
REGULATORY OVERVIEW

This section of the prospectus contains a summary of certain laws and regulations currently relevant to our Group's operations and the construction industry. Having made all reasonable enquiries and to their best knowledge, our Directors confirm that save as disclosed in this section and the sections headed "Risk factors" and "Business" in this prospectus, our Group has complied with all material applicable laws and regulations in Hong Kong, where our Group operated during the Track Record Period and as at the Latest Practicable Date and has obtained all necessary permits, licences and certificates for our operations. Save as disclosed below, as at the Latest Practicable Date, our business operations are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Hong Kong

LAWS AND REGULATIONS IN RELATION TO CONTRACTOR LICENSING REGIME IN HONG KONG

Licence — General Building Contractor

Our Group is holding the General Building Contractor Licence issued by the Buildings Department, which is held until 21 October 2017.

Under the current contractor registration system in Hong Kong, a contractor must register with the Buildings Department either as general building contractor or as specialist contractor. 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.

Under section 8B(2) of the Buildings Ordinance, an applicant for registration as general building contractor or as specialist contractor must satisfy the Buildings Department on the following aspects:

- (i) if it is a corporation, the adequacy of its management structure;
- (ii) the appropriate experience and qualifications of its personnel;
- (iii) its ability to have access to plant and resources; and
- (iv) the ability of the person appointed to act for the applicant for the purposes of the Buildings Ordinance to understand building works and street works through relevant experience and a general knowledge of the basic statutory requirements.

In considering each application, the Buildings Department is to have regard to the qualifications, competence and experience of the following key personnel requirements:

- (i) a minimum of one authorised signatory, being a person appointed by the applicant to act for the applicant for the purposes of the Buildings Ordinance;

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- (ii) for a corporation — a minimum of one technical director, being a director from the board of directors of the applicant who is authorised by the board to:
 - a. have access to plant and resources;
 - b. provide technical and financial support for the execution of building works and street works; and
 - c. make decisions for the company and supervise the authorized signatory and other personnel for the purpose of ensuring that the works are carried out in accordance with the Buildings Ordinance; and
- (iii) 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.

Registered contractors intending to add a new authorised signatory/technical director/other officer should submit their applications in a specified form together with the following documents and fees, as the case may be, to the Buildings Department for consideration:

- (i) supporting documents on the qualifications and experience of the proposed authorised signatory/technical director/other officer;
- (ii) for a corporation, a statement on:
 - a. the management structure and organisation chart of the company and its decision making mechanism for technical and financial matters; and
 - b. a resolution from the board of directors regarding the appointment of the authorised signatory/technical director/other officer of the company.
- (iii) declarations in the Buildings Department stand forms which cover exhaustively the conviction, disciplinary and suspension records of the proposed authorised signatory/technical director/other officer;
- (iv) documents relating to business registration; and
- (v) the prescribed fee (for authorised signatory only) in accordance with the Building (Administration) Regulation.

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Unless the new authorised signatory/technical director/other officer has been previously accepted by the Buildings Department, the new authorised signatory and, when necessary, the new technical director/other officer will be required to attend a full-scope interview and will be assessed mainly on the following aspects:

- a. the documents submitted by the applicant;
- b. the adequacy of the management structure in respect of the role and duties of the authorised signatory/technical director/other officer;
- c. the appropriate experience, qualifications and competence of the authorised signatory/technical director/other officer; and
- d. the ability of the new authorised signatory to apply knowledge in the following aspects:
 - the statutory role, function and duties of a registered general building contractor or a registered specialist contractor as the case may be in relation to the role and responsibilities of the Buildings Department in respect of private building developments in Hong Kong;
 - the objectives of the Buildings Ordinance and relevant regulations and the mechanism of control in respect of the execution and supervision of building works;
 - a general awareness of local conditions sufficient to enable him to practice in Hong Kong efficiently and effectively without having to make frequent enquiries on matters of common local knowledge;
 - a working knowledge and principles of the Buildings Ordinance and relevant regulations, relevant code of practice, practice notes, circular letters and other advisory information, the relevant requirements under other laws and regulations and the requirements of other authorities which exercise control over the carrying out of building works;
 - the fundamental procedures that a registered contractor must follow in order to meeting local statutory requirements; and
 - adequate technical knowledge and practical experience in building construction to enable him to discharge his duties as a registered general building contractor or registered specialist contractor.

Prior notification to the Buildings Department is required if any of the accepted authorised signatory/technical director/other officer intend to resign from his duties or will cease to be appointed by the contractor. Retrospective notification to the Buildings Department will not be accepted. The registered contractor is required to suspend all the building works immediately if

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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.

