
REGULATORY OVERVIEW

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

THE LAWS AND REGULATIONS OF HONG KONG

A. Laws and Regulations in relation to Construction Labour, Health and Safety

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

Construction Workers Registration Ordinance requires construction workers to be registered for carrying out construction work on a construction site.

Under the Construction Workers Registration Ordinance, "construction work" means, among other things, any building operation involved in preparing for any operation such as the addition, renewal, alteration, repair, dismantling or demolition of any specified structure that involves the structure of the specified structure or any other specified structure. "Construction site" means (subject to certain exceptions) a place where construction work is, or is to be, carried out. 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 has attended the relevant 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 the Registrar of Construction Workers is satisfied that, among other things, (i) the person has attended the relevant construction work-related safety training course 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.

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 an industrial undertaking. 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:

- providing and maintaining plant and work systems that do not endanger safety or health;
- making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances;

REGULATORY OVERVIEW

- providing all necessary information, instructions, training and supervision for ensuring safety and health;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a safe and healthy working environment.

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

Matters regulated under the subsidiary regulations of the Factories and Industrial Undertakings Ordinance, including the Construction Sites (Safety) Regulations, include (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 and a contractor guilty of the relevant offence could be liable to a fine up to HK\$200,000 and imprisonment up to 12 months.

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.

Employers must as far as reasonably practicable ensure the safety and health in their workplaces by:

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

REGULATORY OVERVIEW

- providing and maintaining a working environment for the employer's 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 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.

The Commission for Labour may also issue an improvement notice against non-compliance of this Ordinance or the Factories and Industrial Undertakings Ordinance or suspension notice against activity or condition of workplace which may create imminent risk of death or serious bodily injury. Failure to comply with such notice without reasonable excuse constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to 12 months.

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

The Employees' 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. 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 24 of the Employees' Compensation Ordinance, a principal contractor shall be liable to pay compensation to sub-contractors' employees who are injured in the course of their employment to the sub-contractor. The principal contractor is, nonetheless, entitled to be indemnified by the sub-contractor 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 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. Where a principal contractor has taken

REGULATORY OVERVIEW

out a policy of insurance under Section 40(1B) of the Employees' Compensation Ordinance, the principal contractor and a subcontractor insured under the policy shall be regarded as having complied with Section 40(1) of the Employees' Compensation Ordinance.

An employer who fails to comply with this Ordinance to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 and to imprisonment for 2 years.

Limitation Ordinance (Chapter 347 of the Laws of Hong Kong)

Under the Limitation Ordinance, the time limit for an applicant to commence common law claims for personal injuries is three years from the date on which the cause of action accrued.

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

A principal contractor shall be subject to the provisions on sub-contractor's employees' wages in the Employment Ordinance. According to Section 43C of the Employment Ordinance, a principal contractor or a principal contractor and every superior sub-contractor jointly and severally is/are liable to pay any wages that become due to an employee who is employed by a subcontractor 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. The liability of a principal contractor and superior subcontractor (where applicable) shall be limited to (a) 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 works; and (b) 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 subcontractor (where applicable) of whom he is aware. A principal contractor who without reasonable excuse fails to serve notice on the superior sub-contractor(s) shall be guilty of an offence and shall be liable on conviction to a fine at 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 sub-contractor who pays an employee any wages under

REGULATORY OVERVIEW

section 43C of the Employment Ordinance may either (1) 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 may be, or (2) 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 sub-contracted.

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 injury resulting to persons or damage caused to goods or other property 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 purposes for which he is invited or permitted by the occupier to be there.

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

According to Section 38A of the Immigration Ordinance, a construction site controller (i.e. the principal or main contractor and includes a subcontractor, owner, occupier or other person who has control over or is in charge of a construction site) shall 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.

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 (Chapter 608 of the Laws of Hong Kong)

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. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by this Ordinance is void.

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

Employers are required to enroll their regular employees (except for certain exempt persons) aged between at least 18 but under 65 years of age and employed for 60 days or more in a Mandatory Provident Fund ("MPF") scheme within the first 60 days of employment.

REGULATORY OVERVIEW

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 (HK\$25,000 and HK\$7,100 per month, respectively before 1 June 2014 or HK\$30,000 and HK\$7,100 per month, respectively on or after 1 June 2014), an employer will deduct 5% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling of HK\$1,250 before 1 June 2014 or HK\$1,500 on or after 1 June 2014. 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 (HK\$25,000 per month before 1 June 2014 or HK\$30,000 on or after 1 June 2014).

Industry Scheme

Industry Schemes were established under the MPF system for employers in the construction and catering industries in view of the high labour mobility in these two industries, 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.

For the purpose of the Industry Schemes, the construction industry covers the following eight major categories:

- (1) foundation and associated works;
- (2) civil engineering and associated works;
- (3) demolition and structural alteration works;
- (4) refurbishment and maintenance works;
- (5) general building construction works;
- (6) fire services, mechanical, electrical and associated works;
- (7) gas, plumbing, drainage and associated works; and
- (8) interior fitting-out works.

