

REGULATORY OVERVIEW

This section summarises certain aspects of the principal laws and regulations of Hong Kong which are relevant to our business and operations. As this is a summary, it does not contain a detailed analysis of the Hong Kong laws which are relevant to our business and operations.

BUSINESS OPERATIONS

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

The Business Registration Ordinance requires every entity that carries on a business in Hong Kong to apply for business registration within one month from the date of commencement of its business and display a valid business registration certificate at the place of business.

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

The Inland Revenue Ordinance is the legislation governing the imposition of taxes on property, earnings, and profits in Hong Kong. It stipulates that individuals and entities, including corporations, partnerships, trustees, and other bodies of persons, engaged in any trade, profession, or business in Hong Kong are subject to taxation on all profits arising in or derived from Hong Kong, excluding those from the sale of capital assets. The Inland Revenue Ordinance also provides detailed provisions concerning permissible deductions for outgoings and expenses incurred in the production of chargeable profits, as well as allowances for depreciation and the ability to offset current losses against future profits.

LABOUR, HEALTH AND SAFETY

Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

All employees covered by the Employment Ordinance, regardless of their working hours, are entitled to fundamental protections under the Ordinance. These include wage payments, limits on wage deductions, and entitlement to statutory holidays. Employees engaged under a continuous contract are additionally entitled to benefits such as rest days, paid annual leave, sickness allowance, severance payment, and long service payment. An employee is considered to be working under a continuous contract if they have been employed by the same employer for at least four weeks, working a minimum of 18 hours each week. In the event of a dispute regarding whether an employment contract qualifies as a continuous contract, the burden of proof lies with the employer to demonstrate otherwise.

Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (“ECO”)

The ECO establishes a framework to provide compensation for employees who suffer injuries or fatalities arising out of and in the course of their employment. This no-fault and non-contributory system ensures that employees are entitled to compensation regardless of whether negligence or fault can be attributed to their employer. The ECO applies to most employees engaged under a contract of service or apprenticeship, including those working outside Hong Kong if they are employed by local employers.

Under the ECO, employers are required to compensate employees for work-related injuries, deaths, or prescribed occupational diseases. Compensation covers medical expenses, loss of earnings during periods of incapacity, permanent disablement benefits, and death benefits payable to the employee’s family. To ensure compliance, employers are mandated to maintain valid employees’ compensation insurance policies with authorised insurers to cover their statutory liabilities under the ECO.

REGULATORY OVERVIEW

Under section 15 of the ECO, employers must notify the Commissioner for Labour of any work-related accident by submitting Form 2: (i) within 14 days for accidents resulting in incapacity exceeding three days; and (ii) within seven days for fatal accidents, irrespective of whether the accident entails any liability to pay compensation. If an accident is not brought to the employer’s attention or otherwise came to their knowledge after these periods, the notice must be submitted within seven or 14 days (as applicable) from when the accident is first brought to the employer’s attention.

Employers are also required under section 40 of the ECO to take out insurance policies covering their liabilities under both the ECO and common law for work-related injuries involving all employees, including full-time and part-time staff. An employer who fails to secure valid insurance coverage is liable on conviction upon indictment to a fine of HK\$100,000 and imprisonment for up to two years.

Employees Retraining Ordinance (Chapter 423 of the Laws of Hong Kong)

The Enhanced Supplementary Labour Scheme (“ESLS”) is a labour importation scheme administered by the Labour Department of the Hong Kong Government. The ESLS operates pursuant to section 14(3) of the Employees Retraining Ordinance (Cap. 423), which empowers the Chief Executive in Council to approve labour importation schemes and mandates the payment of an Employees Retraining Levy by employers engaging imported employees. The ESLS is designed to address manpower shortages at technician level or below across various sectors in Hong Kong. It enables employers who experience genuine difficulties in recruiting suitable local workers to import labour from outside Hong Kong.

The ESLS is intended to safeguard employment opportunities, wages, and benefits of local workers by requiring employers to give priority to local recruitment and to take active steps to train local staff before resorting to importation. The maximum duration of an employment contract under the ESLS is 24 months. Imported workers must be engaged under a Standard Employment Contract (“SEC”) and are entitled to the same statutory protection as local workers.

Employers must comply with all relevant statutory provisions (including but not limited to the Employment Ordinance, Employees’ Compensation Ordinance, Immigration Ordinance), as well as the requirements of the ESLS and the SEC. Breaches may result in withdrawal of approval for labour importation and debarment from participation in the scheme for up to two years. Approval for importation is not automatically renewable; employers wishing to continue employing imported workers must submit a fresh application upon contract expiry.

