MAINLAND AND MACAO CLOSER ECONOMIC PARTNERSHIP ARRANGEMENT INVESTMENT AGREEMENT

Preamble

To promote and protect investments by investors of the Mainland (1) and the Macao Special Administrative Region (hereinafter referred to as the "two sides") in the other side, to progressively reduce or eliminate substantially all discriminatory measures on investments between the two sides, to protect the rights of investors and to promote achieving progressive liberalisation and facilitation of investments of the two sides, as well as to further enhance the level of bilateral economic and trade exchanges and cooperation, the two sides decided to sign, under the framework of the Mainland and Macao Closer Economic Partnership Arrangement (hereinafter referred to as "CEPA"), the Investment Agreement between the Mainland and the Macao Special Administrative Region (hereinafter referred to as "Macao") as follows:

(1) The "Mainland" refers to the entire customs territory of China.

Chapter 1. INITIAL PROVISIONS

Article 1. Relationship with CEPA

1. This Agreement is the Investment Agreement of CEPA.

2. Article 5 (National Treatment), Article 6 (Most-Favoured Treatment), Article 7 (Performance Requirements) and Article 8 (Senior Management, Boards of Directors and Entry of Personnel) do not apply to measures affecting any sectors and any forms of investments covered by the Agreement on Trade in Services of CEPA.

Article 2. Definitions

For the purpose of this Agreement,

1. "investment" means every asset that an investor owns or controls, directly or indirectly, that has the characteristics of an investment, including such characteristics as the commitment of capital or other resources, the expectation of gain or profit, and the assumption of risks. Forms that an investment may take include, though not exclusively:

(i) an enterprise;

(ii) shares, stocks and other forms of equity participation in an enterprise;

(iii) bonds, debentures, loans and other debt instruments, including debt instruments issued by an enterprise or one side; (2)

(2) Some forms of debt, such as bonds, debentures and long-term notes, are more likely to have the characteristics of an investment, while other forms of debt, such as claims to payment that are immediately due and result from the sale of goods or services, are less likely to have such characteristics.

(iv) futures, options and other derivatives;

(v) turnkey (3), construction, management, production, concession, revenue-sharing and other similar contracts;

(3) With respect to investments in Macao, a turnkey contract is a purchase and sale agreement, under which the contractor undertakes all responsibilities from the choice of engineering solution, construction, supply and installation of equipment, training of personnel to trial production, and eventually hands over a project ready for use to the buyer, concluded by the buyer and seller with the purpose of transferring a whole set of factory equipment and technology. It is also known as a blanket contract.

(vi) intellectual property rights;

(vii) licenses, authorisations, permits and similar rights conferred pursuant to the laws of one side; (4) (5) and

(4) Whether a particular type of licence, authorisation, permit or similar instrument (including a concession to the extent that it has the nature of such an instrument) is an asset that has the characteristics of an investment also depends on such factors as the nature and extent of the rights that the holder has under the laws of one side. Among such instruments that do not constitute an asset that has the characteristics of an investment are those that do not create any rights protected under the laws of one side. For greater certainty, the foregoing is without prejudice to whether any asset associated with such instruments has the characteristics of an investment.

(5) The term "investment" does not include an order or judgment entered in a judicial or administrative action.

(viii) other tangible or intangible assets, movable or immovable property, and related property rights, such as leases, mortgages, liens and pledges.

For greater certainty, any change in the form in which an asset is invested does not affect its character as an investment;

2. "investor" means one side, or a natural person or an enterprise of one side, that seeks to make, is making or has made a covered investment;

3. "covered investment" means, with respect to one side, an investment in its area that an investor of the other side owns or controls, directly or indirectly, and exists on the date of the coming into effect of this Agreement or is made or acquired thereafter;

4. "natural person" means, in the case of the Mainland, a citizen of the People's Republic of China; and in the case of Macao, a permanent resident of the Macao Special Administrative Region of the People's Republic of China;

5. "enterprise" means:

(i) an entity constituted or organised under the laws of one side, whether or not for profit, whether privately-owned or governmentally-owned, and whether its liabilities are limited or otherwise, such as a public institution, corporation, foundation, agency, cooperative, trust, society, association and similar entity and a private company, firm, partnership, establishment, joint venture and organisation;

(ii) a branch of any such entity;

6. "measure" includes any law, regulation, rule, procedure, decision, requirement, administrative action, or practice;

7. "government procurement" means the process by which a government obtains the use of or acquires goods or services, or any combination thereof, for governmental purposes by any contractual means including purchase, rental or lease with or without an option to buy, as well as build-operate-transfer contracts and public works concession contracts, etc., and not with a view to commercial sale or resale or use in the production or supply of goods or services for commercial sale or resale;

8. "returns" means the amounts yielded by investments, and in particular, though not exclusively, profits, capital gains, dividends, interest, royalties, returns-in-kind or other income;

9. "disputing investor" means an investor that makes a claim under Article 19 (Dispute Settlement between a Macao Investor and the Mainland) or Article 20 (Dispute Settlement between a Mainland Investor and Macao);

10. "disputing side?"means one side against which a claim is made under Article 18 (Dispute Settlement between the Two Sides under this Agreement), Article 19 (Dispute Settlement between Macao Investor and the Mainland Side) or Article 20 (Dispute Settlement between the Mainland Investor and the Macao Side);