Under section 8C(2)(c) of the Buildings Ordinance, a registered contractor should apply to the Buildings Department for renewal of registration not earlier than 4 months and not later than 28 days prior to the date of expiry of the registration. Application for renewal of registration received by the Buildings Department outside the specified time limit under section 8C(2)(c) will not be accepted. The application should comprise:

- (i) a duly completed specified form;
- (ii) declarations in Buildings Department standard forms covering exhaustively the conviction/disciplinary/suspension records of the applicant and its key personnel i.e. the authorised signatory(ies), the technical director(s) and the other officer(s) in certain aspects;
- (iii) a job reference on a minimum of one relevant building project;
- (iv) certain documents relating to business registration; and
- (v) the prescribed fee in accordance with the Building (Administration) Regulation.

Generally, an application for renewal of registration would not be referred to the Contractors Registration Committees, an independent bodies appointed by the Buildings Department under section 8 of the Buildings Ordinance for interview and assessment, except in the following circumstances:

- (i) the contractor has been inactive in relevant building works in the past registration period (i.e. without a job reference on a minimum of one relevant building project); or
- (ii) there have been new incidents or circumstances that require further consideration on the sustainability of the contractor's registration. New incidents or circumstances include, but not limited to, the contractor's conviction/disciplinary/suspension records and subject to the following approach adopted by the Buildings Department in relation to labour safety, public health and environmental offences and records of suspension from tendering by the Environment, Transport and Works Bureau, the Housing Authority or their related departments in determining if a contractor is required to attend an interview:
 - (a) non-building works related labour safety offences, such as failure to ensure the wearing of safety helmet and the use of goggles, will not be taken into consideration. In general, an offence relating to the course of constructing the works or the manner in which the works are being carried out is considered as an offence relating to building works;

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- (b) a contractor who has been convicted of a serious labour safety offence (such as an offence which involves a fatal incident or amputation of limb), is required to attend an interview;
- (c) a contractor who has been convicted of 7 or more labour safety offences committed within a rolling 6 months is required to attend an interview;
- (d) a contractor who has been convicted of 4 or more offences under section 27(3) of the Public Health and Municipal Services Ordinance committed on the same site within a rolling 3 months is required to attend an interview;
- (e) a contractor who has been convicted of any environmental offence involving an imprisonment sentence will be required to attend an interview; and
- (f) for a contractor who has been suspended from tendering by the Environment, Transport and Works Bureau, the Housing Authority or their related departments, the Building Department will consider the reasons of suspension. Generally, only factors which infer deficiencies of the contractors in technical competence or management ability, and factors related to standard of works, misconduct and site safety will be taken into consideration.

The registration of a contractor will continue to be in force if he makes an application for renewal within the time limit and pays the renewal fee until his application for renewal is finalised by the Building Department.

According to section 8C of the Buildings Ordinance, the Building Department may refuse an application for renewal of registration and remove the name of the applicant from the register if:

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

Qualifications

The table below sets out the details of the current qualifications held by our Group:

Qualification	Issuing authority	With effect from	Requirements for retention of qualification		Regulatory information
			Minimum employed capital	Minimum technical and management criteria/other requirements	
1. Group C (confirmed) — Approved Contractors for Public Works — Buildings category	WBDB	30 June 2009	<p>HK\$18.8 million plus HK\$2.0 million for every HK\$100.0 million of annualised outstanding works^(Note 2) or part thereof above HK\$950.0 million</p>	<p>(1) Satisfactory completion of at least one Government building contract within the past 5 years of value over HK\$90.0 million and of considerable scope and complexity</p> <p>(2) Top Management: at least one member of the resident top management shall have a minimum of five years local experience in managing a construction firm obtained in the past eight years</p> <p>(3) Technical Staff: at least two persons with a relevant degree from a Hong Kong university or equivalent with at least five years post-graduate local working experience in building works</p>	<p>Please refer to the section headed “Regulatory Overview — Laws and Regulations in relation to Contractor Licensing Regime in Hong Kong — Contractor List maintained by the WBDB”</p>
2. Approved Suppliers of Materials and Specialist Contractors for Public Works — Repair and Restoration of Historic Buildings category for Western Style Buildings	WBDB	4 November 2013	NIL	<p>(1) Job Experience: at least 3 examples of relevant works carried out in Hong Kong within the past 5 years</p> <p>(2) Top Management^(Note 3): adequate standard of administration and 1 no. of site foreman with more than 3 years of relevant conservation working experience</p> <p>(3) Technical Staff: specialist craftsmen/tradesmen with adequate qualification and skill in timber carvings, decorative plasterworks, decorative painting and artworks</p> <p>(4) Plant and Equipment^(Note 4): Adequate source of traditional material including fair face green bricks, Chinese roof-tile and ceramics etc.</p> <p>(5) Office/Workshop Facilities: adequate office, workshop and store. Local office and local workshop in Hong Kong are required</p>	<p>Please refer to the section headed “Regulatory Overview — Laws and Regulations in relation to Contractor Licensing Regime in Hong Kong — Specialist List maintained by the WBDB”</p>