Pursuant to administrative updates effective from March 2026, the Labour Department streamlined the application process by dividing vacancies into “Common Posts” and “Non-Common Posts”. “Common Posts” include standardised roles such as security guards, security patrol officers and security officers, which are subject to expedited preliminary screening based on preset entry requirements and median wages.

From the launch of the ESLS on 4 September 2023 to 31 December 2025, the Labour Department received 22,531 applications covering 171,516 imported workers, of which 14,989 applications involving 96,195 workers were approved. For the “Security Guard” category, 4,984 workers were approved out of 14,231 applications. Under the ESLS, imported security personnel are limited to core duties such as patrolling, visitor and vehicle registration, handling enquiries, and escorting money and valuables.

REGULATORY OVERVIEW

To safeguard the priority of local employment, ESLS applicants must conduct a four-week local open recruitment exercise and give priority to suitably qualified local workers, with salaries offered at no less than the prevailing median monthly wage for comparable positions. As at the Latest Practicable Date, for “Security Guard” category, the benchmark median monthly wage is HK\$16,400 based on an eight-hour working day, excluding meal breaks.

Under the ESLS, employers must provide clean, self-contained and furnished accommodation with a minimum net usable floor area of 3.4 square metres per person and no more than six beds per bedroom. The accommodation must, at no cost to the worker, include separate sleeping and living areas, toilet, bathing and cooking facilities, a stable supply of electricity and potable water, and basic furnishings such as beds, blankets, pillows, electric fans and a refrigerator. While employers under the ESLS may recover part of the accommodation cost, any deduction is capped at the actual cost of accommodation or 20% of the worker’s monthly wages, excluding overtime pay, whichever the less (for SECs entered into pursuant to the approvals-in-principle to imported workers issued by the Labour Department prior to 16 June 2026, the corresponding cap was 10% of the worker’s monthly wages, excluding overtime pay). Labour Department officers are also entitled to enter and inspect the accommodation at reasonable times to verify compliance. Failure to meet these requirements may result in administrative sanctions and exclusion from the ESLS. Under the SEC, where an employee falls ill or suffers personal injury during the employment period, the employer is required to provide free medical treatment. This includes medical consultation, hospitalisation and emergency dental treatment, and the employee is required to accept treatment provided by a registered medical practitioner.

Our Group has put in place internal policies and procedures to ensure that the accommodation provided to imported workers complies with the applicable requirements under the ESLS and the relevant standard employment contracts, including those relating to space, occupancy and basic facilities. To the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, any accommodation fees charged by our Group to imported workers did not exceed the applicable statutory cap. Our Group also monitors the condition of such accommodation on an ongoing basis.

To the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, our Group was not aware of any material non-compliance with applicable laws and regulations in relation to the dormitories for imported workers.

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK\$43.1 per hour as at the Latest Practicable Date) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

Immigration Ordinance (Chapter 115 of the Laws of Hong Kong)

Under the Immigration Ordinance, a person is lawfully employable if he holds the requisite visa or entry permit to work in Hong Kong, or has the right of abode or right to land in Hong Kong. Section 17I of the Immigration Ordinance stipulates that (i) any person who employs an individual who is not a prohibited employee commits an offence and is liable to a fine of

REGULATORY OVERVIEW

HK\$350,000 and to imprisonment for three years; and (ii) any person who employs an individual who is a prohibited employee commits an offence and is liable to a fine of HK\$500,000 and to imprisonment for ten years.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (“MPFSO”)

Under the Mandatory Provident Fund Schemes Ordinance, employers are required to enrol their regular employees, except for certain exempt persons, into a Mandatory Provident Fund (“MPF”) Scheme if they meet the following criteria:

- The employee is aged between 18 and under 65 years.
- The employee has been employed for a continuous period of 60 calendar days or more.

Enrolment must be completed within the first 60 calendar days of employment, including any probationary period. Employers are legally obligated to ensure compliance with this requirement, and failure to do so may result in penalties.

Under the MPF Scheme, as at the Latest Practicable Date, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a minimum monthly relevant income of HK\$7,100 for employee’s contributions and a maximum monthly relevant income of HK\$30,000 for both employer and employee’s contributions. Contributions to the plan are vested immediately upon payment.

The MPF Offsetting Arrangement has been abolished from 1 May 2025. For details, please refer to the paragraph headed “Risk Factors – Risks relating to our industry – Cancellation of the MPF offsetting arrangement may result in an increase in our direct labour costs” in this document.