11. "disputing party"means the disputing investor or the disputing side;

12. "WTO Agreement" means the Marrakesh Agreement Establishing the World Trade Organisation, done at Marrakesh on 15 April 1994;

13. "TRIPS Agreement" means the Agreement on Trade-Related Aspects of Intellectual Property Rights, contained in Annex 1C of the WTO Agreement, as revised or amended from time to time by a revision or amendment that applies to the two

sides and including any waiver of any provision thereof granted by the General Council of the World Trade Organisation (WTO);

14. "taxation agreement" means an agreement, convention, treaty or arrangement for the avoidance of double taxation or other bilateral or multilateral taxation agreement, convention, treaty or arrangement;

15. "competition authority" means:

(i) in the case of the Mainland, the authority for enforcement of the Anti-Monopoly Law and the authority (for enforcement) of the Law Against Unfair Competition under the State Council, or their successors; and

(ii) in the case of Macao, the authority established by the Macao Special Administrative Region Government for supervising and handling matters of commercial monopoly and unfair competition

16. "information protected under its competition laws" means:

(i) in the case of the Mainland, information protected from disclosure under the relevant provisions of the Anti-Monopoly Law, the Pricing Law and the Law Against Unfair Competition, or any successor provisions; and

(ii) in the case of Macao, information protected by the Commercial Code (Book 1, Title X "Regulation of Competition between Entrepreneurs") of, or any successor provisions.

Article 3. Scope of Application

1. This Agreement shall apply to measures adopted or maintained by one side relating to investors of the other side and covered investments.

2. This Agreement shall apply to investments made by investors of one side in the other side prior to or after the coming into effect of this Agreement, but shall not apply to the "investment disputes" as referred to in paragraph 1 of Article 19 (Dispute Settlement between a Macao Investor and the Mainland) and paragraph 1 of Article 20 (Dispute Settlement between a Mainland Investor and Macao) of this Agreement, settled before the coming into effect of this Agreement.

3. The obligations of one side under this Agreement shall apply to any entity when it exercises any regulatory, administrative or other governmental authority delegated to it by that side, such as the power to expropriate, grant licences, approve commercial transactions, or impose quotas, fees or other charges.

Chapter 2. SUBSTANTIVE OBLIGATIONS

Article 4. Minimum Standard of Treatment

1. One side shall ensure that fair and equitable treatment is accorded to investors of the other side and their covered investments, and shall provide full protection and security.

2. In paragraph 1 of this Article:

(i) "fair and equitable treatment" means that one side shall not deny justice in criminal, civil or administrative adjudicatory proceedings in accordance with due process of law, or implement manifest discriminatory or arbitrary measures;

(ii) "full protection and security" means that one side shall adopt reasonable and necessary measures to provide police protection to the investors of the other side and their covered investments.

3. A breach of another provision of this Agreement does not establish that there has been a breach of this Article.

4. For greater certainty, the mere fact that one side takes or fails to take an action that may be inconsistent with an investor's expectations does not constitute a breach of this Article, regardless of whether there is loss or damage to the covered investment as a result.

5. For greater certainty, the mere fact that a subsidy or grant has not been issued, renewed or maintained, or has been modified or reduced, by one side, does not constitute a breach of this Article, regardless of whether there is loss or damage to the covered investment as a result.

Article 5. National Treatment

1. One side shall accord to investors of the other side treatment no less favourable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of covered investments in its area.

2. One side shall accord to covered investments treatment no less favourable than that it accords, in like circumstances, to investments of its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of covered investments in its area.

Article 6. Most-Favoured Treatment

1. One side shall accord to investors of the other side treatment no less favourable than that it accords, in like circumstances, to investors of any other party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of covered investments in its area.

2. One side shall accord to covered investments treatment no less favourable than that it accords, in like circumstances, to investments of investors of any other party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments in its area.

3. For greater certainty, the provisions of this Agreement shall not be so construed as to prevent one side from conferring or according advantages to adjacent countries or regions in order to facilitate investments that engage in local production and consumption in contiguous frontier zones.

4. For greater certainty, the "treatment" referred to in paragraphs 1 and 2 of this Article does not encompass dispute resolution mechanisms in other investment agreements, international investment treaties and other trade agreements.

Article 7. Performance Requirements

1. Neither side may impose or enforce the following requirements, or enforce a commitment or undertaking, in connection with the establishment, requirements, or enforce a commitment or undertaking, in connection with the establishment, acquisition, expansion, management, conduct, operation, or sale or other disposition of a covered investment in its area:

(i) to export a given level or percentage of goods or services;

(ii) to achieve a given level or percentage of domestic content;

(iii) to purchase, use or accord a preference to goods produced in its area, or to purchase goods from a person in its area;

(iv) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with the investment;

(v) to restrict sales of goods or services in its area that the investment produces or supplies by relating those sales in any way to the volume or value of its exports or foreign exchange earnings;

(vi) to transfer a particular technology, a production process or other proprietary knowledge to a person in its area; or

(vii) to supply exclusively from the area of one side the goods that the investment produces or the services that it provides to a specific regional market or to the world market.

