

REGULATORY OVERVIEW

This section sets forth a summary of the laws and regulations applicable to our business and operations. As this is a summary, it does not contain detailed analysis of the laws which are relevant to our business.

LAWS AND REGULATIONS IN HONG KONG

BUSINESS REGISTRATION ORDINANCE

The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every entity that carries on a business in Hong Kong to apply for a business registration within 1 month from the date of commencement of the business, and to display a valid business registration certificate at the place of business.

INLAND REVENUE ORDINANCE

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The Inland Revenue Ordinance provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, the profits tax rate is 8.25% for the first HK\$2,000,000 estimated assessable profits and 16.5% for estimated assessable profits above HK\$2,000,000 for an entity qualified for the two-tiered profits tax rates regime introduced pursuant to the Inland Revenue (Amendment) (No.7) Bill 2018. The Inland Revenue Ordinance also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

EMPLOYMENT ORDINANCE

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) is an ordinance for, among others, the protection of the wages of employees and the regulation of the general conditions of employment and employment agencies in Hong Kong. The Employment Ordinance covers employment protection and benefits for employees including, among others, wage protection, paid annual leave, sickness allowance, maternity protection, statutory paternity leave and long service payment.

EMPLOYEES’ COMPENSATION ORDINANCE

The Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases. The Employees’ Compensation Ordinance in general applies to employees who are employed under a contract of service or apprenticeship. Employees who are injured while working outside Hong Kong are also covered if they are employed in Hong Kong by local employers. An employer is liable to pay compensation in respect of injuries sustained by his employees as a result of an accident arising out of and in the course of employment; or in respect of occupational diseases specified in the Employees’ Compensation Ordinance suffered by the employees.

OCCUPIERS LIABILITY ORDINANCE

The Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land. The Occupiers Liability Ordinance

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imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

OCCUPATIONAL SAFETY AND HEALTH ORDINANCE

The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) provides for the safety and health protection to employees in workplaces, both industrial and non-industrial. Employers must as far as reasonably practicable ensure the safety and health in their workplaces by:

- provision and maintenance of plant and systems of work that are safe and without risks to health;
- making of arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- as regards any workplace under the employer’s control:
 - maintenance of the workplace in a condition that is safe and without risks to health; and
 - provision and maintenance of means of access to and egress from the workplace that are safe and without any such risks;
- providing all necessary information, instructions, training and supervision for ensuring safety and health; and
- provision and maintenance of a working environment for the employer’s employees that is safe and without risks to health.

The Commissioner for Labour may also issue an improvement notice against non-compliance of this ordinance or the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), or issue a suspension notice against activity or condition of workplace which may create an imminent risk of death or serious bodily injury.

MANDATORY PROVIDENT FUND SCHEMES ORDINANCE

The Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) is an ordinance for the purpose of providing for the establishment of the non-governmental mandatory provident fund schemes. Except for exempt persons, employees (regular or casual) and self-employed persons who are at least 18 but under 65 years of age are required to join a mandatory provident fund scheme.

MINIMUM WAGE ORDINANCE

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) is an ordinance for the purposes of providing a minimum wage at an hourly rate for certain employees. The Minimum Wage Ordinance establishes a statutory minimum wage regime. The statutory minimum hourly rate with effect from 1 May 2026 is HK\$43.1 per hour. 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.

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TRADE MARKS ORDINANCE

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) provides for the registration of trademarks, the use of registered trademarks and connected matters. Hong Kong provides territorial protection for trademarks. Therefore, trademarks registered in other countries or regions are not automatically entitled to protection in Hong Kong. In order to enjoy protection by the laws of Hong Kong, trademarks must be registered with the Trade Marks Registry of the Intellectual Property Department under Trade Marks Ordinance and Trade Marks Rules (Chapter 599A of the Laws of Hong Kong).

According to section 10 of the Trade Marks Ordinance, a registered trademark is a property right acquired through due registration under this ordinance. The owner of a registered trademark is entitled to the rights provided by the ordinance.

By virtue of section 14 of the Trade Marks Ordinance, the owner of a registered trademark is conferred exclusive rights in the trademark. The rights of the owner in respect of the registered trademark come into existence from the date of the registration of the trademark. According to section 48 of this ordinance, the registration date is the filing date of the application for registration.

Subject to the exceptions in section 19 to section 21 of the Trade Marks Ordinance, any use of the trademark by third parties without the consent of the owner is an infringement of the trademark. Conducts that amount to infringement of the registered trademark are further specified in section 18 of the same ordinance. The owner of the registered trademark is entitled to remedies under the Trade Marks Ordinance once any infringement by third parties occurs, such as infringement proceedings provided for in section 23 and section 25 of the Trade Marks Ordinance.

Trademarks which are not registered under the Trade Marks Ordinance and the Trade Marks Rules may still obtain protection by the common law action of passing off, which requires proof of the owner’s reputation in the unregistered trademark and that use of the trademark by third parties will cause the owner damage.

NOISE CONTROL ORDINANCE

The Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) provides, among other things, the statutory controls in relation to nuisance caused by noisy activities conducted in public places.

By virtue of section 4 of the Noise Control Ordinance, any person who, between the hours of 11 p.m. and 7 a.m., or at any time on a general holiday in any public place, makes any noise which is a source of annoyance to any person shall commit an offence liable to a fine of HK\$10,000.

By virtue of section 5 of the Noise Control Ordinance, any person who at any time in any public place (i) plays or operates any musical or other instrument, including any record or cassette player or radio or television apparatus, (ii) uses any loud-speaker, megaphone, or other device or instrument for magnifying sound, (iii) plays any game or engages in any pastime, or (iv) carries on a trade or business, the noise of which is a source of annoyance to any person shall commit an offence liable to a fine of HK\$10,000.

