
REGULATORY OVERVIEW

HONG KONG REGULATORY OVERVIEW

This section sets forth the major areas of Hong Kong laws and regulations in relation to the operation of our business in Hong Kong during the Track Record Period.

Gas Safety (Gas Supply) Regulations (Chapter 51B of the Laws of Hong Kong) (“GS(G)R”)

Regulation 3(1) of the GS(G)R provides that no person shall (a) carry out any construction work in connection with the erection, relocation or major alteration of a notifiable gas installation, or major repairs of a structural nature to a notifiable gas installation unless such work has construction approval; or (b) use any notifiable gas installation to which any construction approval relates unless the use of such installation is approved by the Director of the Electrical and Mechanical Services Department. Under the GS(G)R, “notifiable gas installation” means a gas installation which is, or consists of, or uses, among other things, terminals for the importation of liquefied petroleum gas or natural gas in liquid form.

Any person who contravenes regulation 3(1) commits an offence and is liable on conviction to a fine of HK\$25,000 and to imprisonment for six months and, in the case of a continuing offence, to a daily penalty of HK\$2,000.

As part of our Group’s warehouse is used for storing aerosol cans, which contained liquefied petroleum gas as propellant, compliance with the GS(G)R is required.

Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations (Chapter 296A of the Laws of Hong Kong) (“RC(C)R”)

Regulation 10 of the RC(C)R provides that the Director-General of Trade and Industry and any Deputy or Assistant Director-General of Trade and Industry may approve any godown, store or other place as a reserved commodity storage place either generally or limited to a specified period, a specified reserved commodity or a specified quantity of a reserved commodity and may attach to such approval such conditions as he thinks fit. Under the RC(C)R, “reserved commodity” means rice, with or without husk, and milled or unmilled. Entity approved as a rice storage place is required to submit monthly returns on storage of rice to the Trade and Industry Department.

As part of our Group’s warehouse is used as rice storage place, compliance with the RC(C)R is required.

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

The FIUO provides for the safety and health protection of workers in an industrial undertaking. Under the FIUO, “industrial undertaking” includes but not limited to the loading, unloading, or handling of goods or cargo at any dock, quay, wharf, warehouse or airport; and a “proprietor” means the person for the time being having the management or control of the business carried on in, inter alia, an industrial undertaking.

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Under section 6A of the FIUO, a proprietor of a relevant industrial undertaking must ensure the safety and health at work of all his employees. A proprietor who contravenes its duty under the FIUO commits an offence and is liable to a fine of HK\$500,000. In the case of a wilful contravention without reasonable excuse, such proprietor commits an offence and is liable to a fine of HK\$500,000 and to imprisonment for 6 months.

Under the FIUO, there are 30 sets of subsidiary regulations covering various aspects of hazardous work activities in factories, building and engineering construction sites, catering establishments, cargo and container handling undertakings and other industrial workplaces. The subsidiary regulations prescribe detailed safety and health standards on work situations, plant and machinery, processes and substances.

Factories and Industrial Undertakings (Loadshifting Machinery) Regulation (Chapter 59AG of the Laws of Hong Kong) (“FIU(L)R”)

Under regulation 3 of the FIU(L)R, the responsible person of a loadshifting machine shall ensure that the machine is only operated by a person who (a) has attained the age of 18 years; and (b) holds a valid certificate applicable to the type of loadshifting machine to which that machine belongs. Under the FIU(L)R, loadshifting machines used in industrial undertakings refer to fork-lift trucks.

Under regulation 8 of the FIU(L)R, a responsible person who without reasonable excuse contravenes regulation 3 commits an offence and is liable to a fine of HK\$50,000.

As fork-lift trucks are used in the warehouses of our Group, compliance with the FIU(L)R is required.

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

The OSHO provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Under section 6 of the OSHO, employers must ensure the safety and health in their workplaces, so far as reasonably practicable, by:

- (a) providing and maintaining plant and work systems that are safe and do not endanger health;
- (b) making arrangements for ensuring safety and health in connection with the use, handling, storage or transport of plants and substances;
- (c) providing all necessary information, instruction, training, and supervision for ensuring safety and health;
- (d) providing or maintaining safe means of access to and egress from the workplaces; and
- (e) providing or maintaining a safe and healthy working environment.

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Under section 6 of the OSHO, failure to comply with the above provisions 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 six months.

Under section 9 of the OSHO, the Commissioner for Labour may also issue improvement notices against non-compliance of this ordinance or the FIUO. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and imprisonment of up to 12 months.

Under section 10 of the OSHO, the Commissioner of Labour may issue suspension notices against activities in workplaces where there is an imminent risk of death or serious bodily injury to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$500,000 and imprisonment of up to 12 months.

Motor Vehicles Insurance (Third Party Risks) Ordinance (Chapter 272 of the Laws of Hong Kong) (“MVI(T)O”)

Section 4(1) of the MVI(T)O provides that it shall not be lawful for any person to use, or to cause or permit any other person to use, a motor vehicle on a road unless there is in force in relation to the user of the vehicle by that person or that other person, as the case may be, such a policy of insurance or such a security in respect of third party risks as complies with the requirements of the MVI(T)O.

Section 4(2) provides that if a person acts in contravention of section 4, he shall be liable to a fine of HK\$10,000 and to imprisonment for 12 months, and a person convicted of an offence under section 4 shall (unless the court for special reasons thinks fit to order otherwise) be disqualified from holding or obtaining a licence to drive a motor vehicle for such period as the court may determine being not less than 12 months nor more than three years from the date of conviction.

As our Group maintains its own vehicle fleet, compliance with the MVI(T)O is required.

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

The BRO requires every person, whether a company or an individual, who carries on a business in Hong Kong to apply for business registration certificate from the Inland Revenue Department within one month from the date of commencement of the business, and to display the valid business registration certificate at the place of business. Any person who fails to apply for business registration or display a valid business registration certificate at the place of business shall be guilty of an offence, and shall be liable to a fine of HK\$5,000 and to imprisonment for one year.

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

The ECO establishes a no-fault, non-contributory employee compensation system for work injuries and lays down the respective rights and obligations of employer and employee 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 ECO, 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 generally liable to pay for the compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, under section 32 of the ECO, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents. Further, section 40 of the ECO provides that an employer is not permitted to employ any employee in any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for an amount not less than that specified in the ECO.

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

The MPFSO provides for, inter alia, the establishment of a system of privately managed, employment-related mandatory provident fund schemes for members of the workforce to accrue financial benefits for retirement.

Under the MPFSO, the employer and its relevant employee, meaning an employee of 18 years of age or over and below retirement age which is 65 years of age, are each required to make contributions to the plan at 5% of the relevant employees’ relevant income, meaning any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance expressed in monetary terms, paid or payable by an employer to the relevant employee in consideration of his employment under his employment contract. With effect from 1 June 2012, the maximum level of relevant income of a relevant employee was adjusted from HK\$20,000 to HK\$25,000, and thus the relevant maximum mandatory contribution was adjusted from HK\$1,000 to HK\$1,250. With effect from 1 June 2014, the maximum level of relevant income of a relevant employee was further adjusted from HK\$25,000 to HK\$30,000, and thus the relevant maximum mandatory contribution was adjusted from HK\$1,250 to HK\$1,500.

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

The MWO 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 (Chapter 57 of the Laws of Hong Kong). Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the MWO is void.

COMPLIANCE

As confirmed by our Directors, to the best of their knowledge, save for disclosed in this document (if any), our Group has obtained all necessary permits, approvals and licences to operate its existing business in Hong Kong from relevant governmental bodies during the Track Record Period and up to the Latest Practicable Date.