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Requirements for retention of qualification						
Qualification	Issuing authority	With effect from	Minimum employed capital	Minimum working capital	Minimum technical and management criteria/other requirements	Regulatory information
3. Group NW 1 (confirmed) Housing Authority List of Building Contractors — Building (New Works) Category	Housing Authority	15 November 2001	HK\$10.1 million + HK\$5.8 million for every HK\$86.0 million of outstanding works or is higher part thereof above HK\$150.0 million (subject to a maximum of HK\$21.7 million); or 10% of total assets, whichever is higher	HK\$10.1million or 10% of outstanding works, whichever is higher	<p>(1) registered General Building Contractor under Buildings Ordinance</p> <p>(2) possess the following certificates: ISO 9001, ISO 14001, ISO 50001^(Note 1) and OHSAS 18001 Certificates</p> <p>(3) have the following past work record in building construction contracts within last three years: at least one satisfactorily completed project as main contractor in Hong Kong. The minimum of which is HK\$275.0 million and the project should be for residential building similar in size and complexity of Housing Department projects (for admission only)</p> <p>(4) employ the minimum number of full-time staff as follows:</p> <p>(i) 1 technical director who is registered in the Buildings Department and not to be the same person as contract manager/project manager;</p> <p>(ii) 1 contract manager/project manager who has obtained HKIA/MHKIS/MHKE or equivalent with 3 years relevant local managerial experience and capacity in the construction field or degree in architecture, building surveying, building technology & management, structural engineering or equivalent with 5 years relevant local managerial experience and capacity in the construction field or Higher diploma/higher certificate/diploma in architecture, building surveying, building technology & management, structural engineering or equivalent with 8 years relevant local managerial experience and capacity in the construction field and registered as authorised signatory in Buildings Department and not to be the same person as the technical director;</p> <p>(iii) 1 site agent who has obtained MHKICW/MICWCI or equivalent with 5 years relevant local experience in construction industry or higher diploma/diploma/higher certificate in building studies or civil/structural engineering or equivalent with 8 years relevant local experience in construction industry.</p>	Please refer to the section headed "Regulatory Overview — Laws and Regulations in relation to Contractor Licensing Regime in Hong Kong — Approved contractors of the Housing Authority"

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Qualification	Issuing authority	With effect from	Requirements for retention of qualification		Minimum technical and management criteria/other requirements	Regulatory information
			Minimum employed capital	Minimum working capital		
4. Group MI (confirmed) Housing Authority List of Building Contractors — Maintenance Works category	Housing Authority	8 September 2006	<p>HK\$4.0 million + HK\$2.2 million for every HK\$22.0 million of outstanding works or is higher part thereof above HK\$40.0 million (subject to a maximum of HK\$8.3 million); or 10% of total assets, whichever is higher</p> <p><i>If total value of outstanding works reaches HK\$67.0 million or above, then the following criteria will apply:</i></p> <p>HK\$10.1 million + HK\$5.8 million for every HK\$86.0 million of outstanding works or is higher part thereof above HK\$150.0 million (subject to a maximum of HK\$21.7 million); or 10% of total assets, whichever is higher</p> <p><i>If total value of outstanding works reaches HK\$188.0 million or above, then the following criteria will apply:</i></p> <p>HK\$18.8 million + HK\$2.0 million for every HK\$100.0 million of outstanding works or outstanding works & 10% on part thereof above HK\$950.0 million; or 10% of total assets, whichever is higher</p>	<p>HK\$4.0 million or 15% of outstanding works, whichever is higher</p>	<p>(1) registered General Building Contractor under Buildings Ordinance</p> <p>(2) possess the following certificate: ISO 9001, ISO 14001 and OHSAS 18001</p> <p>(3) have the following past work record in building maintenance/improvement contracts:</p> <p>(i) have completed, as main contractor, maintenance/improvement projects within the past three years for Housing Department, other Government departments or private sector;</p> <p>(ii) two of those completed projects stated above shall each cost not less than HK\$15.0 million with records of satisfactory performance</p> <p>(4) employ the minimum number of full-time staff as follows:</p> <p>(i) 1 technical director who is registered in the Buildings Department and not to be the same person as contract manager/project manager;</p> <p>(ii) 1 contract manager/project manager who has obtained HKIA/MHKIS/MHKIE or equivalent with 3 years relevant local managerial experience and capacity in the construction field or degree in architecture, building surveying, building technology & management, civil/structural engineering or equivalent with 5 years relevant local managerial experience and capacity in the construction field or higher diploma/higher certificate/diploma in architecture, building surveying, building technology & management, civil/structural engineering or equivalent with 8 years relevant local managerial experience and capacity in the construction field and registered as authorised signatory in the Buildings Department and not to be the same person as the technical director;</p> <p>(iii) 1 site agent who has obtained MHKICW/MICWCI or equivalent with 5 years relevant local experience in construction industry or higher diploma/diploma/higher certificate in building studies or civil/structural engineering or equivalent with 8 years relevant local experience in construction industry.</p>	<p>Please refer to the section headed "Regulatory Overview — Laws and Regulations in relation to Contractor Licensing Regime in Hong Kong — Approved contractors of the Housing Authority."</p>