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial. The Occupational Safety and Health Regulation, established under the Occupational Safety and Health Ordinance, outlines fundamental provisions for preventing accidents, ensuring fire safety, managing workplace environments, maintaining hygiene standards, providing first aid, and setting out the responsibilities of employers and employees in relation to manual handling operations.

Employers are obligated, as far as reasonably practicable, to safeguard the safety and health of their workplaces by:

- Ensuring that machinery, equipment, and work systems are maintained in a manner that does not pose risks to safety or health;
- Implementing measures to ensure safety and health in relation to the use, handling, storage, or transportation of machinery, equipment, or substances;
- Offering adequate information, instructions, training, and supervision to promote workplace safety and health;

REGULATORY OVERVIEW

- Maintaining safe means of access to and exit from the workplace; and
- Establishing and maintaining a safe and healthy working environment.

The Commissioner for Labour is empowered to issue improvement notices and suspension notices against activity of workplace which may create an imminent hazard to the employees. Failure to comply with the notices constitutes an offence punishable by a fine of HK\$400,000 and HK\$1,000,000 respectively and imprisonment of up to 12 months.

REGULATORY FRAMEWORK GOVERNING SECURITY, PROPERTY MANAGEMENT, AND ELECTRICAL WORK SERVICES

Security and Guarding Services Ordinance (Chapter 460 of the Laws of Hong Kong) (“SGSO”)

The SGSO mandates the creation of the Security and Guarding Services Industry Authority (“SGSIA”), regulates the issuance of permits for individuals engaged in security-related work, and oversees the licensing of security service providers in Hong Kong. Companies providing security services and individuals performing security duties must adhere to the SGSO’s dual licensing system: the Security Company Licence regime (the “**Security Company Licence Regime**”) and the Security Personnel Permit regime (the “**Security Personnel Permit Regime**”).

Security Company Licence Regime

Pursuant to section 11 of the SGSO, no person other than a company acting under and in accordance with a Security Company Licence issued by SGSIA in accordance with the SGSO shall supply, agree to supply, or hold himself out as supplying any individual to do security work for another person for reward. Pursuant to section 12 of the SGSO, no person shall authorise or require another person to do any type of security work for him unless the other person is (a) a holder of a Security Personnel Permit that is valid for that type of work, a holder of Security Company Licence, or an individual supplied by a holder of Security Company Licence; or (b) authorised or required to do the work otherwise than for reward.

Applications for a Security Company Licence must be submitted to SGSIA, and only corporate entities incorporated under the Companies Ordinance, its predecessor legislation, or any other ordinance in Hong Kong are eligible to apply. As stipulated in Schedule 2 of the Security and Guarding Services (Licensing) Regulation (Chapter 460B of the Laws of Hong Kong), a company holding a Security Company Licence is authorized to perform three distinct types of security work under the Security Company Licence Regime:

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| Type I | Provision of security guarding services |
| Type II | Provision of armoured transportation services |
| Type III | Installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or place) a security system incorporating a security device |

REGULATORY OVERVIEW

Matters to which SGSIA shall have regard when determining an application for a Security Company Licence

According to section 21(3) of the SGSO, SGSIA shall issue a Security Company Licence only when it is satisfied that:

- (a) the applicant is a fit and proper person to supply individuals to do security work of the type proposed;
- (b) any person who is a controller of the applicant is a fit and proper person to be a controller of a company that supplies individuals to do security work of the type proposed;
- (c) the security equipment and methods used or proposed to be used by the applicant are adequate; and
- (d) the applicant's proposed method of supervising the individuals it supplies to do security work is suitable.

Further, SGSIA will have regard to the following matters when determining an application for a Security Company Licence for Type I and Type III security work:

- (A) In respect of an application for a Security Company Licence for Type I security work
 - (a) the applicant must be a company registered in Hong Kong;
 - (b) the applicant should have a sound financial background and be able to furnish an appropriate financial reference from a Hong Kong bank or similar institutions;
 - (c) the controller(s), the directors and executives are of good character, having regard to his/her criminal record and other relevant factors;
 - (d) the applicant is appropriately insured for the extent of its business subject to a minimum of HK\$10 million per incident for public liability. Insurance should also include employee compensation;
 - (e) the applicant should have a place of business, the size, layout, and facilities of which is commensurate with its scale and nature of operations;
 - (f) the applicant, if required by nature of its work, should have a control room of adequate size which meets the requirements of SGSIA;
 - (g) the applicant, when monitoring remote alarms off site, should have a central alarm monitoring station which meets the requirements of SGSIA;
 - (h) the armoury should, if required, in all respects, fully comply with the requirements as laid down in the Firearms and Ammunition Ordinance (Chapter 238 of the Laws of Hong Kong);
 - (i) all personnel engaged in security work must have a valid permit;

