registration or does not pay the full amount of social insurance fees on time, it may be subject to administrative penalties such as order of correction within a specific timeframe, order of payment within a specific timeframe, or top-up, increase of penalty fees and fines by the social insurance administrative authorities.

The Administrative Provisions for Housing Provident Funds (《住房公積金管理條例》) promulgated on 3 April 1999, which became effective on 3 April 1999 and amended on 24 March 2002 stipulates that employer units must register housing provident fund deposits with the housing provident fund management center and set up housing provident fund accounts for its employees. Failure to do so may result in penalties such as order to register within a specific timeframe or fines by the housing provident fund management center. If an employer unit fails to make deposits after the due date, the housing provident fund management center may apply for enforcement with the People's Court.