SUPPLY OF SERVICES (IMPLIED TERMS) ORDINANCE

The Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) consolidates and amends the law with respect to the terms to be implied in contracts for the supply of services.

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Section 5 of the Supply of Services (Implied Terms) Ordinance provides that in a contract for the supply of service where the supplier is acting in the course of a business, there is an implied term that the supplier will carry out the service with reasonable care and skill.

Section 6 of the Supply of Services (Implied Terms) Ordinance provides that where, under a contract for the supply of a service by a supplier acting in the course of a business, the time for the service to be carried out is not fixed by the contract, is not left to be fixed in a manner agreed by the contract or is not determined by the course of dealing between the parties, there is an implied term that the supplier will carry out the service within a reasonable time.

LAWS AND REGULATIONS IN MACAO

EMPLOYMENT REGULATIONS

LAW FOR THE EMPLOYMENT OF NON-RESIDENT WORKERS

The Law for the Employment of Non-Resident Workers (Law No. 21/2009) establishes the legal requirements for non-residents to work in Macao and the general framework for non-resident employment relations in all areas of activities. For the purposes of this Law, a non-resident employee means a person who has no right of abode in Macao, but is allowed to temporarily work in Macao according to a temporary work permit issued upon approval by the competent authority based upon an employment contract concluded with (1) a Macao resident; (2) a natural person or body corporate whose residence or establishment is located in Macao; or (3) a non-local resident who has set up commercial or industrial establishment in Macao.

REGULATIONS ON THE PROHIBITION OF ILLEGAL WORK

The Regulations on the Prohibition of Illegal Work (Administrative Regulation No.17/2004) prohibits non-residents from working in Macao without first obtaining the requisite documents/authorisations.

Under the said regulations, the following are considered illegal work:

1. non-residents engaging in activities without the necessary permits required for such activities, even if unpaid;
2. non-residents holding a permit to work for others but providing services to entities other than those that applied for their employment, regardless of whether they are paid or unpaid;
3. non-residents holding a permit to work for others but engaging in activities without complying with other mandatory employment conditions stipulated in the relevant permit; or
4. non-residents engaging in activities for their own benefit without adhering to the conditions specified in the said regulations.

The said regulations provide that the following situations are exemptions:

1. Where an agreement has been concluded between companies based outside Macao, and natural persons or bodies corporate based in Macao;
2. The agreement is for the performance of specific and occasional works or services, in particular, when there is a need to use workers from outside Macao to provide management, technical, quality control or inspection services; and

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3. The purpose of work or service is limited to a maximum period of 45 days for each six-month period, whether consecutive or intermittent. Such shall be counted from the date of the non-resident’s legal entry into Macao.

LEGAL REGIME OF IMMIGRATION CONTROL, STAY AND RESIDENCE AUTHORISATION

The Legal Regime of Immigration Control, Stay and Residence Authorisation (Law No.16/2021) aims to update and compile the legislation on entry, stay and residency in Macao.

Article 73 of the said legal regime provides that anybody who receives work from a non-resident who does not have the requisite documents/authorisations may be punishable by imprisonment for up to 2 years and, in the event of a repeat offense, imprisonment of 2 to 8 years and subject to an administrative fine. This is regardless of the nature and form of the contract entered into, or the type of remuneration or consideration.

TAX LAWS

Macao practices an independent taxation system. According to Article 106 of the Basic Law of Macao, it has a low tax policy and enacts its own laws and regulations concerning types of taxes, tax rates, tax reductions, allowances and expenditures, and other matters of taxation (Article 106 of the Basic Law of Macao).

Macao follows a calendar fiscal year and its taxation system categorises different types of taxes into direct and indirect taxes which are levied on income as well as on assets and wealth. The most relevant taxes, both administered by the Financial Services Bureau, for the Group’s activity in Macao are (i) Industrial Contribution (Law No. 15/77/M, dated 31 December 1977), which corresponds to an annual fixed payment for the operation of industrial and commercial activities in Macao, and (ii) Corporate Profits Tax (Law No. 21/78/M, dated 9 September 1978), which corresponds to profit tax on earnings from business activities.

TAX CODE

The Tax Code (Law No. 24/2024) took full effect on 1 January 2026. The code compiles all tax laws currently in force in Macao and establishes a modern tax regime that is compatible with international tax standards through clarifying the operation of the territorial source principle of taxation, introducing the transfer pricing rules and financial representative regime, and defining the rights and duties of all parties under the relevant tax laws, etc.

INDUSTRIAL CONTRIBUTION REGULATION

The Industrial Contribution Regulation (Law No. 15/77/M) stipulates that tax is levied upon all industrial and commercial activities in Macao, no matter if it is carried out by a natural person or body corporate.

There are fixed tax rates for different activities. For instance, the leasing of machinery and equipment is subject to a tax of MOP300.00 per year (Appendix I of Law No. 15/77/M).

Any person intending to engage in any industrial or commercial activity is required to submit to the Financial Services Bureau, either personally or through a representative a form M/1, at least 30 days before the probable starting date of the said activity.

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INCOME TAX REGULATION

The Income Tax Regulation (Law No. 21/78/M, last amended by the Tax Code (Law No. 24/2024)) stipulates that the total income derived from industrial or commercial activities in Macao, no matter if it is carried out by a natural person or body corporate, are subject to supplementary taxation.

The amount of taxable income is determined by the Head of the Department of Contributions and Duties of the Macao Financial Services Bureau or by the Evaluation Commission, in respect of the tax returns filed. Where applicable, the amount of taxable income may be adjusted by the relevant authorities.