REGULATORY OVERVIEW

- (j) the applicant must carry out its own employment vetting, which includes, where possible, employment history, reference check or other acceptable modes of character check and residential address check;
 - (k) the applicant must have a nominated training officer responsible for the training of all operational staff;
 - (l) all training must be held in a suitable training facility;
 - (m) all employees, before performing operational duties, must undergo and pass an initial basic training course of not less than 16 hours, regardless of previous working experience (except when an employee produces a valid certificate issued to that employee in respect of a training course accepted by SGSIA within 5 years);
 - (n) all employees deployed to operate a central alarm monitoring station must undergo and pass relevant training which meets the requirements of SGSIA in addition to that prescribed under item (m) above before performing related operational duties;
 - (o) results of these courses must be recorded in the employee personnel files;
 - (p) a security company, which takes over another security company's business as well as its staff, may apply in writing to the police with valid reasons for a grace period in providing initial basic training to its guards before performing operational duties;
 - (q) the applicant must maintain two full copies of assignment instructions for each duty post (one in management records and one at the duty area), which should cover, among others, name of the employer, address of the duty area, telephone procedures, action in emergencies, fire precautions and crime prevention;
 - (r) the applicant must supervise all patrols on a shift basis through a minimum of one visit per week by supervisor from an off-site location if teleprotection is available, and one visit per shift if otherwise;
 - (s) occurrence books must be maintained at every duty post;
 - (t) all incidents must be recorded and investigated;
 - (u) confidential documents no longer required must be shredded before being discarded; and
 - (v) the applicant should have contingency plans for fire and other disasters.
- (B) In respect of an application for a Security Company Licence for Type III security work
- (a) the applicant must be a company registered in Hong Kong;
 - (b) the applicant should have a sound financial background and be able to furnish an appropriate financial reference from a Hong Kong bank or similar institutions;

REGULATORY OVERVIEW

- (c) the controller(s), the directors and executives are of good character, having regard to their criminal record and other relevant factors;
- (d) the applicant is appropriately insured for the extent of its business subject to a minimum of HK\$10 million per incident for public liability. Insurance should also include employee compensation;
- (e) the applicant should have a place of business, the size, layout, and facilities of which is commensurate with its scale and nature of operations;
- (f) the applicant should have an electronic and technical workshop of an adequate size, with sufficient facilities and test equipment to provide adequate service repair and equipment fabrication;
- (g) the company should have sufficient test equipment and tools necessary for carrying out installation work, service repair and field services;
- (h) a detailed list of test equipment should be available at the workshop for record purpose;
- (i) all security devices designed, installed, maintained and repaired should be done according to the relevant British Standards (B.S.), European Standards, Underwriters Laboratories Inc. (U.L.) Standard or equivalent where appropriate and applicable;
- (j) all personnel engaged in security work must have a valid permit;
- (k) the applicant must carry out its own employment vetting, which includes, where possible, employment history, reference check or other acceptable modes of character check and residential address check;
- (l) all staff carrying out alarm installation work and servicing must have adequate recognised technical qualifications or equivalent related experience;
- (m) confidential documents no longer required must be shredded before being discarded; and
- (n) the applicant should have contingency plans for fire and other disasters.

Conditions for issuing a Security Company Licence

The issuance of a Security Company Licence is contingent upon the following conditions, in addition to any other requirements that may be imposed by the SGSIA. The licensee is required to:

- (a) display its Security Company Licence in a prominent position inside its principal place of business;
- (b) only supply individuals to perform the type of security work as specified in its Security Company Licence;

REGULATORY OVERVIEW

- (c) enter its name and the period of employment on the Security Personnel Permit of security personnel under its employ;
- (d) notify the Commissioner of Police (the "**Commissioner**") in writing of (i) any criminal proceedings against the controller(s), directors and executives, and all Security Personnel Permit holders of the company within 14 days after the licensee has become aware of the institution of such proceedings; (ii) the name of the persons whom it employs to do security work and the date on which the employment commenced within 14 days after the commencement of the employment; and (iii) the name of the persons whom it ceases to employ to do security work and the date on which the employment ceased within 14 days after the cessation of the employment; and
- (e) not act contrary to the requirements of its work as a security company.

A Security Company Licence is not assignable or transmissible, and is valid for five years (or such shorter period as SGSIA may specify, and subject to payment of prescribed fee). An application for renewal of a Security Company Licence shall be made to the SGSIA not earlier than six months and not later than three months before the Security Company Licence is due to expire and be accompanied by the prescribed fee.

