

“QUOTABLE

“I am capable of making a living and supporting my daughter. I will also make as much money to help other children. Thanks for your goodwill. I believe in the law, the government and the investigation team. They will uphold justice and fairness.”

TANG HUI, the mother of a forced prostitution victim, said on Saturday at her home in Yongzhou, Hunan province, refusing to accept donations from the public. She was released from a labor re-education center on Friday, where she was ordered on Aug 2 to serve an 18-month term for “disturbing social order and exerting a negative influence on society.”

THE NUMBER
51,000
STUDENTS

Some 8,330 Xinjiang students have been enrolled by inland high schools this year, bringing the total number of Xinjiang students sent away to study to 51,000, local authorities said on Friday. Educational authorities in the Xinjiang Uygur autonomous region started sending high school students, especially ethnic Uygurs, to schools in inland areas in 2000, aiming to give Uygurs living in the country's remote western regions easier access to quality education and better opportunities.

ON THE WEB

Highlights from chinadaily.com.cn

Slideshow: Unexpected moments at the London Olympics, which held its closing ceremony on Sunday.

Video: The latest edition of *The Week* brings you the feats of a 90-year-old pole-vaulter, what happens when a man's anti-gay-marriage protest goes wrong, and a scary mail mix-up by Amazon.

Video: Fans of hurdler Liu Xiang visit the London hospital where he has just undergone surgery on a torn Achilles tendon.

Culture: A major exhibition showcasing fine art from China over the last 30 years has opened in Budapest's Museum of Fine Arts. *Openness and Integration* is the largest-ever collection of Chinese contemporary art shown in Europe.



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‘New law’ focuses on work permits

Draft legislation under review targets negligent employers

By ZHAO YINAN
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Courts will not protect welfare or other labor rights of foreigners working without a work permit, even workers under contract, if a draft law is passed.

Foreigners without a work permit or an expert certificate — a license issued by the government to some foreign workers with proven talent and expertise in their field — could lose the cover of the “labor relationship” with the employer in the courts, even if they are under contract.

The “labor relationship”, a legal term, covers labor rights including social insurance,

healthcare and compensation for work injury.

The draft, which the Supreme People's Court submitted to judges, professionals and the general public for feedback in the past month, has split opinion on whether stricter enforcement of the work-permit requirement will actually protect foreign workers from negligent employers trying to cut corners.

China Daily's request for a more detailed explanation was declined by the top court, since “the stipulation has not been passed and may undergo changes”, it said.

Liu Deheng, deputy chief of the labor dispute tribunal

at Beijing's Chaoyang district court, said the draft is meant to standardize judicial rulings regarding foreigners who come to China without a work visa but find work.

A work visa, under China's laws, is a premise to apply for a work permit.

Chinese law stipulates that labor disputes have to go through arbitration before a lawsuit can be filed. This tends to add a considerable amount of time to the procedure.

There has been a marked increase in labor disputes, Liu said.

The labor dispute arbitration committee in Chaoyang received 14 cases from October 2010 to October 2011. The number surged to 75 from October 2011 to July.

“More foreigners are turning to the law to protect their labor

rights. It shows that the law is working and that they are willing to live in China for a considerable time, otherwise, the lawsuit-after-arbitration procedure is not cost effective,” she said.

“Requiring foreigners to obtain a work permit is compulsory and it offers legal guarantees.”

Chaoyang district, according to the district government's website, is a major center of foreign business in Beijing. It has more than 3,000 foreign companies and more than 100 of the global top 500 companies have offices there.

Labor disputes involving foreign employees, however, are treated differently in courts across the country, she said.

In Beijing, if a lawsuit is filed, foreigners without a work permit can receive salaries owed to them.

However, He Li, a labor lawyer, said he was concerned by the proposal since some foreigners do not have work permits because companies are reluctant to go to the trouble of doing the necessary paperwork.

Liu said there are administrative regulations for these employers, although the draft law itself does not deal with companies failing to apply for permits.

Wang Wenjie, who works in the human resources department at a Shanghai company, said the policy will probably affect foreigners working in small-scale companies as larger companies will have the resources to do the paperwork.

An English teacher from Russia working in Beijing admits she does not have a work permit because of the bureaucracy.