2. Neither side may condition the receipt or continued receipt of an advantage, in connection with the establishment, acquisition, expansion, management, conduct, operation, or sale or other disposition of a covered investment in its area, on compliance with the following requirements:

(i) to achieve a given level or percentage of domestic content;

(ii) to purchase, use or accord a preference to goods produced in its area, or to purchase goods from a person in its area;

(iii) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with the investment; or

(iv) to restrict sales of goods or services in its area that the investment produces or supplies by relating those sales in any way to the volume or value of its exports or foreign exchange earnings.

3. (i) Nothing in paragraph 1 shall be construed to prevent one side from imposing or enforcing any requirement, or enforcing any commitment or undertaking, in connection with an investment of an investor of the other side in its area, to

locate production, supply a service, train or employ workers, construct or expand particular facilities, or carry out research and development, in its area, provided that such measures are consistent with sub-paragraph 1(vi).

(ii) Nothing in paragraph 2 shall be construed to prevent one side from conditioning the receipt or continued receipt of an advantage, in connection with an investment of an investor of the other side in its area, on compliance with a requirement to locate production, supply a service, train or employ workers, construct or expand particular facilities, or carry out research and development, in its area.

(iii) Sub-paragraph 1(vi) does not apply to the following situations or measures:

(1) if one side authorises use of an intellectual property right in accordance with Article 31 of the TRIPS Agreement, or to measures requiring the disclosure of proprietary information that fall within the scope of, and are consistent with, Article 39 of the TRIPS Agreement; or

(2) if the requirement is imposed or the commitment or undertaking is enforced by the judicial authority or competition authority to remedy a practice determined after judicial or administrative process to be anticompetitive under the competition laws of one side.

(iv) Sub-paragraphs 1(i), 1(ii), 1(iii) and sub-paragraphs 2(i) and 2(ii) do not apply to qualification requirements for goods or services with respect to export promotion and foreign aid programs.

(v) Sub-paragraphs 1(ii), 1(iii), 1(vi), 1(vii) and sub-paragraphs 2(i) and 2(ii) do not apply to government procurement.

(vi) Sub-paragraphs 2(i) and 2(ii) do not apply to requirements imposed by the importing side relating to the content of goods necessary to qualify for preferential tariffs or preferential quotas.

4. For greater certainty, paragraphs 1 and 2 do not apply to any commitment, undertaking or requirement other than those set out in those paragraphs.

5. This Article does not preclude the enforcement of any commitment, undertaking or requirement between private parties, if one side did not impose or require the commitment, undertaking or requirement.

Article 8. Senior Management, Boards of Directors and Entry of Personnel

1. One side may not require that an enterprise of that side that is a covered investment appoint to a senior management position an individual of any particular nationality.

2. One side may require that a majority of the board of directors, or any committee thereof, of an enterprise of that side that is a covered investment be of a particular nationality or resident in the area of that side, provided that the requirement does not materially impair the ability of the investor to exercise control over its investment.

3. Subject to its laws and policies relating to entry and stay, one side shall permit a natural person of the other side employed by an enterprise that is a covered investment of an investor, or a subsidiary or affiliate of such an enterprise, to enter and stay temporarily in a capacity that is managerial or executive or that requires specialised knowledge.

Article 9. Non-Conforming Measures

1. Article 5 (National Treatment), Article 6 (Most-Favoured Treatment), Article 7 (Performance Requirements) and Article 8 (Senior Management, Boards of Directors and Entry of Personnel) do not apply to:

(i) 1. any existing non-conforming measures maintained by one side, as specified in its lists in Table 1 of Part I (Schedule of the Mainland) in Annex 2 or Part II (Schedule of Macao) in Annex 2; and

2. any measure maintained or adopted after the date of coming into effect of this Agreement that, at the time of sale or other disposition of a government?s equity interests in, or the assets of, an existing enterprise owned or invested by the government or an existing governmental entity, prohibits or imposes limitations on the ownership or control of equity interests or assets, or imposes nationality requirements relating to senior management or members of the board of directors;

(ii) the continuation or prompt renewal of any non-conforming measure referred to in sub-paragraph (i); or

(iii) an amendment to any non-conforming measure referred to in sub-paragraph (i), to the extent that the amendment does not increase the non-conformity of the measure, as it existed immediately before the amendment, with the obligations in Article 5 (National Treatment), Article 6 (Most-Favoured Treatment), Article 7 (Performance Requirements) and Article 8

(Senior Management, Boards of Directors and Entry of Personnel).

2. Article 5 (National Treatment), Article 6 (Most-Favoured Treatment), Article 7 (Performance Requirements) and Article 8 (Senior Management, Boards of Directors and Entry of Personnel) do not apply to the measures adopted or maintained by one side with respect to sectors, sub-sectors or activities as set out in Table 2 of Part I (Schedule of the Mainland) in Annex 2 or Part II (Schedule of Macao) in Annex 2.