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Notes:

1. With effect from 1 January 2014, all contractors on the List of Building Contractors shall be certified to Energy Management System (EnMS) ISO 50001 certification. A grace period of 24 months, i.e. until 31 December 2015, is granted to contractors already on the List of Building Contractors for acquiring ISO 50001 certification.
2. The annualised outstanding works for retention purpose is defined as the combined annual value of uncompleted works on public works contracts, Housing Authority contracts and contracts with the private sector on a world-wide basis.
3. Top management shall be the president, chairman, director, managing director, executive director or general manager etc.
4. The plant and equipment requirements are subject to modification as technology advances and a new plant emerges. Furthermore, the type of materials and method of application that the contractors select will dictate the plant required.

Contractor List maintained by the WBDB

A contractor must be accepted on the Contractor List maintained by the WBDB in order to tender for Government contracts. Although approvals granted by the WBDB do not have to be reviewed annually, audited accounts of the approved contractors are submitted to the WBDB annually (in addition, a Group C contractor is required to submit half-yearly management accounts) and may be produced to relevant Government works departments prior to the contract award to ensure that the approved contractors meet the capital requirements as set out by the WBDB.

If any approved contractor fails to meet the capital requirements in a particular category, it will not be eligible for any contract in such category. In the event that the approved contractor fails to submit the accounts or fails to cover any shortfall in the required capital requirements within the prescribed period, regulatory actions such as suspension of tendering rights may be taken by the WBDB against such approved contractor.

The Contractor List is divided into five categories, namely, roads and drainage, port works, waterworks, buildings and site formation. According to the ETWB Handbook, there are three groups in each of the work categories (arranged in ascending order), namely Group A (except that there are no Group A in port works and site formation categories), Group B and Group C, with Group C being the highest ranked. Each group has its particular tendering limits. Other than in the most exceptional circumstances, a contractor will be admitted initially on probation in the appropriate works category and group. After the probationary period, approved contractors may apply to the WBDB for confirmed status provided they have met the following requirements:

- (i) the technical and management criteria for confirmed status of each category of works; and
- (ii) the capital requirements applicable to confirmed status for each category of works.

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A contractor may apply for “confirmed” status after the satisfactory completion of works appropriate to its probationary status. “Confirmed” contractors may apply to be elevated to a higher group which is subject to similar but more stringent criteria/requirements to that described above.

It is a requirement of the WBDB that all Group C contractors in Hong Kong must obtain ISO 9000 certification as one of the qualifications for tendering for Government contracts.

The following table set out the value of works for which contractors in the respective categories and status may tender and number of contractors approved under the buildings category:

<u>Category</u>	<u>Authorised contract value</u>	<u>Number of contractors approved under buildings category</u>
Group A (probation)	any number of Group A contracts provided that the total value of work in any one category does not exceed HK\$75.0 million	36
Group A (confirmed)	contracts of value up to HK\$75.0 million	13
Group B (probation)	any number of Group A and any number of Group B contracts provided that the total value of Group B works in any one category does not exceed HK\$185.0 million	32
Group B (confirmed)	contracts of value up to HK\$185.0 million	18
Group C (probation)	a maximum of 2 Group C contracts, provided that the total value of works in the Group C contracts that it already holds and the Group C contract being procured under the same category does not exceed HK\$400.0 million (this limit shall be increased to HK\$500.0 million with effect from 1 December 2015)	18
Group C (confirmed)	contracts of any values exceeding HK\$185.0 million	40

Specialist List maintained by the WBDB

The Specialist List shall comprise suppliers and contractors who are approved for carrying out public works in one or more of the 50 categories. Some contractors within a category are further divided into classes in accordance with the type of works within that particular category and groups according to the value of contracts for which they are normally eligible to tender. Tender limits are applicable to 8 categories of works in the Specialist List.

