

REGULATORY OVERVIEW

OVERVIEW

This section sets out a summary of material laws, regulations and requirements applicable to our Group’s business and operations in Hong Kong. Information contained in this section should not be construed as a comprehensive summary of laws and regulations applicable to our Group.

Laws and regulations in relation to construction works

Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)

The Buildings Ordinance and associated regulations regulate the planning, design, and construction of buildings and associated works. The Buildings Ordinance provides that before the commencement of any building works: (i) prior approval and consent from the Building Authority must be obtained; (ii) authorised persons, namely architects, engineers and surveyors registered under the Buildings Ordinance, must be appointed to coordinate the works, prepare and submit plans for the approval from the Building Authority; (iii) registered professionals must be appointed to design and supervise the works; and (iv) registered contractors must be appointed to carry out the works.

Section 14(1) of the Buildings Ordinance provides that no person shall commence or carry out any building works or street works without having first obtained such prior approval and consent from the Building Authority and such proper appointments. Pursuant to section 41(3) of the Buildings Ordinance, building works (other than drainage works, ground investigation in the scheduled areas, site formation works and minor works) in any building are exempt from the requirement for approval and consent from the Building Authority if the works do not involve the structure of the building.

Section 40 of the Buildings Ordinance provides that any person who knowingly contravenes section 14(1) in respect of building works (other than minor works) shall be guilty of an offence and shall be liable on conviction to a fine of HK\$400,000 and to imprisonment for two years, and to a fine of HK\$20,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

Building (Minor Works) Regulation (Chapter 123N of the Laws of Hong Kong) (the “Building (MW) Regulation”)

The Building (Minor Works) Regulation is a subsidiary legislation under the Buildings Ordinance which sets out a simplified procedure and requirements to regulate building works specified as “minor works”. Under the Building (MW) Regulation, minor works are classified into three classes according to their nature, scale, complexity and the risk to safety they posed. Class I minor works are relatively more complicated with higher level of risk, which require higher technical experience and more stringent supervision and thus the appointment of a prescribed building professional (such as an authorised person, a registered structural engineer, a registered geotechnical engineer and/or a registered inspector) and a prescribed registered contractor (which can be a registered general building contractor, a registered specialist contractor registered under the category of demolition works/site formation works/foundation works/ground investigation field works or a registered minor works contractor). Class II refers to works with comparatively lower complexity and risk to safety and Class III mainly includes common household minor works. Class II and Class III minor works can be carried out by a prescribed registered contractor without the involvement of a prescribed building professional.

Under each class of minor work, it is further sub-divided into eight types (i.e. Type A (alteration and addition works), Type B (repair works), Type C (works relating to signboards), Type D (drainage works), Type E (works relating to structures for amenities), Type F (finishes works), Type G (demolition works) and Type H (works relating to ventilation system inside a building) that correspond to the specialisation of works in the industry as set out in schedule 1 of the Building (MW) Regulation.

A person who wishes to arrange for works to be carried out can commence Class I to Class III minor works without obtaining prior approval and consent of the Building Authority by following the simplified procedures contained in section 14AA of the Buildings Ordinance. The Building Authority

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must be notified of the commencement of projects involving Class I and Class II minor works items in the specified form with prescribed plans with supporting documents and site photos, which must be submitted at least seven days before commencement of the works concerned. For projects that involve only Class III minor works, it is not necessary to notify the Building Authority of commencement of the projects as required for Class I and Class II minor works. For projects involving either Class I, Class II or Class III minor works, a certificate of completion of works and plans of the completed works must be submitted to the Building Authority within 14 days after completion of works.

Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong)

Under section 32 and schedule 5 of the Construction Industry Council Ordinance, construction industry levy at 0.5% is to be imposed in respect of construction operations carried out in Hong Kong with a total value exceeding HK\$3,000,000. “Construction operations” has the meaning prescribed to it under schedule 1 of the said Ordinance, which includes, among other things, (i) building works as defined in section 2(1) of the Buildings Ordinance; (ii) construction, alteration, repair, maintenance, extension, demolition or dismantling of any buildings or structures, powers lines, telecommunications apparatus or pipelines; (iii) supply and installation of fittings or equipment in any buildings or structures including electrical and mechanical works; (iv) external or internal cleaning and painting of any buildings or structures, which is carried out in the course of construction or maintenance of such buildings or structures; and (v) operations which form an integral part of, or are preparatory to any of the above operations. Section 33 of the said Ordinance provides that levy is payable by a contractor of any construction operations which are subject to the payment of a levy only if the Construction Industry Council gives him a notice of assessment in writing which specifies the amount of the levy payable by the contractor.

Sections 35 and 36 of the Construction Industry Council Ordinance require contractors to give notice of payments and notice of completion, respectively, in respect of construction operations to the Construction Industry Council if (1) the construction operations are carried out under a term contract; or (2) the reasonable estimated total value of the construction operations exceeds HK\$3,000,000. For notice of payments, it shall be submitted within 14 days after (1) a payment is made (for construction operations or any stage or part of any construction operations other than those carried out under a term contract); or (2) the last day of the month in which the payment was made (for construction operations carried out under a term contract). For notice of completion, it shall be submitted by the contractor and the authorised person after the completion of any construction operations or after the completion of each stage of construction operations within 14 days after the completion. Failure to give the above notices on time may constitute an offence and lead to a fine of HK\$10,000.

In accordance with section 37 of the Construction Industry Council Ordinance, the Construction Industry Council shall assess the amount of levy payable for the construction operations or the stage or part of the construction operations concerned either upon receipt of (1) notice of payment; or (2) notice of completion, if such assessment has not been made upon receipt of the former. An assessment shall be provisional if it is made on an interim payment or a partial payment, or the construction operations concerned are a stage or part of any other construction operations; while a final assessment shall be made on the final payment for the construction operations or completion of the other construction operations as the circumstances may require.

If the amount of the levy is not fully paid within the specified period of 28 days after receiving the notice of assessment, a contractor is liable to pay a penalty of 5% of the unpaid amount of levy pursuant to section 46 of the Construction Industry Council Ordinance.

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Laws and regulations in relation to contractor licensing regime and operation

Registered General Building Contractor and Specialist Contractor with the Buildings Department

Under the current contractors registration system in Hong Kong, the Building Authority shall keep a register of general building contractors who are qualified to perform the duties of a general building contractor and a register of specialist contractors who are qualified to carry out specialised works (such as demolition works) specified in the category in the sub-register in which they are entered. Registered general building contractors may carry out general building works and street works which do not include any specialised works designated for registered specialist contractors.