3. For greater certainty, Macao will not impose any new discriminatory measures on Mainland investors in the areas of non-services investments covered by this Agreement in respect of the obligations under Article 5 (National Treatment), Article 6 (Most-Favoured Treatment), Article 7 (Performance Requirements) and Article 8 (Senior Management, Boards of Directors and Entry of Personnel). The two sides shall, through consultation, formulate and implement measures for further liberalisation by Macao for Mainland investors and their covered investments. The specific commitments will be listed in Part II (Schedule of Macao) of Annex 2 to this Agreement.

4. Without prejudice to the other provisions and the annexes to this Agreement, an investor of one side must fulfil the relevant requirements in relation to the definition of ?investor? in Annex 1 to this Agreement in order to enjoy the treatment of investments as set out in Article 5 (National Treatment), Article 6 (Most-Favoured Treatment), Article 7 (Performance Requirements) and Article 8 (Senior Management, Boards of Directors and Entry of Personnel).

5. In respect of intellectual property rights, one side may derogate from Article 5 (National Treatment), Article 6 (Most-Favoured Treatment) and Article 7 (Performance Requirements) of this Agreement in a manner that is consistent with agreements regarding intellectual property rights to which both sides are parties or applicable to both sides.

6. Article 5 (National Treatment), Article 6 (Most-Favoured Treatment) and Article 8 (Senior Management, Boards of Directors and Entry of Personnel) do not apply to:

(i) government procurement by one side;

(ii) subsidies or grants provided by one side, including government-supported loans, guarantees and insurance.

However, should the laws of one side provide otherwise for sub-paragraphs (i) and (ii) of this paragraph, such laws shall prevail.

7. If the two sides have different understandings with respect to the scope of the tables in Annex 2 to this Agreement, the two sides shall make an interpretation through the Committee on Investment established in accordance with Article 17 (Committee on Investment).

Article 10. Special Formalities and Information Requirements

1. Nothing in Article 5 (National Treatment) shall be construed to prevent one side from adopting or maintaining a measure that prescribes special formalities in connection with investors and covered investments, such as a requirement that investors be residents of that side, or that covered investments be legally constituted under the laws of that side, provided that such formalities do not materially impair the obligations of that side owed to investors and covered investments of the other side.

2. Notwithstanding Article 5 (National Treatment) and Article 6 (Most-Favoured Treatment), one side may require an investor or covered investment of the other side to provide information concerning the investor or the covered investment solely for informational or statistical purposes. The former side shall protect any confidential business information from disclosure that would prejudice the competitive position of the investor or the covered investment. Nothing in this paragraph shall be construed to prevent one side from otherwise obtaining or disclosing information in connection with the equitable and good faith application of its laws.

Article 11. Expropriation

1. Covered investments or returns of investors of one side shall not be expropriated or subjected to measures having an effect equivalent to expropriation in the area of the other side (hereinafter referred to as "expropriation"), except for a public purpose, in accordance with due process of law, in a non-discriminatory manner and on payment of compensation. For greater certainty, this Article shall be interpreted in accordance with Annex 3.

2. The compensation referred to in paragraph 1 of this Article shall be equivalent to the real value (6) of the expropriated investment immediately before the expropriation, or before the impending expropriation became public knowledge, whichever is earlier, and shall include interest at a normal commercial rate, accrued from the date of expropriation until the

date of payment. Compensation shall be fully realisable, freely transferable, and paid without delay. The affected investor shall have a right under the laws of the side making the expropriation to prompt review of its case and of the valuation of its investment by a judicial or other independent authority of that side in accordance with the principles set out in this paragraph.

(6) For greater certainty, the real value shall be calculated on the basis of the market value of the expropriated investment.

3. This Article does not apply to the issuance of compulsory licenses granted in relation to intellectual property rights, or to other measures related to intellectual property rights, to the extent that such measures are consistent with agreements regarding intellectual property rights to which both sides are parties or applicable to both sides.

4. For greater certainty, the mere fact that a subsidy or grant has not been issued, renewed or maintained, or has been modified or reduced, by one side, does not constitute an expropriation, regardless of whether there is loss or damage to the covered investment as a result.

Article 12. Compensation for Losses

1. Notwithstanding the provision of sub-paragraph 6(ii) of Article 9 (Non-Conforming Measures), investors of one side who suffer losses in respect of covered investments owing to war, state of emergency, insurrection, riot, natural disaster or other similar events, shall be accorded treatment by the other side, in respect of restitution, indemnification, compensation or other settlement, no less favourable than that it accords in like circumstances, to its own investors or to investors of any other party, whichever is most favourable.

2. Notwithstanding paragraph 1 of this Article, if an investor of one side, in the situations referred to in paragraph 1 of this Article, suffers a loss in the area of the other side resulting from:

(i) requisitioning of its covered investment or part thereof by the other side; or

(ii) destruction of its covered investment or part thereof by the other side, which was not required by the necessity of the situation,

the latter side shall provide the investor restitution, compensation or both, as appropriate, for that loss. Any compensation shall be made in accordance with the principles set out under paragraph 2 of Article 11 (Expropriation).

Article 13. Subrogation

If one side or its agency makes a payment to an

investor of that side under a guarantee or a contract of insurance that it has granted to a covered investment of that investor, the other side shall recognise the transfer of any right or claim of that investor to the former side or its agency. The subrogated right or claim shall not be greater than the original right or claim of the said investor. Such right may be exercised by the former side or its agency so authorised.