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Some categories in the Specialist List do not have probationary status, which includes the category of “Repair and Restoration of Historic Buildings”. Financial checking is not required for applicants of 16 categories but shall be subject to review from time to time, which includes the category of “Repair and Restoration of Historic Buildings”.

Contractors qualified/licensed with the WBDB are subject to a regulatory regime which is put in place to ensure that standards of financial capability, expertise, management and safety are maintained by contractors carrying out Government works.

Approved contractors of the Housing Authority

The Housing Authority prescribes its own requirements for approved contractors to tender for its works. In order to tender for Housing Authority construction projects, a contractor must be approved by the Housing Authority under the categories of either “Building (New works)” or “Building (Maintenance works)”. Contractors must hold ISO 9001 certificates with respect to its own categories and are subject to stringent financial criteria, proven relevant record, management and on-site personnel requirements, probation and annual assessment on financial position. Each year the Housing Authority requests the approved contractors to submit certain documents to show satisfactory compliance with the requirements stated in the “Guide to Registration of Works Contractors and Property Management Services Providers” published by the Housing Authority and to pay the annual fee. An approved contractor will be subject to relevant regulatory actions (as detailed in the paragraph headed “Regulatory actions against approved contractors by the WBDB and the Housing Authority” in this section below) by the Housing Authority if it fails to submit the said documents or to pay the annual renewal fee.

The following table sets out the value of works for which approved contractors listed in the respective categories in the Housing Authority may tender:

<u>Category</u>	<u>Authorised contract value/type</u>
Building Work — New Works Category — Group NW1 (probation)	Restricted to undertake not more than 1 Group NW1 contract at any time
Building Work — New Works Category — Group NW1 (confirmed)	Eligible to tender for new works contracts with a value of up to HK\$550.0 million
Building Work — New Works Category — Group NW2 (probation)	Restricted to undertake not more than 1 Group NW2 contract at any one time

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<u>Category</u>	<u>Authorised contract value/type</u>
Building Work — New Works Category — Group NW2 (confirmed)	Eligible to tender for new works contracts of unlimited value
Building Work — Maintenance Works Category — Group M1 (probation)	Restricted to undertake not more than 3 Group M1 direct contract at any one time provide that the total value of outstanding works being undertaken does not exceed HK\$50.0 million or for term contracts the total value of annual expenditure does not exceed HK\$50.0 million
Building Work — Maintenance Works Category — Group M1 (confirmed)	Eligible to tender for maintenance and improvement contracts with a value of HK\$50.0 million and for term maintenance and improvement contracts with an average annual expenditure of up to HK\$50.0 million
Building Work — Maintenance Works Category — Group M2 (probation)	Restricted to undertake not more than 3 Group M2 direct contracts at any one time
Building Work — Maintenance Works Category — Group M2 (confirmed)	Eligible to tender for maintenance and improvement contracts of unlimited value

Regulatory actions against approved contractors by the WBDB and the Housing Authority

As approved contractors are controlled by administrative rules publicised by the WBDB and the Housing Authority, failure to meet the financial criteria and personnel requirements within prescribed time, unsatisfactory performance, misconduct or suspected misconduct, poor site safety record, poor environmental performance and court convictions such as contravention of site safety legislation and Employment Ordinance and employment of illegal work may lead to the following regulatory actions by the WBDB and the Housing Authority:

- (i) Possible regulatory actions by the WBDB:
 - (a) removal from all categories in which the contractor is listed or a particular category;
 - (b) suspension from tendering in all categories in which the contractor is listed or a particular category, meaning that the contractor's submitted tender will not be considered unless the suspension is lifted by the WBDB by the date set for the close of tender; and
 - (c) downgrading or demotion in a particular category.

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- (ii) Possible regulatory actions by the Housing Authority:
 - (a) removal from the Housing Authority's list of approved building contractor;
 - (b) suspension from tendering, meaning that tender document will not be issued to the contractor or where the contractor has submitted a tender, its submitted tender will not be considered if any date of the suspension period falls within the period between the tender invitation date and tender award date inclusive;
 - (c) restriction from tendering, meaning that tender document will not be issued to the contractor within the restriction period;
 - (d) downgrading;
 - (e) removal or suspension from specific league or status; and
 - (f) probationary period being extended;

For instance, if a qualified contractor is convicted of a series of safety or environmental offences within a short period of time, or if a fatal construction accident occurs at a construction site for which the contractor is responsible, the WBDB and the Housing Authority may take regulatory actions against the responsible contractor.