Penalties

Under section 31(1) of the SGSO, any person operating a company that supplies, agrees to supply, or represents themselves as supplying individuals to perform security work for others in exchange for reward, without a valid Security Company Licence, commits an offence. Upon conviction, the offender is liable to a fine at level 6 (currently HK\$100,000) and imprisonment for up to two years. Additionally, under section 31(2) of the SGSO, failure to notify the Commissioner of the required notifications, including the relevant commencement or cessation dates triggering such notifications, constitutes an offence. Upon conviction, the offender is subject to a fine at level 3 (currently HK\$10,000) and imprisonment for up to three months.

Security Personnel Permit Regime

Certain employees within our Group are engaged in the design, installation, and maintenance of security systems, as well as the provision of security guarding services. These activities necessitate the acquisition of appropriate permits under the Security Personnel Permit Regime.

Under section 10 of the SGSO, no individual shall do, agree to do, or hold himself out as doing or as available to do, security work for another person unless they do so under and in accordance with a valid Security Personnel Permit issued by the Commissioner under the SGSO, or unless the work is undertaken without reward. Furthermore, pursuant to section 12 of the SGSO, no person shall authorise or require another person to do any type of security work for him unless the other person is (a) a holder of a Security Personnel Permit that is valid for that type of work, a holder of Security Company Licence, or an individual supplied by a holder of Security Company Licence; or (b) authorised or required to do the work otherwise than for reward. Applications for Security Personnel Permits must be submitted to the Commissioner, and section 14 of the SGSO provides that such permits cannot be issued to corporate or unincorporated bodies.

REGULATORY OVERVIEW

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| (c) Good character | The applicant must be of good character having regard to the applicant's employment history, criminal records and other relevant factors. |
| (d) Proficiency in security work | <p>The applicant must satisfy one of the followings:</p> <ul style="list-style-type: none">(i) The applicant must have sat and passed a trade test recognised by SGSIA and announced in a manner that it thinks fit, within one year before submitting the application; or(ii) The applicant must have not less than three years of cumulative working experience in performing security work lawfully in Hong Kong over the past five years immediately before submitting the application; or(iii) The applicant must have not less than one year of cumulative working experience in performing security work lawfully in Hong Kong over the past two years immediately before submitting the application; or(iv) The applicant must have sat and passed a course-end examination, within one year before submitting the application, of a security training course that has met the requirements of a scheme for quality assurance that has been endorsed by SGSIA and announced in a manner that it thinks fit, such as the QASRS Basic Security Services Certificate. |
- (B) In respect of Category D Security Work
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| (a) Age | The applicant must be 18 years of age or above on the date of application. |
| (b) Proficiency | The applicant shall have received appropriate training or can demonstrate the capability and proficiency in the skills/technique required in performing the job. |
| (c) Good character | The applicant must be of good character having regard to the applicant's employment history, criminal records and other relevant factors. |
| (d) Certification of Employment by Prospective Employer | On the applicant's first application for a permit, the applicant must produce a letter of employment from the prospective employer. |

REGULATORY OVERVIEW

Conditions for issuing a Security Personnel Permit

The issuance of a Security Personnel Permit will be subject to the following conditions (together with any such conditions the Commissioner may impose). The Security Personnel Permit holder must:

- (a) carry his/her Security Personnel Permit at all times when he is on duty;
- (b) produce his/her Security Personnel Permit for inspection on demand by any police officer;
- (c) notify the Commissioner in writing of (i) any change of employer, unless he/she is employed by a licensed security company; and (ii) any institution of criminal prosecution against him/her, within 14 days after the relevant event has occurred;
- (d) only perform the type of security work as specified in his/her Security Personnel Permit;
- (e) not work over 372 hours per month and not normally work over 12 hours per day;
- (f) not act contrary to the requirements of his/her duties as a security personnel or remiss in the execution of his/her duties; and
- (g) for performance of Category A Security Work and/or Category B Security Work, submit to the Licensing Office of the Hong Kong Police Force a medical certificate issued by a registered medical practitioner to certify that he is fit to undertake the duties required, (i) if he/she was aged below 65 at the time of application for the Security Personnel Permit, when he/she reaches the age of 65 and thereafter every two years; or (ii) if he/she was 65 years of age or above at the time of application for the Security Personnel Permit, every two years after the Security Personnel Permit was issued.