In considering each application for registration as a registered general building contractor or registered specialist contractor, the Building Authority is to have regard to the qualifications, competence and experience of the following key personnel of the applicant:

- (a) minimum of one person appointed by the applicant to act for the applicant for the purposes of the Buildings Ordinance, hereinafter referred to as an “Authorised Signatory”;
- (b) for a corporation — a minimum of one director from the board of directors of the applicant, hereinafter referred to as a “Technical Director” who is authorised by the board to:
 - (i) have access to plant and resources;
 - (ii) provide technical and financial support for the execution of building works and street works; and
 - (iii) make decisions for the company and supervise the Authorised Signatory and other personnel for the purpose of ensuring that the works are carried out in accordance with the Buildings Ordinance; and
- (c) for a corporation which appoints a director who does not possess the required qualification or experience as Technical Director to manage the carrying out of building works and street works — an “Other Officer” authorised by the board of directors to assist the Technical Director.

The registered contractor is required to suspend all the building works immediately if there is no Authorised Signatory appointed to act for the contractor for the purposes of the Buildings Ordinance or if there is no Technical Director acting for the contractor and an acceptable replacement is not appointed within a reasonable period of time.

Renewal of registration as registered general building contractor and specialist contractors is required every three years. According to section 8C of the Buildings Ordinance, the Building Authority may refuse an application for renewal of registration and remove the name of the applicant from the register if:

- (a) he is satisfied that the applicant is no longer suitable (for any reason) for registration on the relevant register; or
- (b) the applicant fails to provide relevant information and documentary proof required by the Building Authority including, but not limited to, updated information on matters supplied on previous applications for registration or renewal of registration.

Registered Minor Works Contractors with the Buildings Department

Pursuant to section 10 of the Building (MW) Regulation, a person not being a natural person may apply to the Building Authority for registration as a registered minor works contractor for one or more types of minor works under one or more classes, and in such case, the applicant must, in respect of each type of minor works under each class to which the application relates, nominate at least one Authorised

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Signatory to act for it for the purposes of the Building (MW) Regulation on its registration as a registered minor works contractor. Further, the board of directors of a corporation applying to be minor works contractors shall authorise a minimum of one Technical Director.

Renewal of registration as registered minor works contractor is required every three years. The Building Authority will not allow an application for renewal of registration if a contractor fails to appoint suitable Authorised Signatory or Technical Director to act for it. The Building Authority must remove the name of a registered minor works contractor from the register if the Building Authority does not receive an application by the contractor for the renewal of registration or has refused an application for the renewal.

Registered Specialist Trade Contractors Scheme maintained by the Construction Industry Council

During the Track Record Period and as at the Latest Practicable Date, Riship Construction was registered as a registered specialist trade contractor in the Registered Specialist Trade Contractors Scheme of the Construction Industry Council under the designated trade category of demolition (Group 2).

Sub-contractors undertaking demolition works in Hong Kong may make an application for registration under the Registered Specialist Trade Contractors Scheme (which replaced the previous Sub-contractor Registration Scheme with effect from 1 April 2019) managed by the Construction Industry Council comprising two registers, being the Register of Specialist Trade Contractors and the Register of Subcontractors.

Since 1 April 2019, subcontractors may apply for registration under the Registered Specialist Trade Contractors Scheme in one or more of the 22 designated trades including, among others, concreting, concreting formwork, curtain wall, demolition, erection of concrete precast component, reinforcement bar fixing, scaffolding, plastering, suspended ceiling, building drainage installation, levelling and setting out, building maintenance and interior fitting-out.

Requirements for registration under the Registered Specialist Trade Contractors Scheme

Applications for registration under the Registered Specialist Trade Contractors Scheme are subject to a number of requirements based on the relevant trade category and tender limits as detailed in Schedule 2 of the Rules and Procedures for the Register of Specialist Trade Contractors issued by the Construction Industry Council in March 2026, which include, amongst others:

- (a) a minimum of two senior management with five years of relevant project management experience;
- (b) a minimum of four technical staff who satisfy any of the following requirements:
 - (i) registered as a registered skilled worker under the Construction Workers Registration Ordinance for the relevant designated trade applying for with at least five years of experience in the relevant designated trade applying for and completed the Safety Training Course for Construction Workers of Specified Trade organised by the Construction Industry Council; or
 - (ii) registered as Technically Competent Persons T1 grade (or above) with the Construction Industry Council, i.e. a certificate or diploma holder with minimum total relevant working experience of two years to the satisfaction of the Building Authority;
- (c) track record for at least two projects of not less than a total of HK\$5 million and at least one project of not less than HK\$2.5 million; and
- (d) employed capital^(Note 1) and working capital^(Note 2) of a minimum of HK\$2 million each.

Notes:

1. Employed capital refers to the shareholders' funds. It basically comprises capital, reserves and retained profits of a company. The amount of employed capital will be assessed based on the annual return and financial statements/proof provided.

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2. Working capital refers to the net current asset position (current assets minus current liabilities) of a company. The amount of working capital will be assessed based on the annual return and financial statements/proof provided.

Validity period of registration and renewal of registration

A registered specialist trade contractor shall apply for renewal not earlier than six months but not later than three months before the expiry date of its registration by submitting an application to the Construction Industry Council in a specified form and accompanied by the prescribed fees and documents. The committee on Registered Specialist Trade Contractors Scheme which oversees the Registered Specialist Trade Contractors Scheme (the “**RSTC Committee**”) may not renew the registration of any registered specialist trade contractor unless the RSTC Committee at its sole discretion is satisfied that the registered specialist trade contractor meets all the relevant renewal requirements and is suitable for renewal. The RSTC Committee may impose additional conditions for the renewal of registration of any registered specialist trade contractor as it thinks fit. An approved renewal for a registered specialist trade contractor shall be valid for not less than 36 months after the decision date for that application for renewal.

List of Demolition Contractors maintained by the Housing Authority

The Housing Authority maintains the lists of works contractors in nine categories (the “**Lists of Works Contractors**”), namely building contractors, piling contractors, demolition contractors, ground investigation contractors, electrical contractors, lift and escalator contractors, fire services and water pump contractors, soft landscape contractors and materials testing laboratories for pile testing. The Housing Authority normally invites tenders for works contracts from among those listed contractors on the Lists of Work Contractors. With effect from 30 October 2024, Riseship Construction has been granted a probationary status on the List of Demolition Contractors maintained by the Housing Authority. As such, Riseship Construction is eligible to tender for demolition works contracts from the Housing Authority of unlimited value.

Riseship Construction is required to meet the following requirements for admission and retention (as applicable) on the List of Demolition Contractors in accordance with the Guide to Registration of Work Contractors and Property Management Services Providers — Part II Specific Guidelines for Demolition Contractors issued by the Housing Authority (last revised in June 2025).

A. Statutory registration requirement

A contractor shall be registered as a Registered Demolition Contractor under the Buildings Ordinance.