Please refer to the section headed "Risk Factors — Risks relating to the business of our Group — There is no assurance that we can maintain our eligibility to tender public works of the Government" of this prospectus for risk associated with being a Government contractor.

COMPLIANCE WITH RELEVANT REQUIREMENTS

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, our Group has complied with the requirements for maintenance and retention of the qualifications held by our Group as set out in the paragraph headed "Laws and Regulations in Relation to Contractor Licensing Regime in Hong Kong — Qualifications" in this section. Please refer to the section headed "Business — Employees" for details of the relevant management and technical personnel.

As disclosed in the paragraph headed "Laws and Regulations in Relation to Contractor Licensing Regime in Hong Kong — Qualifications" in this section, our Group is required to obtain the ISO 50001 certification for our energy management system on or before 31 December 2015, failing which our Group will no longer be qualified for retention on the List of Building Contractors. As at the Latest Practicable Date, with the assistance of SGS, our Group has begun establishing the energy management system and organising trainings held by external authorities for our staff. We have arranged SGS to conduct certifiable energy audits on our energy management system by the end of 2015. With reference to the status of implementation of the energy

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management system under the support of SGS, our Directors are of the view that there are no material impediments for our Group to obtain the ISO 50001 certification for our energy management system before the deadline imposed by the Housing Authority.

LAWS AND REGULATIONS IN RELATION TO LABOUR, HEALTH AND SAFETY IN HONG KONG

Factories and Industrial Undertakings Ordinance

The Factories and Industrial Undertaking Ordinance provides for the safety and health protection to workers in an industrial undertaking. Under the Factories and Industrial Undertaking Ordinance, every proprietor shall take care of the safety and health at work of all persons employed by it at an industrial undertaking by:

- (i) providing and maintaining plant and work systems that do not endanger safety or health;
- (ii) making arrangement for ensuring safety and health in connection with the use, handling, storage and transport of articles and 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 work environment.

A proprietor who contravenes these duties commits an offence and is liable to a fine of HK\$500,000. A proprietor who commits such an offence wilfully and without reasonable excuse is liable to a fine of \$500,000 and to imprisonment for 6 months.

Occupational Safety and Health Ordinance

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Employers must as far as reasonable contribute to safety and health in their workplaces by:

- (i) providing and maintaining plant and work systems that do not endanger safety or health;
- (ii) making arrangement for ensuring safety and health in connection with the use, handling, storage or 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

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- (v) providing and maintaining a safe and healthy work environment.

Failure to comply with the above constitutes an offence and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for 6 months.

In addition, the Commissioner for Labour is empowered to issue improvement notices and suspension notices against activity of workplace which may create an imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to 12 months.

Construction Workers Registration Ordinance

The Construction Workers Registration Ordinance provides for the registration of construction worker and related matters.

According to section 3 of the Construction Workers Registration Ordinance, a person shall not personally carry out on a construction site construction work unless the person is a registered construction worker. Further, section 5 of the Construction Workers Registration Ordinance provides that no person shall employ unregistered construction workers to carry out on construction sites construction work.

If (i) there is a contravention of section 3 of the Construction Workers Registration Ordinance and the person who commits the contravention is employed by a principal contractor for the construction site concerned, or a sub-contractor of such a principal contractor; or (ii) there is a contravention of section 5, and the person who commits the contravention is a sub-contractor of a principal contractor for the construction site concerned, that principal contractor also commits an offence and is liable on conviction to a fine at level 5 (currently at HK\$50,000).

In addition, according to section 58 of the Construction Workers Registration Ordinance, a principal contractor/controller of a construction site is required to:

- (i) establish and maintain a daily record in the specified form that contains information of registered construction workers employed by him and, in the case of a controller being the principal contractor, by a sub-contractor of the controller; and
- (ii) furnish the Registrar of Construction Workers in such manner as directed by the Registrar of Construction Workers with a copy of record
 - a. for the period of seven days after any construction work begins on the site; and
 - b. for each successive period of seven days,within two business days following the last day of the period concerned.

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A person who, without reasonable excuse, contravenes section 58 of the Construction Workers Registration Ordinance commits an offence and is liable on conviction to a fine at level 3 (currently at HK\$10,000).

Employees' Compensation Ordinance

The Employee's Compensation Ordinance 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.

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. Likewise, an employee who suffers incapacity or dies as a result of an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to section 40 of the Employees' Compensation Ordinance, all employers (including contractors and sub-contractors) 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). 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\$200.0 million per event to cover his liability and that of his sub-contractor(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 commits an offence and is liable on conviction to a fine of level 6 (currently at HK\$100,000) and imprisonment for up to two years.