A Security Personnel Permit is not assignable or transmissible, and is valid for a period of five years (or such shorter period as the Commissioner may specify). Applications to renew a Security Personnel Permit must be submitted to the Commissioner no earlier than six months and no later than three months prior to its expiry and must include the prescribed fee.

Penalties

Under section 31(2) of the SGSO, any person who does, agrees to do, or holds himself out as doing or as available to do, security work for another person for reward without a valid Security Personnel Permit commits an offence and is liable on conviction to a fine at level 3 (currently at HK\$10,000) and to imprisonment for three months.

Property Management Services Ordinance (Chapter 626 of the Laws of Hong Kong) ("PMSO")

The Property Management Services Authority (the "PMSA") was established on 24 October 2016 in accordance with section 42 of the PMSO and has since 1 August 2020 implemented the licensing regime concerning property management companies ("PMC(s)") and property management practitioners ("PMP(s)") to provide property management services. The PMSA is authorised to enforce the PMSO, establish codes of conduct, and impose disciplinary measures

REGULATORY OVERVIEW

on PMCs and PMPs found guilty of disciplinary offences. Under section 43 of the PMSO, its primary responsibilities include:

- (a) to regulate and control the provision of property management services in Hong Kong by the licensing of PMC and PMP;
- (b) to promote the integrity, competence and professionalism of the profession of property management services; and
- (c) to maintain and enhance the status of the profession of property management services.

According to section 6(1) of the PMSO, no person may, without a property management company licence (“**PMCL**”) issued in accordance with the PMSO, (i) act as a PMC; or (ii) claim to be a holder of a PMCL (“**PMCL Company**”).

According to section 7(2) of the PMSO, a PMC is not required to hold a PMCL if its business activities do not include the provision of property management services spanning more than one category listed in Schedule 1 of the PMSO.

Under Schedule 1 of the PMSO, property management services are defined to mean services prescribed by the PMSA falling within the following categories:

- 1. general management services relating to a property;
- 2. management of the environment of a property;
- 3. repair, maintenance and improvement of a property;
- 4. finance and asset management relating to a property;
- 5. facility management relating to a property;
- 6. human resources management relating to personnel involved in the management of a property; and
- 7. legal services relating to the management of a property.

According to section 8(1) of the PMSO, the PMSA may, on application, issue:

- (i) a PMCL;
- (ii) a PMP (Tier 1) licence (“**PMP (Tier 1) licence**”); or
- (iii) a PMP (Tier 2) licence (“**PMP (Tier 2) licence**”).

Only PMPs, as defined in section 2 of the PMSO as individuals holding managerial or supervisory positions in a property management company concerning the property management services it provides, are required to obtain a licence if they assume such roles in delivering property management services. Frontline staff are not obligated to obtain PMP licences. However, a PMP must meet all licensing requirements and adhere to the conditions of the licence.

REGULATORY OVERVIEW

According to section 11(2) of the PMSO, in determining whether a person is a suitable person to hold a PMCL, the PMSA must have regard to the following in case of a company:

- (i) whether the company is in liquidation or is the subject of a winding- up order;
- (ii) whether a receiver has been appointed in relation to the company;
- (iii) whether, in the five years before the relevant application, the company has entered into a composition or scheme of arrangement with its creditors;
- (iv) whether the company has been convicted of a criminal offence (other than an offence under the PMSO) involving fraud or dishonesty;
- (v) whether the company has been convicted of a disciplinary offence or a criminal offence under the PMSO; and
- (vi) whether every director of the company is a suitable person to be associated with the company’s business of providing property management services.

According to section 15(2)(b) of the PMSO, criteria for a PMP (Tier 1) licence or PMP (Tier 2) licence may include those relating to the person’s academic qualifications, professional qualifications and relevant work experience; and may impose more stringent requirements for a PMP (Tier 1) licence. The licensing criteria, and licence conditions are stipulated in the Property Management Services (Licensing and Related Matters) Regulation.

Arrano Security obtained its first Property Management Company License on 22 May 2023. As confirmed by our Directors, during the period from 22 May 2023 to the end of the Track Record Period and as at the Latest Practicable Date, we held a Property Management Company License.

Building Management Ordinance (Chapter 344 of the Law of Hong Kong (“BMO”) and Building Management (Amendment) Ordinance 2024 (“BM(A)O”)

The management of private properties in Hong Kong is governed by the BMO and is further regulated through Deeds of Mutual Covenant (the “DMC(s)”). The BMO establishes a statutory framework that sets out the regulations for incorporating owners of units within buildings or building complexes and provides for their management. The Building Management (Amendment) Bill 2023 was passed by the Legislative Council on 4 July 2024. The Building Management (Amendment) Ordinance 2024 was published in the gazette on 12 July 2024 and will come into operation on 13 July 2025.