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B. Financial requirements

A contractor shall satisfy the capital requirements as follows:—

- (i) Employed and working capital^(Note 3)

Working Capital Required

Employed Capital Required

(a) or (b), whichever is higher:

HK\$0.92 million

(a) HK\$0.92 million; or

HK\$3.7 million (outstanding works
≥ HK\$37 million, < HK\$76 million)

(b) (i) 15% of outstanding works (if contractor has either employed capital or working capital under HK\$5.8 million); or

HK\$7.6 million (outstanding works
≥ HK \$76 million)

(ii) 10% of outstanding works (if contractor has both employed capital and working capital not less than HK\$5.8 million respectively); or

(iii) 8% on first HK\$1,120 million of outstanding works and 10% on remainder (if the contractor is also included in Group NW2 of the List of Building Contractors of the Housing Authority)

Note 3:

- (a) Outstanding works represent the annualised value of outstanding works (including the Housing Authority, the Government and private sector contracts on a world-wide basis) and any tenders under consideration by the Housing Authority.
- (b) The issued and paid-up capital and shareholders’ funds should both meet the level of minimum employed capital applicable to its highest group and status.
- (c) The capital requirements in above table are applicable for applications (including admission, promotion, confirmation, change of name and substitution) received by the Housing Authority and tenders issued on or after 3 January 2024, and for list retention with accounting period ending on or after 31 December 2024.

- (ii) Profitability Trend Analysis

A contractor on either confirmed or probationary status is required to demonstrate its financial performance based on its profitability trend analysis.

C. Work experience requirements

For admission to the List of Demolition Contractors, a contractor shall have completed at least one project with demolition works of minimum contract value of HK\$2 million with records of satisfactory performance within the past three years from the date of application for inclusion on the list.

D. Minimum number, qualifications and experience of full-time staff

A contractor shall employ at least one Technical Director who is registered with the Buildings Department, and one contract manager or project manager who is registered as an Authorised Signatory with the Buildings Department. Besides, a contractor shall employ at least three staff members as Technically Competent Persons who satisfy the following academic and work experience requirements, respectively:

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- (i) a certificate or diploma holder with minimum total relevant working experience of two years to the satisfaction of the Building Authority;
- (ii) a higher certificate or higher diploma holder with minimum total relevant working experience of five years, or a degree holder with minimum total relevant working experience of two years to the satisfaction of the Building Authority; and
- (iii) a degree holder with minimum total relevant working experience of four years to the satisfaction of the Building Authority or a registered professional.

A contractor applying for admission and subsequently admitted onto the List of Demolition Contractors will initially be given probationary status. A probationary contractor may apply for confirmed status within three years from satisfactory completion of one contract awarded by the Housing Authority with minimum value of HK\$2 million for demolition works (or a local non-Housing Authority demolition contract of comparable size and complexity^(Note 4) with other major clients such as the Development Bureau, public organizations or private developers) awarded as main contractor for demolition contract or demolition sub-contractor for piling/building contract with demolition works after inclusion in the List of Demolition Contractors. If the contractor’s performance, technical, management and financial capabilities are assessed as satisfactory and it continues to meet the admission and retention criteria, it may be confirmed to be admitted onto the List of Demolition Contractors.

Note 4: Non-Housing Authority contracts of “comparable size and complexity” should comprise the demolition of high rise domestic blocks or other high-rise buildings such as offices, hotels, etc. involving mechanical demolition plant and using hydraulic concrete crushers, on-site sorting of construction and demolition materials, wage monitoring system for payment to workers, safety, environment and health management system etc. with similar contract sums (minimum value of HK\$2 million) and similar complexity to a typical contract awarded by the Housing Authority in order to demonstrate the contractor’s technical capability, overall coordination and site management skills.

In order to retain the current qualification held, the minimum financial criteria and other requirements on statutory registration and technical personnel set out above must be met. Further, the statement of financial resources with annual audited accounts demonstrating compliance with capital requirements shall be supplied to the Housing Authority within six months from year end date. In the event the approved contractor fails to demonstrate that it meets the capital requirements prescribed by the Housing Authority, regulatory actions such as suspension from tendering, downgrading, or removal from the List of Demolition Contractors may be imposed by the Housing Authority.

List of Demolition Contractors maintained by the Urban Renewal Authority

The Urban Renewal Authority maintains the List of Demolition Contractors. Generally, the Urban Renewal Authority will invite demolition contractors on the List of Demolition Contractors to submit tenders for demolition works projects. Demolition contractors are required to satisfy, among others, the following criteria for inclusion on the List of Demolition Contractors:

A. Other registrations

A contractor shall be a registered specialist contractor in demolition works under the Buildings Ordinance and a registered specialist trade contractor in the designated trade of demolition under Registered Specialist Trade Contractors Scheme of Construction Industry Council.

B. Working Capital

A contractor should generally possess at least a positive capital value. In addition, a contractor is required to maintain minimum capital of HK\$920,000.

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If a contractor has outstanding contracts in hand, his working capital should amount to at least the following:

Conditions	Level of Working Capital required
(i) Contractor has either employed or working capital under HK\$5.8 million	15% of the combined annual value of uncompleted works on outstanding contracts both in the public and private sectors including the Housing Authority or the minimum working capital of HK\$920,000, whichever is higher
(ii) Contractor has both employed and working capital not less than HK\$5.8 million respectively	10% of the combined annual value of uncompleted works on outstanding contracts both in the public and private sectors including the Housing Authority or the minimum working capital of HK\$920,000, whichever is higher

C. Past experience

A contractor shall have a proven record of completion of at least one demolition job with at least 2,500 m² floor area in urban area in the past three years in Hong Kong in the role of main contractor.

D. Other requirements

A contractor shall not be suspended from tendering for public bodies and shall possess an ISO certificate with the minimum scope “to carry out the demolition of buildings and structures with demolition design”.

For retention on the List of Demolition Contractors, the contractor is required to fulfil the above inclusion criteria in the biennial update (the “**Retention Criteria**”).

Circumstances which may lead to exclusion of the contractor from the List of Demolition Contractors include, but are not limited to:

- (i) Failure to submit the requested information or particulars at the update;
- (ii) Failure to meet the Retention Criteria;
- (iii) Not submit any tender for demolition works for the preceding three-year period;
- (iv) In liquidation, winding-up of business, bankruptcy or other financial problems;
- (v) Unsatisfactory performance with the performance evaluation report’s overall assessment grading is “marginal” or below and without satisfactory improvement in the performance after action(s) taken such as issue of warning letter(s) to and/or meetings held with contractors by subject officer; and
- (vi) Failure to effect payment to workers (of its employees or sub-contractors) as ordered by the Labour Tribunal or any other appropriate authority which demonstrates the serious negligence or incompetence of the defaulting contractors.

The Urban Renewal Authority may consider suspension from tendering instead of removal from the List of Demolition Contractors.

A contractor who has been removed from the List of Demolition Contractors for items (i) and/or (ii) above may be allowed to apply for re-inclusion in the List of Demolition Contractors at any time after removal. However, a contractor who has been removed from the List of Demolition Contractors for any other reasons is not eligible for re-inclusion in the List of Demolition Contractors for a period of two years from the date of removal.