Pursuant to section 24 of the Employees' Compensation Ordinance, a principal contractor should be liable to pay compensation to its sub-contractors' employees who are injured in the course of their employment to the sub-contractors. Nevertheless, the principal contractor is entitled to be indemnified by the sub-contractor who would have been liable to compensation to the injured employee. The employees in question are required to serve a notice in writing on the principal contractor before making any claim or application against such principal contractor.

Employment Ordinance

A principal contractor is subject to the provisions on sub-contractor's employees' wages in the Employment Ordinance. Pursuant to section 43C of the Employment Ordinance, if any wages become due to an employee who is employed by a sub-contractor on any work which the sub-contractor 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 sub-contractor jointly and severally. A principal contractor's liability shall be limited to (i)

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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 the site of the building work; and (ii) the wages due to such an employee for 2 months (such months shall be the first 2 months of the period in respect of which the wages are due).

An employee who has outstanding wage payments from sub-contractor must serve a notice in writing on the principal contractor within 60 days after the wage due date. A principal contractor and superior sub-contractor (where applicable) shall not be liable to pay any wages to the employee of the sub-contractor 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 sub-contractor to that sub-contractor (where applicable) of whom he is aware.

A principal contractor who without reasonable excuse fails to serve notice on the superior sub-contractor shall be guilty of an offence and shall be liable on conviction to a fine of level 5 (currently at HK\$50,000).

Section 43F of the Employment Ordinance stipulates that, if a principal contractor or superior sub-contractor pays to an employee any wages under section 43C of Employment Ordinance, the wages so paid shall be a debt due by the employer of that employee to the principal contractor or superior sub-contractor, as the case may be. The principal contractor or superior sub-contractor may either (i) claim contribution from every superior sub-contractor to the employee's employer or from the principal contractor and every other such superior sub-contractor as the case maybe, or (ii) deduct by way of set-off the amount paid by him from any sum due or may become due to the sub-contractor in respect of the work that he has subcontracted.

Occupiers Liability Ordinance

The Occupiers Liability Ordinance 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 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 purpose for which he is invited or permitted by the occupier to be there.

Immigration Ordinance

According to section 38A of the Immigration Ordinance, a construction site controller (i.e. the principle or main contractor who has control over or is in charge of a construction site) should take all practicable steps to (i) prevent having illegal immigrants from being on site or (ii) prevent illegal workers who are not lawfully employable from taking employment on site.

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Where it is proved that (i) an illegal immigrant was on a construction site or (ii) such illegal worker who is not lawfully employable took employment on a construction site, the construction site controller commits an offence and is liable to a fine of HK\$350,000.

Minimum Wage Ordinance

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK\$32.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance.

The Minimum Wage Ordinance does not specify whether meal breaks and rest days should be paid or not. Such terms are subject to negotiations between employer and employee.

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.

LAWS AND REGULATIONS IN RELATION TO ENVIRONMENTAL PROTECTION IN HONG KONG

Air Pollution Control Ordinance

The Air Pollution Control Ordinance is the principal legislation in Hong Kong for controlling emission of air pollutants and noxious odour from construction, industrial and commercial activities and other polluting sources. Subsidiary regulations of the Air Pollution Control Ordinance impose control on air pollutant emissions from certain operations through the issue of licences and permits.

A contractor shall observe and comply with the Air Pollution Control Ordinance and its subsidiary regulations, particularly the Air Pollution Control (Open Burning) Regulation, the Air Pollution Control (Construction Dust) Regulation and the Air Pollution Control (Smoke) Regulation. The contractor responsible for a construction site shall devise and arrange methods of working and carrying 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. Asbestos control provisions in the Air Pollution Control Ordinance require that building works involving asbestos must be conducted only registered qualified personnel and under the supervision of a registered consultant.

Noise Control Ordinance

The Noise Control Ordinance controls the noise from construction, industrial and commercial activities. A contractor shall comply with the Noise Control Ordinance and its subsidiary regulations in carrying out general construction works. For construction activities that are carried out during the restricted hours and for percussive piling at all times, construction noise permits are required from the Noise Control Authority in advance.

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Under the Noise Control Ordinance, noisy construction work and the use of powered mechanical equipment in populated areas are not allowed between 7 p.m. and 7 a.m. or at any time on general holidays, unless with prior approval of the Noise Control Authority through the construction noise permit system. Certain equipment is also subject to restrictions when its use is allowed. Hand-held percussive breakers and air compressors must comply with noise emissions standards and be issued with a noise emission label from the Noise Control Authority. Percussive pile-driving is allowed on weekdays only with prior approval, in the form of construction noise permit from the Noise Control Authority.