Article 14. Transfer (7)

(7) Article 14 (Transfer) does not affect one side's ability to administer its capital account for the maintenance of the stability and soundness of its financial system, such as the foreign exchange market, stock market, bond market and financial derivatives market.

1. One side shall permit all transfers relating to a covered investment to be made freely, and without delay, into and out of its area. Those transfers include:

(i) contributions to capital;

(ii) profits, dividends, capital gains, and proceeds from the sale of all or part of the covered investment or from the partial or complete liquidation of the covered investment;

(iii) interest, royalty payments, management fees, and technical assistance and other fees;

(iv) payments made under a contract, including a loan agreement or an employment contract;

(v) payments made pursuant to Article 11 (Expropriation) and Article 12 (Compensation for Losses);

(vi) payments arising out of Chapter 3 (Investment Facilitation and Settlement of Disputes); and

(vii) earnings and remuneration of a natural person of one side who works in a covered investment in the area of the other side.

2. One side shall permit transfers relating to a covered investment to be made in a freely usable currency at the market rate of exchange prevailing at the time of transfer.

3. One side shall permit returns-in-kind relating to a covered investment to be made as authorised or specified in a written agreement between that side and a covered investment or an investor of the other side.

4. Notwithstanding paragraphs 1 to 3, one side may prevent or delay a transfer through the equitable, non-discriminatory and good faith application of its laws relating to:

(i) bankruptcy, insolvency, or the protection of the rights of creditors;

(ii) issuing, trading, or dealing in securities, futures, options, or derivatives;

(iii) criminal offenses;

(iv) financial reporting or record keeping of transfers when necessary to assist law enforcement or financial regulatory authorities; or

(v) ensuring compliance with orders or judgments in judicial or administrative proceedings.

5. In case of a serious balance of payments difficulty or of a threat thereof, one side may implement measures to restrict transfer in accordance with the relevant principles of the Articles of Agreement of the International Monetary Fund. Those measures shall be imposed on an equitable and non-discriminatory basis, implemented only temporarily and progressively eliminated following the improvement of such kind of circumstances, and shall not exceed what is necessary to deal with such kind of circumstances.

6. Provided that such measures are not applied in an arbitrary or unjustifiable manner, and provided that such measures do not constitute a disguised restriction on international trade or investment, paragraphs 1 to 3 shall not be construed to prevent one side from adopting or maintaining measures that are necessary to secure compliance with laws, including those relating to the prevention of deceptive and fraudulent practices, that are not inconsistent with this Agreement.

Chapter 3. INVESTMENT FACILITATION AND SETTLEMENT OF DISPUTES

Article 15. Promotion and Facilitation of Investments

1. One side shall encourage investors of the other side to make investments in its area.

2. To enhance the level of investment facilitation between the two sides, one side agrees to review from time to time and progressively simplify the formalities and requirements on investors of the other side investing in the area of the former side.

3. The two sides agree to provide the other side with investment facilitation, including:

(i) one side will facilitate investors of the other side in obtaining investment information, relevant operating licences, personnel entry and exit, and business operations and management;

(ii) one side will facilitate organising and holding, for the other side and its investors, of symposiums, seminars and other activities beneficial to investments;

(iii) one side will endeavour to establish clear and uniform standards and procedures for examining and approving investment applications, and to optimise permissions, qualification requirements and procedures in relation to investments;

(iv) one side will agree to stipulate a reasonable timeframe for relevant approving institutions to examine investment applications and to make decisions on such applications, and will promptly inform the applicants of the outcomes of the relevant approval applications;

(v) one side will, in accordance with its laws, make known the required information that has been omitted from an

incomplete investment application, and provide the opportunity for correction;

(vi) one side will encourage and promote the cooperation and coordination among their various regulatory institutions, and, where possible, establish a "one-stop" approving institution, and stipulate the responsibilities and authorities of each regulatory institution in relation to approval and the responsibilities and authority of co-approval by multiple institutions in accordance with the laws;

(vii) one side will, on a best endeavour basis, keep the costs of the investors in the application process for approval to the lowest, and any fee to be charged shall be commensurate with the necessary administrative cost in handling the application;

(viii) one side will, on a best endeavour basis, enable investors of the other side to gain access to and use public infrastructure facilities under reasonable and non-discriminatory conditions.

Article 16. Transparency of Laws and Policies

1. One side shall, with a view to promoting the understanding of its laws and policies pertaining to or affecting covered investments:

(i) promptly make such laws and policies public and readily accessible, including by electronic means;

(ii) if requested, provide copies of specified laws and policies to the other side; and

(iii) if requested, consult with the other side with a view to explaining specified laws and policies.

2. One side shall ensure that investors of the other side can become acquainted with its laws and policies pertaining to the conditions of admission of investments, including procedures for application and registration, criteria for examination and approval of an application, timelines for processing an application and rendering a decision, and review or appeal procedures of a decision.

3.One side is encouraged to:

(i) publish in advance any measure that it proposes to adopt; and

(ii) provide interested persons and the other side a reasonable opportunity to comment on the proposed measure.

Article 17. Committee on Investment

1. The two sides agree to set up the Committee on Investment under the mechanism of the CEPA Joint Steering Committee to deal with matters arising from this Agreement, through the responsible contact person designated by the authority of each side.