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Laws and regulations in relation to electrical works

Registration under the Electricity Ordinance (Chapter 406 of the Laws of Hong Kong)

The Electricity Ordinance provides for the registration of electrical workers and contractors, and safety requirements for electricity supply and wiring. Pursuant to section 2 of the Electricity Ordinance, “electrical work” means work in relation to the installation, commissioning, inspection, testing, maintenance, modification or repair of a low voltage or high voltage fixed electrical installation and includes the supervision and certification of that work and the design of that installation. Pursuant to section 34 of the Electricity Ordinance, no person shall do business as an electrical contractor or contract to carry out electrical work unless he is a registered electrical contractor. To qualify as a registered electrical contractor registered with the EMSD under the Electricity Ordinance, a corporate applicant must employ at least one registered electrical worker registered under the Electricity Ordinance.

Pursuant to regulation 12 of the Electricity (Registration) Regulations (Chapter 406D of the Laws of Hong Kong), registration for registered electrical contractor is valid for the three-year period shown on the certificate of registration. According to regulation 13 of the Electricity (Registration) Regulations, a registered electrical contractor shall apply to the director of the EMSD for renewal of its/his registration at least one month before and no earlier than four months before the date of expiry of the registration.

Pursuant to section 36 of the Electricity Ordinance, where the director of the EMSD considers that there is evidence that a registered electrical contractor fails to comply with the Electricity Ordinance, he may (i) reprimand the contractor, and/or fine the contractor up to HK\$10,000, or (ii) refer the matter to the Secretary for Environment and Ecology for hearing by a disciplinary tribunal, who may do one or more of the following:

- (a) reprimand the registrant;
- (b) fine a contractor up to HK\$100,000;
- (c) suspend or cancel the registration of the registrant; or
- (d) suspend the registrant’s right to apply for registration or renewal of registration for a prescribed period.

Laws and regulations in relation to labour, health and safety

Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong)

The Construction Workers Registration Ordinance requires construction workers to be registered for carrying out construction work on a construction site. Under section 40 of the Construction Workers Registration Ordinance, no person shall be registered as a registered construction worker unless the Registrar of Construction Workers is satisfied, among other things, that the person holds a relevant certificate referred to in section 6BA(2) of the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) in respect of that person’s attendance at a construction work-related safety training course.

Further, under section 44 of the Construction Workers Registration Ordinance, the Registrar of Construction Workers shall not renew the registration of a person unless it is satisfied that, among other things, (i) the person has attended the relevant construction work-related safety training course and obtained such relevant certificate, and (ii) if the registration will, on the date of expiry, have been in effect for not less than two years, the person has attended and completed, during the period of one year immediately before the date of application for renewal of the registration, such development courses applicable to his registration as the Construction Industry Council may specify.

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In addition, the Construction Workers Registration Ordinance contains a “registered skilled workers for designated trade” provision, which provides that only registered skilled or semi-skilled workers of designated trade divisions are permitted to carry out construction works on construction sites relating to those designated trade divisions independently. Unregistered skilled or semi-skilled workers are only allowed to carry out construction works of designated trade divisions under the instruction and supervision of registered skilled or semi-skilled workers of relevant designated trade division(s). Registered skilled and semi-skilled workers for designated trade divisions shall be included as registered skilled/semi-skilled workers in the Register of Construction Workers, and accordingly, subcontractors of construction sites are required to employ only registered skilled and semi-skilled workers for designated trade divisions to carry out construction works on construction sites in relation to those trade divisions independently.

Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong)

The Factories and Industrial Undertakings Ordinance provides for the safety and health protection to workers in the industrial sector. Under the Factories and Industrial Undertakings Ordinance, it is the duty of a proprietor of an industrial undertaking to take care of, so far as is reasonably practicable, the health and safety at work of all persons employed by him at the industrial undertaking.

The duties of a proprietor extend to include (i) providing and maintaining plant and work systems that do not endanger safety or health, (ii) making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of plant or substances, (iii) providing all necessary information, instruction, training and supervision for ensuring safety and health, (iv) providing and maintaining safe access to and egress from the workplaces, and (v) providing and maintaining a safe and healthy working environment. A proprietor of an industrial undertaking who contravenes any of these duties may be liable to a fine of HK\$3,000,000 on summary conviction, or on conviction on indictment to a fine of HK\$10,000,000; if found to have contravened wilfully and without reasonable excuse, to a fine of HK\$3,000,000 and to imprisonment for six months on summary conviction, or on conviction on indictment to a fine of HK\$10,000,000 and to imprisonment for two years.

Further, our project team members responsible for the on-site supervision and inspection works of our projects are required to carry a valid certificate (the “**Green Card**”) or an equivalent document in accordance with the Factories and Industrial Undertakings Ordinance while carrying out such site work. According to section 6BA(5) of the Factories and Industrial Undertakings Ordinance, every proprietor on and after the appointed day (as defined in the said ordinance) shall not employ at the undertaking a relevant person who has not been issued a relevant Green Card or whose relevant Green Card has expired. Contravention is liable on conviction to a fine of HK\$100,000 (level 6).

Matters regulated under the subsidiary regulations of the Factories and Industrial Undertakings Ordinance, including the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong), covers aspects encompassing (i) the prohibition of employment of persons under 18 years of age (save for certain exceptions), (ii) the maintenance and operation of hoists, (iii) the duty to ensure safety of places of work, (iv) prevention of falls, (v) safety of excavations, (vi) the duty to comply with miscellaneous safety requirements, and (vii) provision of first aid facilities. Non-compliance with any of these rules commits an offence and different levels of penalty will be imposed.

The Factories and Industrial Undertakings (Safety Management) Regulation (Chapter 59AF of the Laws of Hong Kong) (the “Safety Management Regulation”)

Under the Safety Management Regulation, any contractor (i) in relation to construction work with a contract value of HK\$100 million or more, or (ii) in relation to construction work having an aggregate of 100 or more workers in a day working in a single construction site, or (iii) in relation to construction work having an aggregate of 100 or more workers in a day working in two or more construction sites is obliged to appoint a safety auditor to conduct a safety audit to collect, assess and verify information on the efficiency, effectiveness and reliability of the contractor’s safety management system and consider improvements to the system at least once in every six months.

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Further, any contractor (i) in relation to construction work having an aggregate of 50 or more but less than 100 workers in a day working in a single construction site, or (ii) in relation to construction work having an aggregate of 50 or more but less than 100 workers in a day working in two or more construction sites is obliged to appoint a person, being a person who is capable of competently carrying out a safety review, to be the safety review officer to conduct a safety review to review the effectiveness of the contractor's safety management system and consider improvements to the effectiveness of the system at least once in every six months. Any person who contravenes these requirements commits an offence and is liable on conviction to a fine of HK\$400,000 and to imprisonment of six months.