Any person who is in contravention of the aforesaid provisions, pursuant to the Noise Control Ordinance, shall be liable (i) on first conviction to a fine of HK\$100,000; (ii) on second or subsequent conviction, to a fine of HK\$200,000, and in any case to a fine of HK\$20,000 for each day during which the offence continues.

Water Pollution Control Ordinance

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

All discharges, other than domestic sewage to a communal sewer or unpolluted water to a communal drain, must be covered by an effluent discharge licence. The licence specifies the permitted physical, chemical and microbial quality of the effluent and the general guidelines are that the effluent does not damage sewers or pollute inland or inshore marine waters.

Pursuant to the Water Pollution Control Ordinance, unless being licensed under the Water Pollution Control Ordinance, 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 commits an offence and is liable to imprisonment for 6 months and (i) for a first offence, a fine of HK\$200,000; (ii) for a second or subsequent offence, a fine of HK\$400,000 and in addition, if the offence is a continuing offence, to a fine of HK\$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

Waste Disposal Ordinance

The Waste Disposal Ordinance controls the production, storage, collection, treatment, recycling and disposal of wastes. At present, livestock waste and chemical waste are subject to specific controls whilst unlawful deposition of waste is prohibited. Import and export of waste is generally controlled through a permit system.

A contractor shall observe and comply with the Waste Disposal Ordinance and its subsidiary regulations, particularly the Waste Disposal (Charges for Disposal of Construction Waste) Regulation and the Waste Disposal (Chemical Waste) (General) Regulation.

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Under the Waste Disposal (Charges for Disposal of Construction Waste) Regulation, a main contractor who undertakes construction work with a value of HK\$1.0 million or above will be required to establish a billing account with the Director of Environmental Protection to pay any disposal charges payable in respect of the construction waste generated from construction work undertaken under that contract.

Under the Waste Disposal (Chemical Waste) (General) Regulation, anyone who produces chemical waste or causes it to be produced has to register as a chemical waste producer. 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.

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 commits an offence and is liable to (i) a fine of HK\$200,000 and to imprisonment for 6 months for the first offence; and (ii) a fine of HK\$500,000 and to imprisonment for 2 years for a second or subsequent offence.

Dumping at Sea Ordinance

Under the Dumping at Sea Ordinance, any waste producers involved in marine dumping and related loading operations are required to obtain permits from the Director of Environmental protection.

Under the Dumping at Sea Ordinance, a person who except under and in accordance with a permit, does anything or causes or allows another person to do anything for which a permit is needed commits an offence and is liable on conviction to (i) a fine of HK\$200,000 and to imprisonment for 6 months on a first conviction; and (ii) a fine of HK\$500,000 and to imprisonment for 2 years on a second or subsequent conviction and in addition, to a further fine of HK\$10,000 for each day if the court is satisfied that the operation has continued.

Environmental Impact Assessment Ordinance

The Environmental Impact Assessment Ordinance is to avoid, minimise and control the adverse environmental impacts from designated projects as specified in Schedule 2 of the Environmental Impact Assessment Ordinance (for example, public utility facilities, certain large-scale industrial activities, community facilities, etc.) through the application of the environmental impact assessment process and the environmental permit system prior to their construction and operation (and decommissioning, if applicable), unless exempted.

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Pursuant to the Environmental Impact Assessment Ordinance, a person commits an offence if he constructs or operates a designated project listed in Part I of Schedule 2 of the Environmental Impact Assessment Ordinance (which includes roads, railways and depots, residential and other developments, etc.) without an environmental permit for the project; or contrary to the conditions, if any, set out in the permit. The offender is liable (i) on a first conviction on indictment to a fine of HK\$2,000,000 and to imprisonment for 6 months; (ii) on a second or subsequent conviction on indictment to a fine of HK\$5,000,000 and to imprisonment for 2 years; (iii) on a first summary conviction to a fine at level 6 (currently at HK\$100,000) and to imprisonment for 6 months; (iv) on a second or subsequent summary conviction to a fine of HK\$1,000,000 and to imprisonment for 1 year, and in addition, if the offence is of a continuing nature, to a fine of HK\$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

LAWS AND REGULATIONS IN RELATION TO APPROVAL FOR LISTING

Save for the approval from the Stock Exchange, no other regulatory approval is required for the Listing. For shareholder's approval, please refer to the section headed "A. Further Information about our Company and our subsidiaries — 3. Written resolutions of our then sole Shareholder passed on 22 September 2015" in Appendix IV in this prospectus.