The 33-year-old said procedures to obtain a work permit are complicated and the permit is tied to one particular employer. This makes it a drawn-out affair if she changes employer.

The Russian, who requested anonymity, has been teaching English at the school for four years.

“I took the risk of changing my life path to come to China, I have paid taxes, why are my rights not protected by laws?” she asked.

The Ministry of Public Security said it is difficult to know how many foreigners are working in China without work permits, but most illegal employment seems to be concentrated in a few sectors, such as teachers, domestic helpers and workers at labor-intensive industries.

around china



STAY COOL

PHOTO PROVIDED TO CHINA DAILY

A driver steers a damaged truck in Xuzhou, East China's Jiangsu province, on Saturday, drawing attention from passers-by.

XINJIANG
6.2-magnitude quake hits region

A 6.2-magnitude earthquake jolted Northwest China's Xinjiang Uygur autonomous region at 6:47 pm on Sunday, according to the China Earthquake Networks Center.

The epicenter, at a depth of about 30 kilometers, was in Keriya county of the region's Hotan prefecture.

BEIJING
Capital to build flood pools

Authorities are planning to build 20 underground flood pools in downtown Beijing to improve the capital's flood-control capacity after a devastating rainstorm killed 79 people in July.

The flood pools will be built near low-lying roadways that are most vulnerable to flash floods. Many of those roadways are dilapidated and frequently inundated during the rainy season, officials with Beijing's water supply bureau said on Sunday.

The pools are expected to be completed before summer 2013. The main concern in the project will be to avoid underground pipes, subway lines and building foundations while the pools are built, officials said.

LIAONING
10 dead, 4 missing after severe storm

Ten people have died and four remain missing in Northeast Chi-

na's Liaoning province following a severe storm that hit the region recently.

Torrential rains brought by typhoon Damrey hit Liaoning from Aug 3 to 4. Rainfall in some parts of the province is believed to have reached the highest level in five centuries, the provincial flood prevention and drought control office said.

Flooding damaged 20 dams and destroyed 31,379 houses. More than 2.59 million people were affected, and 520,600 people evacuated. Direct economic losses are estimated to be 21.9 billion yuan (\$3.45 billion), the office said.

TAIWAN
Suspect sent back to island

A Taiwanese alleged to be involved in crimes of endangering State security and public security was returned to Taiwan on Saturday, said a State security authority.

Chung Ting-pang, suspected of conducting a series of criminal activities since 2003 that endangered State security and public security, was put under residential surveillance on June 18, according to a statement from the State security authority of East China's Jiangxi province.

Chung's legitimate rights had been guaranteed during the investigation, the statement said. It also said that Chung admitted he had committed the crimes, voluntarily confessed to other offenses and disclosed other suspects' crimes, which constituted a meritorious service.

GANSU
Crane collapse claims 3 workers

Three workers were killed after a crane collapsed at a construction site in Northwest China's Gansu province on Saturday, local authorities said.

The accident occurred at 10:45 am, when workers were dismantling a tower crane in a residential community in the city of Linxia, according to the provincial administration of work safety.

The administration said one of the crane's arms broke off and fell to the ground, crushing three workers. Two died at the scene, while the third died after being sent to a local hospital.

HUBEI
Three die trying to save boy

Three adults died trying to save a 7-year-old boy who fell into a reservoir on Wednesday in Xishui county, Hubei province.

The boy fell into the reservoir near Meizi Mountain around 7 pm and drowned. The three people who died trying to save him were the boy's grandmother, the boy's aunt and a neighbor. Officials in Xishui county sent a team to give condolences and proper compensation to the affected families.

The rescuers' deed will be reported to higher authorities so they can be recognized as “Good Samaritans”, Changjiang Times reported.

JIANGSU
Man kills 2, injures 5 in conflict

A man killed two people and injured five in a domestic conflict on Sunday in Hua'an, East China's Jiangsu province.

The suspect, surnamed Zhou, attacked seven of his neighbors with a knife around 6 am in Songji township of the city's Hua'an district, according to local police. Two people injured in the attack were rushed to a hospital and died.

Zhou was arrested. The case remains under investigation.

YUNNAN
Photo exhibition staged in Dali

The fourth Dali International Photography Exhibition, having the theme of Life Is Elsewhere, is being staged in Dali through Wednesday.