Further, according to the Safety Management Regulation, the safety auditor shall (i) be a registered safety officer under the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations (Chapter 59Z of the Laws of Hong Kong), (ii) have not less than three years' full-time experience, in the five years period immediately preceding the application for registration with the Labour Department, in a managerial post responsible for industrial safety and health matters in respect of an industrial undertaking, (iii) occupy, at the time of the application for registration with the Labour Department, the managerial post referred to point (ii) above or a like post, (iv) have successfully completed a scheme conducted by a registered scheme operator, and (v) understand the requirements under legislation in Hong Kong relating to industrial safety and health matters.

Pursuant to the Code of Practice on Safety Management issued by the Labour Department, a safety auditor should (i) understand his task and be competent to carry it out, (ii) be familiar with the industry and the processes being carried out in the relevant industrial undertaking, (iii) have a good knowledge of the safety management practices in the industry, and (iv) have the necessary experience and knowledge to enable him to evaluate performance and identify deficiencies effectively; while a safety review officer should (i) have a good understanding of the operation of the relevant industrial undertaking in respect of which he conducts the safety review, (ii) have a good understanding of the legal requirements in force in Hong Kong relating to industrial safety and health, and (iii) have received appropriate training in how to review the effectiveness of a safety management system with a view to improving it.

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. Under the Occupational Safety and Health Ordinance, employers must, as far as reasonably practicable, ensure the safety and health in their workplaces by, among other things:

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

Failure to comply with any of the above provisions constitutes an offence and the employer is liable (a) on summary conviction to a fine of HK\$3,000,000; or (b) on conviction on indictment to a fine of HK\$10,000,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable (a) on summary conviction to a fine of HK\$3,000,000 and to imprisonment for 6 months; or (b) on conviction on indictment to a fine of HK\$10,000,000 and to imprisonment for two years.

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The Commissioner for Labour may also issue an improvement notice against non-compliance of the Occupational Safety and Health Ordinance or the Factories and Industrial Undertakings Ordinance or suspension notice against activity of the workplace which may create imminent risk of death or serious bodily injury. Failure to comply with such suspension notice without reasonable excuse constitutes an offence and is liable on conviction to a fine of HK\$1,000,000 (HK\$400,000 in respect of an improvement notice) and to imprisonment for 12 months (the same sentence in respect of an improvement notice), and to a further fine of HK\$100,000 for each day during which the offender knowingly and intentionally continues the contravention (not applicable in respect of an improvement notice).

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

The Employees’ Compensation Ordinance establishes a no-fault, non-contributory employee compensation system for work injuries. Under the Employees’ Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to section 15(1A) of the Employees’ Compensation Ordinance, an employer must notify the Commissioner of Labour of any accident which results in the total or partial incapacity of the employee not later than 14 days after the accident, irrespective of whether the accident gives rise to any liability to pay compensation. Any employer who, without reasonable excuse, delays or fails to give notice of an accident or makes or furnishes any false or misleading statement to the Commissioner for Labour is liable to prosecution and, upon conviction, to a maximum fine of HK\$50,000.

According to section 24 of the Employees’ Compensation Ordinance, a principal contractor shall be liable to pay compensation to subcontractors’ employees who are injured in the course of their employment to the subcontractor. The principal contractor is, nonetheless, entitled to be indemnified by the subcontractor who would have been liable to pay compensation to the injured employee. The employees in question are required to serve a notice in writing on the principal contractor in the form prescribed by law before making any claim or application against such principal contractor.

Pursuant to section 40 of the Employees’ Compensation Ordinance, all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the Employees’ Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). Under section 40(1B) of the Employees’ Compensation Ordinance, where a principal contractor has undertaken to perform any construction work, it may take out an insurance policy for an amount not less than HK\$200 million per event to cover his liability and that of his subcontractor(s) under the Employees’ Compensation Ordinance and at common law.

An employer who fails to comply with the Employees’ Compensation Ordinance to secure an insurance cover is liable on conviction upon indictment to a fine of HK\$100,000 (level 6) and to imprisonment for two years, and on summary conviction to a fine of HK\$100,000 (level 6) and to imprisonment for one year.

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

A principal contractor shall be subject to the provisions on subcontractor’s employees’ wages in the Employment Ordinance. According to section 43C of the Employment Ordinance, if any wages become due to an employee who is employed by a subcontractor on any work which the subcontractor has contracted to perform, and such wages are not paid within the period specified in the Employment Ordinance, such wages shall be payable by the principal contractor and/or every superior subcontractor jointly and severally. The liability of a principal contractor and superior subcontractor (as the case may be) shall be limited to (i) the wages of an employee whose employment relates wholly to the work which the principal contractor has contracted to perform and whose place of employment is wholly on

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the site of the building works, and (ii) the wages due to such an employee for two months without any deductions under the Employment Ordinance and such months shall be the first two months of the period in respect of which the wages are due.

An employee who has outstanding wage payments from subcontractor must serve a notice in writing on the principal contractor within 60 days after the wage due date or another 90 days if permitted. A principal contractor and superior subcontractor (as the case may be) shall not be liable to pay any wages to the employee of the subcontractor if that employee fails to serve a notice on the principal contractor.

Upon receipt of such notice from the relevant employee, a principal contractor shall, within 14 days after receipt of the notice, serve a copy of the notice on every superior subcontractor to that subcontractor (as the case may be) of whom he is aware. A principal contractor who without reasonable excuse fails to serve notice on the superior subcontractor(s) shall be guilty of an offence and be liable on conviction to a fine of HK\$50,000 (level 5). Pursuant to section 43F of the Employment Ordinance, if a principal contractor or superior subcontractor pays to an employee any wages under section 43C of the Employment Ordinance, the wages so paid shall be a debt due by the employer of that employee to the principal contractor or superior subcontractor (as the case may be). The principal contractor or superior subcontractor who pays an employee any wages under section 43C of the Employment Ordinance may either (i) claim contribution from every superior subcontractor to the employee’s employer or from the principal contractor and every other such superior subcontractor (as the case may be), or (ii) deduct by way of set-off the amount paid by him from any sum due or may become due to the subcontractor in respect of the work that he has subcontracted.

Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong)

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of premises on which injury resulting to persons or damage has been caused to goods or other property lawfully on the land. It imposes a common duty of care on an occupier of a premises to take such care so as to ensure that any person will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

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

Under section 38A of the Immigration Ordinance, a construction site controller should prevent (i) illegal immigrants from being on the construction site; and (ii) persons who are not lawfully employable, as defined under the Immigration Ordinance, from taking employment on the construction site. Any construction site controller who contravenes section 38A of the Immigration Ordinance may be held liable upon conviction of a fine of HK\$350,000.

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

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (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 (Chapter 57 of the Laws of Hong Kong). Any provision of an employment contract which purports to extinguish or reduce any right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

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

Employers are required to enrol their full-time and part-time employees (except for certain exempt persons) aged between 18 and 64 years of age who have been employed for a continuous period of 60 days or more in a Mandatory Provident Fund (“MPF”) scheme within the first 60 days of employment.

