

Labor contract

1. As soon as applicants arrive at our factory for interviews, they will receive a copy of the labor contract template for review. After the applicants read and fully understand the contract, the interviews will begin.
2. When the applicants join our company as official employees, they will receive a copy of their labor contract for review and signature. The contract needs to be returned to us within a month and we expect to receive it as early as a week. After that, two sets of the labor contract will be delivered to the Bureau of Labor for approval with chop.
3. When we receive the official approval from the Bureau of Labor, a copy of the contract will be provided to the employees. Receipt with employees' signature could be provided for your reference. (See attached file : Contract receipt) Due to unpredictable approval lead time that is determined by the bureau's workload, our experience tells us that the process could take anywhere between a month and three months.
4. In some incidents, employees would not receive an approved copy of their labor contracts when their employment period ends before we have received them from the Bureau of Labor.
5. On the first day of employment, the Administrative Department hosts a welcome briefing for new employees. The seminar presents the facilities of the factory, discusses factory regulations and policies and informs employees their rights.

Wages

1. We have two sets of pay stub. A set for audit purposes, including ICTI and ... etc, with accurate data and another set for other purposes.
2. Employees sign to acknowledge the accuracy and receipt of their salaries and pay stubs are distributed afterwards. Receipt with employees' signature could be provided for your reference. (See attached file : Salary stub)
3. No temporary workers are being hired at our facilities. All of our employees are being hired directly by our company and no agencies or third parties are involved.
4. On average, we employ approximately 250 workers and 500 workers during peak season, which is between June and September. We believe that some students are employed during the summer as they seek summer employments.
5. It is against our company policy for employees to receive any benefits such as referral fee for introducing new employees to join our company. An anonymous questionnaire will be sent out to employees to investigate whether incidents of referral benefits have occurred.
6. No discrimination on salaries pay to employees who works at the same position.
7. A factory handbook will be provided to every employee in May 2011.

Delay in salaries

1. According to the local laws and regulations, all employees' salaries must be paid no more than one month following their shifts. In contrast, our company has a pay date of the 23rd of every month written on our contract, which is 7 to 8 days earlier than the official requirement.
2. In the year of 2010, there are 5 incidents of late salary payments.(Jan, March, June, Nov & Dec) The longest one occurred in the January of 2010, when employees received their salaries on February 27th. The payment record of year 2010 could be provided for reference. (See attached file : salary payment record)
3. Actions will be taken to ensure that employees will receive their salaries on pay day on or before the 23rd of each month regardless of public holidays. The change will be effective in March of 2011.

Working hours

1. Below is the working hour schedule.

Morning Shift	08:00 – 12:00
Lunch	12:00 – 13:30
Afternoon Shift	13:30 – 17:30

2. We had an excessive overtime record on July 07th, 2010 involving 6 assemble workers who worked until 01:00 mid night, but the situation has been improved.
3. The overtime hours depends on the team's workload and responsibility. During the peak season working hours should not be greater than 11.5 hours per day and 66 hours per week.
4. Working overtime is voluntary. Applications are provided to employees for extra work opportunities. Employees apply by signing the application with their manager's confirmation. (Overtime application form and voluntary overtime regulation are attached)
5. If an employee decides not to work overtime, his responsibility is upheld by a voluntary employee who is equally as capable as he is.

Social Insurance

1. Currently, there is approximately 250 workers employed at our factory with 200 who joined the Industry Accident Compensation Insurance and 147 who joined the Retirement Scheme.
2. Industry Accident Compensation Insurance: Beginning in April 2011, all workers will be covered by Industry Accident Compensation Insurance sponsored by our company.
3. Retirement Insurance : Some workers are not interested in participating the Retirement Insurance as they have to invest partly in the fund and the investment could not be withdrawn until they are retired. Understanding the importance of the matter, we will team up with insurance companies for workshops and seminars in March 2011 that present and discuss the benefits of having Retirement Insurance.

Health and Safety

1. Before July 2010, the RMB 35 health examination fee was paid by employees. The health examination is a blood test that had been discontinued since July 2010. Beginning in April 2011, some workers enjoy the benefit of being sponsored for other health examination when they are working in environments that expose them to higher chance of occupational diseases.
2. Since 2007, clear warnings and signs have been sticking on products and equipment that contains chemical materials.
3. Since 2007, personal protective equipment, PPE, have been supplying to employees whose working environments require it.
4. Personal protective equipment will be frequently renewed.
5. Trainings will be provided to employees, who work at environments that require personal protective equipment, in April 2011.
6. Our ventilation meets the safety standards set by the local law. Maintenance is scheduled every year to ensure the functionality of the ventilation system. In order to further improve the air quality of the work site, two additional exhaust fans will be added in March 2011.

Management

1. Labor representatives are voted by all employees.
2. Management meets with the labor representatives every two months.
3. A meeting will be hosted with labor representatives in March to discuss existing factory rules. The discussion will be finalized at a meeting at the end of May 2011. Previously, labor representative were not involved in the drafting process of rules.

Late penalty

1. The late penalty calculate before May 2010 is listed below.

Within 3 minutes late	No penalty
4 – 10 minutes late	Deduct RMB 10
11 – 30 minutes late	Deduct RMB 15
The maximum penalty is RMB 15.	

2. Since May 2010, the late penalty is being calculated proportionally to the minute late.
3. No salary has been deducted for workers' who decide not to work overtime without manager's approval.

Sick leave

1. Under our policy, employees could receive 80% of their base salary when they could provide a sick leave certificate from an authorize hospital.
2. New sick leave policy and application form will be created to inform employees their rights.

Food and accommodation

1. No food and accommodation facility is required in the eyes of the law.
2. The cost for offering food and accommodation to employees is over RMB 20 per day per person. We are currently offering the services at RMB 6 per day per person, which is below cost, as employees' benefit.
3. The average living space per employee is 3.8 square meter, which exceeds the labor law requirements that is under 2 square meter. The employee shares the 35 square meter living space with 8 other employees.
4. Food and accommodation are optional to employees.
5. Employees could bring their own mattresses to the dormitory.

Resignation

1. We do not experience any delay throughout the resignation process. Employees could resign at their convenience. As a general rule, 30 days advance notice is required.
2. In special circumstance that an employee needs to resign without any advance notice, no penalty is involved.
3. As a courtesy, all of the remaining salaries will be paid on the last day.

Suggestion

1. Two suggestion boxes are available for employees to voice their ideas and opinions.
2. Employees could send their suggestions to our Administrative Department or Factory Manager.
3. The Factory Manager will review and response to all received suggestions within one business day. Afterward, related information will be disclosed on the notice board.

Sincerely,

David

Factory Manager

Tang Xia Tang Hing Plastic And Metal Manufactory