The photo exhibition is the largest ever held in Southwest China's Yunnan province. More than 200 works are being presented by artists from the Chinese mainland, Taiwan, Hong Kong, the United States and Europe.

Stephen White, a well-known American collector, is scheduled to show his collections of about 100 works by 80 famous photographers from all over the world. Award-winning works from the 55th annual World Press Photo competition will also be displayed.

XINHUA—CHINA DAILY

State bank funding to help major firms go private

By ARIEL TUNG in New York
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While Chinese stocks struggle to attract US investors, private-equity groups are seeking to buy out some of these companies with funding provided by State-owned China Development Bank.

Frustrated by their low valuations, recently delisted Harbin Electric Inc and Nasdaq-listed Fushi Copperworld Inc have turned to Abax Global Capital, a Hong Kong-based asset manager partly-owned by Morgan Stanley, in an attempt to go private.

Shares of US-listed Chinese companies have been hit hard by accounting scandals fueled, at least in part, by short sellers such as Muddy Waters LLC over the past two years.

While most Chinese companies haven't been accused of wrongdoing, the value of Chinese stocks has plummeted on the US stock market. The 180 Chinese companies that have issued securities on foreign exchanges since the start of 2010 are trading on average 21 percent below their offer prices, according to data compiled by Bloomberg News. The 82-stock Bloomberg Chinese Reverse Mergers Index has lost an aggregate 25 percent since August 2011.

There are 129 US-listed Chinese companies trading at an average of eight times their estimated 2012 earnings per share, compared with a ratio of 11 times EPS for 276 Chinese companies that trade on the Hong Kong exchange, according to data compiled by Citigroup Inc.

“If you can distinguish between a good company and a company that has issues, you can do very well investing in China,” said Kevin Pollack, a fund manager at Paragon Capital LP in New York.

Abax, which manages \$900 million in assets, started a \$300 million fund this year to invest in US-listed Chinese companies.

In November 2011, Harbin Electric, a maker of electric motors in northeastern China and listed on Nasdaq, went private in a buyout by Abax and Yang Tianfu, Harbin's CEO, that was financed with a \$400 million loan from the Hong Kong branch of China Development Bank, or CDB.

Yang and Abax each owned about 41 percent of the company's outstanding shares before the deal; the split now is Yang, 75 percent stake, and Abax, 25 percent.

On June 28, Abax said it had reached a deal to take over Fushi Copperworld, a Dalian-based

manufacturer of copper wire and related products, along with the company's CEO, Li Fu.

The \$9.50-a-share offer, which Fushi's board of directors approved, represents a premium of 21 percent above the stock's closing price on the day the deal was announced.

Although lower than Abax's initial bid of \$11.50 a share in 2010, the offer was higher than one for \$9.25 submitted last November.

The deal is valued at \$363.8 million based on Fushi's shares outstanding as of May 4.

Fu, Abax and their affiliates, who own about 30 percent of the stock, will buy out the company with their own equity and debt financing from CDB in Hong Kong.

Fushi said its decision to go private was based on “the determination that this transaction appropriately recognizes the value of [our] business” and provides shareholders “an immediate and substantial cash premium for their investment”.

Typically, such a deal requires approval from shareholders and the US Securities and Exchange Commission. A Fushi representative told China Daily in an e-mail that the deal is expected to be approved in the fourth quarter of 2012.

CDB is the biggest Chinese lender helping US-listed Chinese companies to go private. The bank has provided \$1.085 billion toward such delisting transactions, more than China Citic Bank Corp's \$25 million, the second-biggest outlay, according to data from Roth Capital Partners, an investment bank that specializes in emerging markets.

In June, China TransInfo Technology Corp, which makes geographic transportation-information software for the Chinese government, agreed to be taken private by its CEO, Xia Shudong, in a deal that values the company at \$146.6 million.

The acquisition was funded with a loan from CDB.

The bank also played a big role in the privatization of China Security & Surveillance Technology in September 2011, before Harbin's financial buyout.

Some critics have speculated that CDB's financing has to do with Beijing's disagreement with Washington over cross-border regulation of accounting firms.

But a person close to the matter, who asked not to be identified by name, said it's a “pure commercial decision”.

“CDB has its own criteria about loans made to any company. It may continue to finance deals going private if it sees fit,” the person said.