For both employees and employers, it is mandatory to make regular contributions into a MPF scheme. For an employee, subject to the maximum and minimum levels of income (set at HK\$30,000 and HK\$7,100 per month, respectively, as at the Latest Practicable Date), an employer will deduct 5%

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of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling (set at HK\$1,500 as at the Latest Practicable Date). Employer will also be required to contribute an amount equivalent to 5% of an employee’s relevant income to the MPF scheme, subject only to the maximum level of income (set at HK\$30,000 as at the Latest Practicable Date).

Industry schemes (the “**Industry Schemes**”) were established under the MPF schemes for employers in the construction and catering industries in view of high labour mobility and the fact that most employees in these industries are “casual employees” whose employment is on a day-to-day basis or for a fixed period of less than 60 days. The MPF Schemes Ordinance does not stipulate that employers in these industries must join the Industry Schemes. The Industry Schemes provide convenience to the employers and employees in the construction and catering industries. Casual employees do not have to switch schemes when they change jobs within the same industry so long as their previous and new employers are registered with the same Industry Scheme.

New requirements on fire retardant performance of protective nets, screens, tarpaulins and plastic sheeting installed on scaffolding of external wall imposed by the Buildings Department

On 19 December 2025, the Buildings Department issued the Practice Note for Registered Contractors 85 (the “**BD Practice Note**”), which stipulates the key steps that registered general building contractors, registered specialist contractors and registered minor works contractor (collectively the “**registered contractors**”) should take to ensure that the protective nets, screens, tarpaulins and plastic sheeting (collectively referred to as “**protective materials**”) installed on the scaffolding of external walls of buildings undergoing construction, demolition, alteration and addition, repair or minor works comply with the required standards of fire retardant performance.

According to the BD Practice Note, registered contractors are required to comply with the following new requirements:

- (a) **Fire retardant performance test reports:** Prior to the delivery of protective materials to any site, registered contractors should obtain the fire retardant performance test report for the lot of protective materials concerned from the supplier for retention on site and inspection. The recognised standard of fire retardant performance generally accepted by Buildings Department are set forth in the BD Practice Note.
- (b) **Sampling and testing:** Sampling should be conducted on each lot of protective materials in the specified manner for testing. Tests should be conducted by accredited laboratories designated by the Government. Protective materials can be installed on scaffolding only when the test results of all samples in each lot have met the required standards. If any sample of an individual lot fails to meet the specified standards, the entire lot of materials must not be used on scaffolding.
- (c) **Tracking arrangement:** Where samples are taken off-site, registered contractors should adopt reliable systems (such as QR codes, near field communication (NFC) devices and radio frequency identification (RFID) technologies) to track the materials throughout the entire process from delivery to warehouse, sampling for testing, to collection and delivery to sites for installation on scaffolding, to ensure that the protective materials ultimately installed on scaffoldings belong to the batches that have passed laboratory testing.
- (d) **Site audit by the Buildings Department:** Registered contractors may commence the works once the compliant protective materials are installed on scaffolding, and should notify the Buildings Department. The Buildings Department will randomly select individual projects with protective materials installed on scaffolding for testing by laboratories designated by the Government. If any sample from an individual elevation fails to meet the standards, the protective materials on the entire elevation will be deemed non-compliant with the recognised standards and should be completely removed.

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Fire retardant performance test reports, purchase orders, material delivery records, and records of the sampling process and sample test results above should be made available on site for inspection.

- (e) **Ongoing monitoring of protective materials:** Fire retardant performance of protective materials should be tested periodically to ensure continuous compliance with the recognised standards.

If any registered contractor fails to comply with the aforementioned sampling and testing requirements or the test result of any sample fails to attain the recognised standards, the Buildings Department will order immediate cessation of works and removal of the non-compliant protective materials. Moreover, the Buildings Department will initiate investigation and, upon identifying any contraventions, instigate prosecution and/or disciplinary action under the Buildings Ordinance.

The sampling and testing requirements set out in paragraph (b) above also apply to buildings under construction/demolition. However, taking into account the lower public safety risk, the registered contractors may either: (i) install protective materials on scaffolding first and deliver sufficient samples to designated laboratories for testing taking every four-storeys on an elevation as a lot; or (ii) conduct sampling and testing first. After the samples are found to have complied with the recognised standards, the registered contractors may then install the protective materials on scaffolding.

Amendments to the Construction Site (Safety) Regulations (Chapter 59I of the Laws of Hong Kong) (“CSSR”)

On 19 May 2026, the Government introduced the Construction Sites (Safety)(Amendment) Regulation 2026 (the “**Amendment Regulation**”) which sets out the legislative amendments on the CSSR into the Legislative Council of Hong Kong. The Amendment Regulation imposes clear legal obligations on contractors of construction works to strictly prohibit smoking in all construction sites, with a view to reducing fire risks and safeguarding the safety of workers and the public.

The former regulation 53 of CSSR stipulates that the Commissioner for Labour may issue an order prohibiting smoking and the use of naked lights in a construction site under specific conditions, i.e. any flammable liquid or any mixture containing any such liquid or any substance or thing involving danger from fire being used or intended to be used in the construction site and the contractors of the site shall take such steps to enforce the prohibition. A contractor who fails to enforce the order and individual who violates the order may be prosecuted.

The Government proposed to amend regulation 53 of the CSSR to the effect that the contractor responsible for a construction site and a contractor who has direct control over any construction work in the site must take all reasonable steps to ensure that:

- (a) no person smokes or carries a lighted specified smoking product in the site; and
- (b) no person uses a naked light for lighting a specified smoking product in the site.

A “specified smoking product” is defined as a smoking product that can be smoked by lighting the product. A contractor who violated the amended regulation 53 would be an offence punishable on conviction with a fine of HK\$400,000.

The primary intention of the Amendment Regulation is to prohibit smoking by lighting, as this activity poses a high fire risk in a construction site and it is therefore confined to specified smoking product which is any smoking product that can be smoked by being lit. The Amendment Regulation was approved by the Legislative Council on 15 July 2026 and took effect on 17 July 2026.

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Laws and regulations in relation to environmental protection

Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)

Pursuant to section 51(1) of the Air Pollution Control Ordinance, the Environmental Protection Department shall keep registers of asbestos consultants and asbestos contractors. According to section 69(1) of the Ordinance, the owner of premises which contain or may reasonably be suspected of containing asbestos containing material shall engage a registered asbestos consultant to carry out an investigation on any asbestos containing material which may be in the premises and submit an asbestos investigation report in accordance with section 70 and, if asbestos containing material is found in the premises, an asbestos abatement plan in accordance with section 71 at least 28 days before he carries out any intended asbestos abatement work or work which involves the use or handling of any asbestos containing material. A person who carries out work on premises contrary to the aforementioned requirements commits an offence and is liable to a fine of HK\$200,000 and to a further fine of HK\$5,000 for each day during the whole or part of which the court is satisfied that the offence has continued.