Under the BMO, an owners’ corporation may be formed to manage building affairs on behalf of all unit owners. Upon establishment, an owner corporation assumes the rights, powers, privileges, and responsibilities concerning the common areas of the building. Furthermore, an owner corporation has the discretion to appoint staff members, engage a property management company, or retain other professionals to assist in carrying out its management duties.

A DMC is a legally registered document with the Land Registry, defining the rights, interests, and obligations of unit owners within a building. Typically, an owners’ corporation or another owners’ representative body – such as an owners’ committee or a mutual aid committee – is formed, with a management committee elected to oversee and coordinate with the appointed property manager.

REGULATORY OVERVIEW

Pursuant to section 44 of the BMO, the Secretary for Home and Youth Affairs may prepare, revise or issue any code of practice (Code of Practice) giving guidance and direction as to, among other things, the procurement of supplies, goods and services required by an owner corporation in the performance of a function under a DMC. Pursuant to section 28A(1) of the BMO, such procurement must comply with any Code of Practice concerning the procurement. Under the BMO, procurement of supplies, goods, or services by an owners’ corporation is classified as (i) type 1 high-value procurement; (ii) type 2 high-value procurement; or (iii) large-scale maintenance procurement. All procurement applicable to these three classifications must be conducted in invitations to tender.

Pursuant to sections 28D and 28E of the BMO, type 1 high-value procurement applies where the contract value exceeds, or is likely to exceed, HK\$200,000 but is neither type 2 high-value procurement nor large-scale maintenance procurement. Type 2 high-value procurement applies where the contract value exceeds, or is likely to exceed, 20% of the average annual expenditure for the last 3 financial years, also excluding large-scale maintenance procurement.

Acceptance of tenders must be determined by a resolution passed at a general meeting of owners’ corporations.

A contract for major procurement, including type 1 high-value procurement, type 2 high-value procurement, and large-scale maintenance procurement, shall not be deemed void solely due to non-compliance with the essential statutory requirements. However, subject to an order of the Hong Kong courts, the contract may be avoided, i.e., cancelled, by an owners’ corporation through a resolution passed at a general meeting, but only on the basis of such non-compliance. The Hong Kong courts retain the discretion to determine whether the contract is void or voidable and may issue such directions as it deems appropriate regarding the rights and obligations of the contractual parties, having regard to statutory compliance, procurement urgency, supplier conduct, benefits derived by the owners, and the extent of any financial loss incurred.

Electricity Ordinance (Chapter 406 of the Law of Hong (“EO”))

Under section 2 of the EO, “electrical work” is defined as work related to the installation, commissioning, inspection, testing, maintenance, modification, or repair of low-voltage or high-voltage fixed electrical installations. The Electricity Legislation Division of the Electrical and Mechanical Services Department (EMSD) is responsible for overseeing electrical safety and enforcing regulations under the EO. All electrical workers and contractors involved in work on fixed electrical installations are required to register with the EMSD and adhere to the stipulations of the EO and its subsidiary regulations. Additionally, only individuals deemed competent by the EMSD are permitted to perform work related to locating underground electricity cables.

Electricity (Registration) Regulations (Chapter 406D of the Laws of Hong Kong)

Registered Electrical Contractors

To become a registered electrical contractor (“**Registered Electrical Contractor**”) under the Electricity Ordinance, a corporate applicant must employ at least one registered electrical worker (“**Registered Electrical Worker**”) who is officially registered under the Ordinance. Companies are prohibited from operating as electrical contractors or performing electrical work unless they hold the status of a Registered Electrical Contractor.

REGULATORY OVERVIEW

The certificates of registration of electrical contractor issued to Arrano Security and Arrano Technology have been valid from 16 July 2024. As of the Latest Practicable Date, each of Arrano Security and Arrano Technology was recognised as a Registered Electrical Contractor.

Registered Electrical Workers

Electrical work specified in a registration certificate can only be performed by a Registered Electrical Worker. However, a non-Registered Electrical Worker may carry out such work if they are acting under the direct oral or written instructions of a supervising Registered Electrical Worker, who must take responsibility for the non-Registered Electrical Worker’s actions. This arrangement excludes certain types of work outlined in the supervising Registered Electrical Worker’s certificate of registration.

As at the Latest Practicable Date, we had three Registered Electrical Workers.