2. Functions of the Committee on Investment include:

(i) investment consultation: exchange of investment information, launching of investment promotions, promoting investment facilitation, and provision of consultation on matters related to this Agreement;

(ii) notification and coordination of investment disputes: for the "investment disputes" as referred to in paragraph 1 of Article 19 (Dispute Settlement between a Macao Investors and the Mainland) or paragraph 1 of Article 20 (Dispute Settlement between a Mainland Investors and Macao), if the two sides consider necessary, one side shall notify its relevant authorities or institutions and coordinate the handling of the "investment disputes" in its area, or notify the other side of the "investment disputes" in the areas of the former side;

(iii) settlement of disputes: settlement of disputes between the two sides with respect to the interpretation, implementation and application of this Agreement through consultation;

(iv) interpretation of the Agreement: the two sides may, if they consider necessary, make an interpretation on the tables in Annex 2 to this Agreement through consultation in accordance with paragraph 7 of Article 9 (Non-Conforming Measures);

(v) any other tasks related to this Agreement as agreed by the two sides.

3. Any decisions by the Committee on Investment shall be made by consensus of the two sides, and shall be promptly reported to the CEPA Joint Steering Committee.

Article 18. Dispute Settlement between the Two Sides Under this Agreement

1. Any disputes between the two sides with respect to the interpretation, implementation or application of this Agreement shall be settled by the two sides through consultation.

2. The two sides shall settle disputes through consultation in accordance with the mechanism set out in Article 17 (Committee on Investment) of this Agreement.

Article 19. Dispute Settlement between a Macao Investor and the Mainland

1. A dispute arising from a claim by a Macao investor that it or its covered investment has suffered losses or damages resulting from a breach by the Mainland authorities or institutions of the obligations provided in this Agreement (8) in relation to the Macao investors or their covered investments (hereinafter referred to as "investment disputes") may be settled by the following means:

(8) Limited to Article 4 (Minimum Standard of Treatment), Article 5 (National Treatment), Article 6 (Most-Favoured Treatment), Article 7 (Performance Requirements), paragraph 1 of Article 8 (Senior Management, Boards of Directors and Entry of Personnel), paragraph 2 of Article 8 (Senior Management, Boards of Directors and Entry of Personnel), Article 11 (Expropriation), Article 12 (Compensation for Losses) and Article 14 (Transfer).

(i) resolution through amicable consultation between the disputing parties;

(ii) resolution through the complaint handling organisations for foreign investors in the Mainland in accordance with the relevant requirements of the Mainland;

(iii) resolution through the function of notification and coordination of investment disputes under Article 17 (Committee on Investment) of this Agreement;

(iv) resolution through administrative review in accordance with the laws of the Mainland;

(v) resolution through mediation whereby a Macao investor may submit an investment dispute arising from this Agreement (9) between that investor and the Mainland to a mediation institution of the Mainland side;

(9) Limited to Article 4 (Minimum Standard of Treatment), Article 5 (National Treatment), Article 6 (Most-Favoured Treatment), Article 7 (Performance Requirements), paragraph 1 of Article 8 (Senior Management, Boards of Directors and Entry of Personnel), paragraph 2 of Article 8 (Senior Management, Boards of Directors and Entry of Personnel), Article 11 (Expropriation), Article 12 (Compensation for Losses) and Article 14 (Transfer).

(vi) recourse to the judicial proceedings under the laws of the Mainland.

2. Mediation under sub-paragraph 1(v) of this Article shall be subject to the laws and regulations of the Mainland. Full use of the functions of the mediation mechanism shall be made to ensure the effective settlement of disputes. The Mainland will make arrangements for the mediation mechanism.

3. If a Macao investor has already chosen to settle a dispute in accordance with sub-paragraphs 1(iv) or 1(vi) of this Article, it shall not submit the same dispute to the mediation institution of the Mainland for mediation unless such submission is in compliance with the relevant laws and regulations of the Mainland.

4. For "investment disputes" referred to in paragraph 1 of this Article which have entered into judicial proceedings prior to the coming into effect of this Agreement, unless agreed upon by the disputing parties and in compliance with the laws and regulations of the Mainland, the mediation procedure provided under sub-paragraph 1(v) of this Article shall not apply.

5. If a Macao investor has already chosen to settle a dispute in accordance with any method in sub-paragraphs 1(ii) to 1(vi) of this Article, it shall not submit the same dispute to the complaint handling organisations for foreign investors in the Mainland for resolution by coordination unless it is in compliance with the relevant laws and regulations of the Mainland.

6. For greater certainty, in settlement of disputes involving tax matters, the authority under the relevant taxation agreement of one side shall determine whether the taxation agreement governs such kind of disputes. Methods of resolution of disputes involving tax matters are limited to those specified in Article 25 (Mutual Agreement Procedure) of the Arrangement between the Mainland of China and the Macao Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.