Pursuant to section 73(1) of the Air Pollution Control Ordinance, the owner of premises shall give not less than 28 days’ written notice to the Environmental Protection Department of the date on which the asbestos abatement work or work involving the use or handling of asbestos containing material is to be commenced. A person who fails to comply with section 73(1) commits an offence and is liable to a fine of HK\$200,000.

Pursuant to section 74(1) of the Air Pollution Control Ordinance, an owner of premises who implements an asbestos management plan or an asbestos abatement plan in the premises shall appoint a registered asbestos consultant to supervise the carrying out of the work specified in the plan. Pursuant to section 75(1) of the Air Pollution Control Ordinance, an owner of premises who implements an asbestos abatement plan or carries out work which involves the use or handling of any asbestos containing material in the premises shall appoint a registered asbestos contractor to carry out the work. A person who implements or causes the implementation of an asbestos management plan or asbestos abatement plan contrary to section 74 commits an offence. A person who implements or causes the implementation of an asbestos abatement plan or carries out or causes the carrying out of work involving the use or handling of asbestos containing material contrary to section 75 commits an offence. A person who is convicted of an offence under section 77 is liable to a fine of HK\$200,000 and to imprisonment for 6 months and to a further fine of HK\$20,000 for each day during the whole or part of which the courts satisfied that the offence has continued.

Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong)

Under section 3 of the Air Pollution Control (Construction Dust) Regulation, the contractor responsible for a construction site where any notifiable work is proposed to be carried out shall give notice to the public officer appointed under the Air Pollution Control Ordinance (being the air pollution control authority) of the proposal to carry out the work. Such “notifiable work” includes site formation, reclamation, demolition of a building, work carried out in any part of a tunnel that is within 100 metres of any exit to the open air, construction of the foundation of a building, construction of the superstructure of a building or road construction work. Contravention to the aforementioned notification requirement may be liable on conviction to a fine of HK\$25,000 (level 4) for the first conviction and to a fine of HK\$50,000 (level 5) for a second or subsequent conviction.

Furthermore, the contractor responsible for a construction site shall devise, arrange methods of working and carry out the works in such a manner so as to minimise dust impacts on the surrounding environment, and shall provide experienced personnel with suitable training to ensure that these methods are implemented. Contravention to the dust control requirements (control requirements for notifiable works) under the same regulation may be liable on conviction to a fine of HK\$50,000 (level 5) for the

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first offence and to a fine of HK\$100,000 (level 6) and to imprisonment for three months for a second or subsequent offence, and in addition, if the offence is continuing, to a fine of HK\$10,000 for each day during the whole or any part of which the offence continues.

Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Chapter 360 of the Laws of Hong Kong)

The Pneumoconiosis and Mesothelioma (Compensation) Ordinance establishes the Pneumoconiosis Compensation Fund, which consists of monies received from the Government and the relevant levies, surcharges and penalties received from contractors in relation to pneumoconiosis and mesothelioma. The Pneumoconiosis Compensation Fund is administered by the Pneumoconiosis Compensation Fund Board, a statutory body responsible for assessing and collecting the imposed levies and compensating (i) persons suffering from pneumoconiosis and/or mesothelioma and/or (ii) family members of persons who has died of pneumoconiosis and/or mesothelioma. Under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance, contractors are liable to pay a levy for any construction operations with a total value exceeding HK\$3,000,000 carried out in Hong Kong, at a rate of 0.15% of the total value of the construction operations concerned.

Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong)

The Noise Control Ordinance controls, among other things, the noise from construction activities. For construction activities that are to be carried out during the restricted hours and for percussive piling during the daytime, not being a general holiday, construction noise permits are required from the Environmental Protection Department in advance. Under the Noise Control Ordinance, construction works that produce noises and the use of powered mechanical equipment (other than percussive piling) are not allowed between 7:00 p.m. and 7:00 a.m. or at any time on general holidays (including Sundays), unless prior approval has been granted by the Environmental Protection Department through the construction noise permit system. Contravention to any of the aforesaid provisions shall be liable to a fine of HK\$100,000 (level 6) on the first conviction and to a fine of HK\$200,000 on a second or subsequent conviction and in any case to a fine of HK\$20,000 for each day during which the offence has continued.

Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)

A contractor shall observe and comply with the Waste Disposal Ordinance and its subsidiary regulations, including the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong) and the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong). Under the Waste Disposal (Charges for Disposal of Construction Waste) Regulation, construction waste can only be disposed at designated prescribed facilities and a main contractor who undertakes construction work with a value of HK\$1 million or above will be required, within 21 days after being awarded the contract, to make an application to the Director of Environmental Protection to establish a billing account in respect of that particular contract, and to pay any prescribed charge payables in respect of the construction waste generated from the construction work under that contract.

Under the Waste Disposal Ordinance, a person shall not use, or permit to be used, any land or premises for the disposal of waste unless he has a licence from the Director of Environmental Protection. A person who except under and in accordance with a permit or authorisation, does, causes or allows another person to do anything for which such a permit or authorisation is required shall be liable to a fine of HK\$200,000 and to imprisonment for six months on the first conviction and to a fine of HK\$500,000 and to imprisonment for six months on a second or subsequent conviction and in any case to an additional fine of HK\$10,000 for each day of the continuance of the offence.

Under the Waste Disposal (Chemical Waste) (General) Regulation, any person who produces chemical waste or causes it to be produced is required to register with the Director of Environmental Protection. The waste must be packaged, labelled and stored properly before disposal. Only a licensed collector can transport the waste to a licensed chemical waste disposal site for disposal. Chemical waste producers also need to keep records of their chemical waste disposal for inspection by the staff of the Environmental Protection Department.

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Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong)

The Water Pollution Control Ordinance regulates the effluent discharged from all types of industrial, manufacturing, commercial, institutional and construction activities into communal sewers, stormwater drains, river courses or water bodies. For any industry generating wastewater discharge (except domestic sewage that is discharged into communal sewers or unpolluted water to stormwater drains, river courses and water bodies), they are subject to licensing control by the Environmental Protection Department.

All discharges, with the exception as described above, must be covered by an effluent discharge licence and its terms and conditions. The licence shall be granted with a specification of the permitted physical, chemical and microbial quality of the effluent by the Environmental Protection Department unless, for instance, the discharge endangers or is likely to endanger public health or is or is likely to be harmful to the health or safety of any person engaged in the operation or maintenance of a drainage or sewerage system.

According to the Water Pollution Control Ordinance, unless being licensed thereunder, a person who discharges any waste or polluting matter into the waters or discharges any matter into a communal sewer or communal drain in a water control zone shall be liable on conviction to imprisonment for six months and shall be liable to a fine of HK\$200,000 on the first conviction and to a fine of HK\$400,000 on a second or subsequent conviction and in any case to an additional fine of HK\$10,000 for each day of the continuance of the offence.