LAWS RELATING TO COMPETITION AND ANTI-CORRUPTION LAWS

Competition Ordinance (Chapter 619 of the Laws of Hong Kong)

The Competition Ordinance is applicable across all industries in Hong Kong and is designed to promote competition and prohibit anti-competitive practices. The Ordinance prohibits activities aimed at or resulting in the prevention, restriction, or distortion of competition in Hong Kong. Such activities include anti-competitive agreements, coordinated practices, and misuse of significant market power. The Competition Ordinance prohibits actions that hinder, limit, or distort competition in Hong Kong through three primary rules:

- First Conduct Rule: Prohibits anti-competitive agreements.
- Second Conduct Rule: Prevents abuse of substantial market power.
- Merger Rule: Restricts mergers that significantly reduce competition, currently limited to the telecommunications sector.

The First Conduct Rule prohibits agreements, concerted practices, or decisions by associations of undertakings that have the object or effect of preventing, restricting, or distorting competition in Hong Kong. This rule applies to both competitors and non-competitors if their actions harm competition.

Key examples of conduct that may contravene the First Conduct Rule include:

- (a) cartels: agreements among competitors to fix prices, allocate markets, rig bids, or limit output;
- (b) exchange of information: sharing competitively sensitive information, such as pricing strategies or production plans, which could reduce competition;
- (c) trade associations and industry bodies: decisions or practices by such groups that harm competition;
- (d) joint ventures: collaborations that restrict competition beyond what is necessary for legitimate cooperation.

REGULATORY OVERVIEW

- (e) vertical price restrictions: imposing resale price maintenance on distributors or retailers.
- (f) exclusive distribution and customer allocation: practices that limit market access or customer choice.

The Competition Commission, established under section 129 of the Competition Ordinance, is tasked with promoting fair and healthy competition in Hong Kong by enforcing the provisions of the Ordinance. Its primary objective is to address conduct that provides the greatest overall benefit to consumers and the economy. Under section 39 of the Competition Ordinance, the Competition Commission is empowered to investigate any conduct that constitutes or may constitute a contravention of a competition rule. Investigations may be initiated on its own initiative, through public complaints, referrals from the Competition Tribunal (established under section 134 of the Competition Ordinance), or by the Hong Kong Government.

The Commission has powers under sections 41 and 42 of the Competition Ordinance to issue notices requiring a person to provide documents, information and/or to give evidence before the Competition Commission. It also has the capacity to seek a search warrant from a judge of the Court of First Instance to enter and search specific premises for evidence under section 48 of the Competition Ordinance. Section 52 of the Competition Ordinance stipulates that failing to comply, without a reasonable excuse, with any requirement or prohibition imposed under the Competition Commission’s investigation powers constitutes a criminal offence, punishable by a fine of up to HK\$200,000 and imprisonment for a maximum of one year.

Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) (“PBO”)

The Prevention of Bribery Ordinance (Cap. 201) establishes a legal framework to combat bribery and corruption in Hong Kong. It applies to individuals and entities, including directors and employees of companies, and imposes strict prohibitions on corrupt practices in both public and private sectors. Directors and employees are prohibited from soliciting, accepting, or offering any bribe in connection with the company’s business or affairs, whether conducted in Hong Kong or elsewhere. In particular, the PBO requires compliance with the following key provisions:

- (i) No person shall solicit or accept any advantage as a reward for or inducement to performing or abstaining from performing any act, or showing favour in relation to the company’s business or affairs. Similarly, no person shall offer such an advantage to an agent of another party for similar purposes.
- (ii) Offering any advantage to a public servant (including employees of public bodies such as Hong Kong Government entities) as a reward for or inducement to performing any act in their official capacity, showing favour, or providing assistance is strictly prohibited.
- (iii) Offering any advantage to staff of a Hong Kong Government department or public body while conducting business dealings with them is prohibited.
- (iv) Offering any advantage to another party as an inducement or reward for withdrawing a tender, refraining from submitting a tender, or abstaining from bidding at auctions conducted by public bodies is also prohibited.

REGULATORY OVERVIEW

The penalties for offences under the PBO vary depending on the nature of the offence. Maximum penalties include fines up to HK\$1,000,000 and imprisonment of up to 10 years.

Additionally, under common law principles, it is an offence to bribe a person performing a public duty or for such a person to solicit or accept a bribe. It is also a common law offence for a person in public office to misconduct themselves in the course of their duties. Directors and employees must not conspire with or solicit public officials to engage in misconduct while performing their official duties.

To the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, our Directors confirm that the Group was not informed by any party of any investigation against the Group or its employees or directors in relation to any contravention of the Prevention of Bribery Ordinance.