Article 20. Dispute Settlement between a Mainland Investor and Macao

1. A dispute arising from a claim by a Mainland investor that it or its covered investment has suffered losses or damages resulting from a breach by the Macao authorities or institutions of the obligations provided in this Agreement (10) in relation to the Mainland investors or their covered investment, may be settled by the following means:

(10) Limited to Article 4 (Minimum Standard of Treatment), Article 5 (National Treatment), Article 6 (Most-Favoured Treatment), Article 7 (Performance Requirements), paragraph 1 of Article 8 (Senior Management, Boards of Directors and Entry of Personnel), paragraph 2 of Article 8 (Senior Management, Boards of Directors and Entry of Personnel), Article 11 (Expropriation), Article 12 (Compensation for Losses) and Article 14 (Transfer).

(i) resolution through amicable consultation between the disputing parties;

(ii) resolution through the complaint handling mechanism established by the relevant Macao authorities or institutions in accordance with the relevant requirements of Macao;

(iii) resolution through the function of notification and coordination of investment disputes established under Article 17 (Committee on Investment) of this Agreement;

(iv) resolution through mediation whereby a Mainland investor may submit an investment dispute arising from this Agreement (11) between that investor and Macao to a mediation institution of Macao;

(11) Limited to Article 4 (Minimum Standard of Treatment), Article 5 (National Treatment), Article 6 (Most-Favoured Treatment), Article 7 (Performance Requirements), paragraph 1 of Article 8 (Senior Management, Boards of Directors and Entry of Personnel), paragraph 2 of Article 8 (Senior Management, Boards of Directors and Entry of Personnel), Article 11 (Expropriation), Article 12 (Compensation for Losses) and Article 14 (Transfer).

(v) recourse to the judicial proceedings under the laws of Macao.

2. Mediation under sub-paragraph 1(iv) of this Article shall be subject to the laws and regulations of Macao. Full use of the functions of the mediation mechanism shall be made to ensure the effective settlement of disputes. Macao will make arrangements for the mediation mechanism.

3. If a Mainland investor has already chosen to settle a dispute in accordance with sub-paragraph 1(v) of this Article, it shall not submit the same dispute to the mediation institution of Macao for mediation unless such submission is in compliance with the relevant laws and regulations of Macao.

4. For "investment disputes" referred to in paragraph 1 of this Article which have entered into judicial proceedings prior to the coming into effect of this Agreement, unless agreed upon by the disputing parties and in compliance with the laws and regulations of Macao, the mediation procedure provided under sub-paragraph 1(iv) of this Article shall not apply.

5. For greater certainty, in settlement of disputes involving tax matters, the authority under the relevant taxation agreement of one side shall determine whether the taxation agreement governs such kind of disputes. Methods of resolution of disputes involving tax matters are limited to those specified in Article 25 (Mutual Agreement Procedure) of the Arrangement between the Mainland of China and the Macao Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.

Chapter 4. FINAL PROVISIONS

Article 21. Denial of Benefits

1. One side may, at any time including after the institution of any proceedings in accordance with Chapter 3 (Investment Facilitation and Settlement of Disputes), deny the benefits of this Agreement to an investor of the other side that is an enterprise of that other side and to covered investments of that investor if:

(i) investors of any other party own or control the enterprise;

(ii) the enterprise of one side is constituted or organized under the laws of the other side, and has never engaged in any substantial operational activities; and

(iii) the denying side adopts or maintains measures with respect to that other party:

1. that prohibit transactions with the enterprise; or

2. that would be violated or circumvented if the benefits of this Agreement were accorded to the enterprise or to its covered investments.

2. For greater certainty, one side may deny the benefits of this Agreement pursuant to paragraph 1 of this Article at any time, including after the initiation of any proceedings in accordance with Chapter 3 (Investment Facilitation and Settlement of Disputes).

Article 22. Exceptions

1. Provided that such measures are not applied in an arbitrary or unjustifiable manner, or do not constitute a disguised restriction on trade or investment, nothing in this Agreement shall be construed to prevent one side from adopting or maintaining measures, including environmental measures:

(i) necessary to ensure compliance with laws that are not inconsistent with the provisions of this Agreement;

(ii) necessary to protect human, animal or plant life or health; or

(iii) relating to the conservation of living or non-living exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption.

2. Nothing in this Agreement shall be construed to prevent one side from maintaining or adopting exception measures that are consistent with the rules of the WTO.

3. (i) Nothing in this Agreement shall be construed to require one side to furnish or allow access to information the disclosure of which would impede law enforcement or would be contrary to that side's laws protecting confidential information of the government, personal privacy, the confidentiality of the financial affairs and accounts of individual customers of financial institutions.

(ii) Nothing in this Agreement shall be construed to require, during the course of any dispute settlement procedure under this Agreement, one side to furnish or allow access to information protected under its competition laws, or a competition authority of one side to furnish or allow access to any other information that is secret or otherwise protected from disclosure.

4. Any measure adopted by one side in conformity with a decision adopted by the WTO pursuant to Article IX:3 of the WTO Agreement shall be deemed to be not in breach of this Agreement. An investor may not claim under this Agreement that such a measure is in breach of this Agreement.

5. This Agreement shall not be construed to require one side to furnish or allow access to information, if that side determines that the disclosure of such information may be contrary to its essential security interests, or to prevent one side from taking any measures that it considers necessary to protect its essential security interests.