During the Track Record Period, the Group has applied for licence from the Environmental Protection Department for the discharge of effluent from construction sites.

Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong)

Under section 27 of the Public Health and Municipal Services Ordinance, the person responsible for construction site is required to avoid accumulation of stagnant water in the premises. If the Food and Environmental Hygiene Department finds potential mosquito breeding places in the premises, notice may be served on the person responsible for the premises and failure to comply is an offence. The person responsible for the premises will be prosecuted if mosquito breeding is found. The offences, upon conviction, are liable to a maximum fine of HK\$25,000 and a daily fine of HK\$450.

Pursuant to section 127 of the Public Health and Municipal Services Ordinance, where a nuisance notice is served on the person by reason of whose act, default or sufferance the nuisance arose or continues, or if that person cannot be found, on the occupier or owner of the premises or vessel on which the nuisance exists, then if either the nuisance to which the notice relates arose by reason of the wilful act or default of that person, or that person fails to comply with any of the requirements of the notice within the period specified therein, that person shall be guilty of an offence. The nuisances which are actionable summarily under section 12 of the Public Health and Municipal Services Ordinance include, among other matters, (i) emission of dust from any building under construction or demolition in such manner as to be a nuisance, (ii) the emission of dust, fumes or effluvia from any premises in such a manner as to be a nuisance, (iii) any accumulation or deposit which is a nuisance or injurious or dangerous to health, and (iv) any premises in such a state as to be a nuisance or injurious or dangerous to health.

Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong)

The Environmental Impact Assessment Ordinance seeks to avoid, minimise and control the adverse impact on the environment of designated projects, such as projects involving earthworks, dredging works and other building works, through the environmental impact assessment process and the environmental permit system. Under the Environmental Impact Assessment Ordinance, designated projects must, unless exempted by the Environmental Protection Department, follow the statutory environmental impact assessment process and/or obtain environmental permits for their construction and operation.

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An application for an environmental permit may be made directly with the Environmental Protection Department for the approval of a designated project which will cause limited adverse impacts on the environment and the mitigation measures proposed meet the designated requirements. For other projects, an application for an environmental permit made to the Environmental Protection Department must be accompanied with an environmental impact assessment report.

Any person who constructs or operates a designated project or decommissions a designated project without an environmental permit for the project or contrary to the permit conditions, if any, could be held liable (i) on a first conviction on indictment to a fine of HK\$2,000,000 and to imprisonment for six months, (ii) on a second or subsequent conviction on indictment to a fine of HK\$5,000,000 and to imprisonment for two years, (iii) on a first summary conviction to a fine at HK\$100,000 (level 6) and to imprisonment for six months, and (iv) on a second or subsequent summary conviction to a fine of HK\$1,000,000 and to imprisonment for one year, and in any case where the offence is of a continuing nature, a fine of HK\$10,000 for each day on which the offence has continued.

Laws and regulations in relation to competition

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

The Competition Ordinance prohibits restrictions on competition in Hong Kong through three competition rules, namely, (i) the first conduct rule which prohibits anti-competitive agreements (the “**First Conduct Rule**”), (ii) the second conduct rule which prohibits abuse of market power (the “**Second Conduct Rule**”), and (iii) the merger rule which prohibits anti-competitive mergers and acquisitions (the “**Merger Rule**”). The First Conduct Rule and the Second Conduct Rule apply to all sections of the Hong Kong economy. At present, the Merger Rule only applies to mergers involving carrier licence holders within the meaning of the Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong). Therefore, our Group is subject to the Competition Ordinance generally, save for the Merger Rule.

The First Conduct Rule prohibits businesses from making or giving effect to an agreement, engaging in a concerted practice, or making or giving effect to a decision of an association, if the object or effect to harm competition in Hong Kong. The Second Conduct Rule prohibits businesses with a substantial degree of market power from abusing its power by engaging in conduct that has the object or effect to harm competition in Hong Kong.

Serious anti-competitive conduct is defined under section 2(1) of the Competition Ordinance as any conduct that consists of any one or combination of the following: (i) fixing, maintaining, increasing or controlling the price for the supply of goods or services; (ii) allocating sales, territories, customers or markets for the production or supply of goods and services; (iii) fixing, maintaining, controlling, preventing, limiting or eliminating the production or supply of goods and services; and (iv) bid-rigging.

Orders that the Competition Tribunal may impose for contraventions of the competition rule include, among other things, pecuniary penalties, disqualification order, injunctions, prohibiting a person from making or giving effect to an agreement or to declare an agreement to be void, and award damages. For pecuniary penalty, the maximum penalty in relation to a single contravention can be up to 10% of the turnover of the undertaking concerned for each year in which the contravention occurred, or if the contravention occurred in more than three years, 10% of the turnover of the undertaking concerned for the three years in which the contravention occurred that saw the highest, second highest and third highest turnover. The Competition Tribunal may also order the disqualification of responsible director who has contravened a competition rule for up to five years.

Other relevant laws and regulations

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

The BRO requires every entity which carries on a business in Hong Kong to apply for business registration. Riship Construction held valid business registration certificates throughout the Track Record Period and as at the Latest Practicable Date.

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

The IRO imposes taxes on property, earnings and profits in Hong Kong. The IRO provides, inter alia, 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. The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

Our profits arising in or derived from Hong Kong are subject to the profits tax regime under the IRO. As at the Latest Practicable Date, the standard profits tax rate for corporations in Hong Kong is 16.5%.

Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong)

The Trade Marks Ordinance provides for the registration of trade marks, the use of registered trade marks and connected matters. In order to enjoy protection by the laws of Hong Kong, trade marks must be registered with the Trade Marks Registry of the Intellectual Property Department under the Trade Marks Ordinance and the Trade Marks Rules (Chapter 559A of the Laws of Hong Kong).

As at the Latest Practicable Date, our Group had made one trademark application as set out in the paragraph headed “B. Further information about our business — 2. Intellectual property rights” in Appendix IV to this document of which the registration vetting process is pending. According to section 10 of the Trade Marks Ordinance, a registered trade mark is a property right acquired through due registration under such ordinance. The owner of a registered trade mark is entitled to the rights provided by the Trade Marks Ordinance. Pursuant to section 14 of the Trade Marks Ordinance, the owner of a registered trade mark is conferred exclusive rights in the trade mark. The rights of the owner in respect of the registered trade mark come into existence from the date of the registration of the trade mark which is the filing date of the application for registration, according to section 48 of the Trade Marks Ordinance.

Subject to the exceptions in sections 19 to 21 of the Trade Marks Ordinance, any use of the trade mark by third parties without the consent of the registered owner is an infringement of the trade mark. Conducts which amount to infringement of the registered trade mark are further specified in section 18 of Trade Marks Ordinance. Under sections 23 and 25 of the Trade Marks Ordinance, infringement proceedings will be conducted if an infringement of trade mark takes place and the registered owner is entitled to remedies under the Trade Marks Ordinance.

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