6. One side reserves the right to establish or maintain any restrictive measures relating to investors and covered investments of the other side in the event that the implementation of this Agreement causes substantial impact on its sectors or public interests.

Article 23. Financial Prudence

1. Notwithstanding any other provisions of this Agreement, one side shall not be prevented from adopting or maintaining measures relating to financial services for prudential reasons. These prudential reasons (12) include the protection of investors, depositors, policy holders, or persons to whom a fiduciary duty is owed by a financial services supplier, or to ensure the integrity and stability of the financial system. (13)

(12) The term "prudential reasons" shall be interpreted as including the maintenance of the safety, stability, soundness and financial responsibility of individual financial institutions or the financial system, as well as the maintenance of the safety and financial and operational integrity of payment and clearing systems.

(13) The two sides confirm that, in the case of determining whether a certain specific measure falls within the scope of paragraph 1 of Article 23 (Financial Prudence), resolution shall be sought through consultation by the financial services authorities of the two sides.

2. Nothing in this Agreement applies to non-discriminatory measures of general application in pursuit of monetary or related credit policies or exchange rate policies. (14)

(14) For greater certainty, measures of general application taken in pursuit of monetary and related credit policies or exchange rate policies do not include measures that expressly nullify or amend contractual provisions that specify the currency of denomination or the rate of exchange of currencies.

3. The term "financial service" shall bear the same meaning of financial service as defined in paragraph 5(a) of the Annex on Financial Services to the WTO General Agreement on Trade in Services and the term "financial service supplier" contained in that paragraph also includes public entity as defined in paragraph 5(c) of the Annex on Financial Services.

4. For greater certainty, this Agreement shall not be construed as preventing one side from adopting measures that are applicable to a financial institution, or from enforcing measures in a financial institution, relating to the investors or covered investments of the other side necessary to ensure compliance with laws that are not inconsistent with the provisions of this Agreement, including measures relating to the prevention of false and fraudulent practices or measures to deal with the effects of default on financial services contracts, provided that the manner in which such measures are applied would not constitute a means of arbitrary or unjustifiable discrimination to countries (or regions) where like conditions prevail or a disguised restriction on the investment of the financial institution.

5. The provisions of this Agreement shall not be construed as that one side should disclose the information related to individual clients/accounts, or any confidential or exclusive information owned by public entities.

Article 24. Taxation

1. Except as provided in this Article, nothing in this Agreement shall apply to taxation measures.

2. Nothing in this Agreement shall affect the rights and obligations of one side under any taxation agreement. In the event of any inconsistency between the provisions of this Agreement and any such agreement, the provisions of that taxation agreement shall prevail to the extent of the inconsistency.

3. Nothing in this Agreement shall be construed to require one side to furnish or allow access to information the disclosure of which would be contrary to that side's laws protecting information concerning the taxation affairs of a taxpayer.

4. The provisions of Article 11 (Expropriation) shall apply to taxation measures. (15)

(15) For greater certainty, non-discriminatory tax preservation adopted or executed for the assurance of fair and effective imposition of taxes or tax collection, and penal measures for illegal offences do not constitute expropriation under Article 11 (Expropriation).

5. The question on whether a measure of one side is a taxation measure set out in paragraph 1 of this Article shall only be jointly determined by the authorities under the taxation agreement of the two sides through consultation. The joint determination by the authorities under the taxation agreement of the two sides shall bind any procedures of resolving a claim by an investor under this Agreement.

6. No claim may be made by an investor pursuant to paragraph 4 of this Article unless:

(i) the investor provides a copy of the notice of claim to the authorities under the taxation agreement of the two sides; and

(ii) six months after receiving notification of the claim by the investor, the authorities under the taxation agreement of the two sides fail to reach a joint determination that the measure in question is not an expropriation.

Article 25. Environmental Measures (16)

The two sides recognise that it is inappropriate to encourage investments by investors of the other side by relaxing its environmental measures. Accordingly, one side should not waive, be in breach of or otherwise derogate from such environmental measures to encourage investors of the other side with respect to the establishment, acquisition, expansion or retention of investments in the area of the former side.

(16) For the purpose of this Article, environmental measures are limited to environmental laws, regulations, procedures, requirements or practices.

Article 26. Non-derogation

1. This Agreement shall not prevent investors of one side from taking advantage of any laws of the other side or any other obligations between the two sides which are applicable to the investors and their covered investments and are more favourable than the provisions of this Agreement.

2. One side shall observe any other obligations it has entered into with regard to covered investments of investors of the other side.

Article 27. Annexes and Footnotes

The Annexes and footnotes to this Agreement form an integral part of this Agreement.

Article 28. Supplements and Amendments

The provisions of this Agreement or its annexes may be supplemented or amended in writing when the need arises. Any supplement and amendment shall come into effect after it has been signed by the duly authorised representatives of the two sides.

Article 29. Coming Into Effect and Implementation

This Agreement shall come into effect on the day of signature by the representatives of the two sides, and shall be implemented on 1 January 2018.

This Agreement is signed in duplicate in the Chinese language.

This Agreement is signed on 18 December 2017 in Macao.

Gao Yan

Vice Minister of Commerce

People's Republic of China

Leong Vai Tac

Secretary for Economy and Finance

Macao Special Administrative Region of the People's Republic of China