The Mandatory Provident Fund Schemes Ordinance does not stipulate that employers in these two 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. This is convenient for scheme members and saves administrative costs.

REGULATORY OVERVIEW

B. Laws and Regulations in relation to Environmental Protection

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

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, including without limitation the Air Pollution Control (Open Burning) Regulation (Chapter 3110 of the Laws of Hong Kong), the Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong) and the Air Pollution Control (Smoke) Regulations (Chapter 311C of the Laws of Hong Kong). 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. Asbestos control provisions in the Air Pollution Control Ordinance require that building works involving asbestos must be conducted only by registered asbestos contractors and under the supervision of a registered consultant.

Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong)

The Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (the “**Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation**”) came into effect on 1 June 2015 to introduce regulatory control on the emissions of non-road mobile machinery (the “**NRMMs**”), including non-road vehicles and regulated machines such as crawler cranes, excavators and air compressors.

Unless exempted, NRMMs which are regulated under this provision are required to comply with the emission standards prescribed under this regulation. From 1 September 2015, all regulated machines sold or leased for use in Hong Kong must be approved or exempted with a proper label in a prescribed format issued by the Environmental Protection Department pursuant to section 4 of the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation. Under section 5 of the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation, starting from 1 December 2015, only approved or exempted NRMMs with a proper label are allowed to be used in specified activities and locations including construction sites. However, existing NRMMs which are already in Hong Kong on or before 30 November 2015 will be exempted from complying with the emission requirements pursuant to section 11 of the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation. A period of six months (from 1 June 2015 to 30 November 2015, both dates inclusive) is allowed for existing NRMMs to apply for exemption.

REGULATORY OVERVIEW

Any person who sells or leases a regulated machine for use in Hong Kong, or uses a regulated machine in specified activities or locations without (i) exemption or the Environmental Protection Department's approval is liable to a fine of up to HK\$200,000 and imprisonment for up to six months, and (ii) a proper label is liable to a fine of up to HK\$50,000 and imprisonment for up to three months.

Pursuant to a technical circular issued by the Work Branch of the Development Bureau on 8 February 2015 (the "**Technical Circular**"), an implementation plan to phase out the use of exempted NRMMs for four types of exempted NRMMs (namely generators, air compressors, excavators and crawler cranes) has been included in the Technical Circular (the "**Implementation Plan**"), under which, all new capital works contracts of public works including design and build contracts with an estimated contract value exceeding \$200 million and tenders invited on or after 1 June 2015 shall require the contractor to allow no exempted generator and air compressor to be used after 1 June 2015 and the number of exempted excavators and crawler cranes not to exceed 50%, 20% and 0% of the total units of exempted NRMMs from 1 June 2015, 1 June 2017 and 1 June 2019 respectively. Notwithstanding the Implementation Plan, exempted NRMMs may still be permitted at the discretion of the respective architect/engineer designated by the government if there is no feasible alternative. In accordance with a Legislative Council Brief issued by the Environmental Protection Department in January 2015 (the "**LC Brief**"), the panel in general supported the Development Bureau to require its construction contractors to progressively increase the use of NRMMs over four years in large-scale public work upon the enactment of the NRMM Regulation, although the LC Brief did not specify the contract sum of large-scale public work and it is conceded that it would not be practicable to set a mandatory retirement age for NRMMs across the board.

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

The Noise Control Ordinance controls, among others, the noise from construction, industrial and commercial activities. A contractor shall comply with the Noise Control Ordinance and its subsidiary regulations in carrying out construction works. 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 Director of 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, unless prior approval has been granted by the Director of the Environmental Protection Department through the construction noise permit system. The use of certain equipment is also subject to restrictions. Hand-held percussive breakers and air compressors must comply with noise emissions standards and be issued with a noise emission label from the Director of the Environmental Protection Department.

REGULATORY OVERVIEW

Any person who carries out any construction work except as permitted is liable on first conviction to a fine of HK\$100,000 and on subsequent convictions 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 (Chapter 358 of the Laws of Hong Kong)

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

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

According 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 of Hong Kong in a water control zone or discharges any matter, other than domestic sewage and unpolluted water, into a communal sewer or communal drain in a water control zone commits an offence and is liable to imprisonment for 6 months and (a) for a first offence, a fine of HK\$200,000; (b) for a second or subsequent offence, a fine of HK\$400,000, and (c) in addition, if the offence is a continuing offence, 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 (Chapter 354 of the Laws of Hong Kong)

The Waste Disposal Ordinance controls the production, storage, collection and disposal including treatment, reprocessing and recycling 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, including without limitation 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 establish

REGULATORY OVERVIEW

a billing account in respect of that particular contract with the Director of the Environmental Protection Department to pay any disposal charges for the construction waste generated from the construction work under that contract.

Under the Waste Disposal (Chemical Waste) (General) Regulation, a person who produces chemical waste or causes it to be produced has to register as a chemical waste producer. Any chemical waste produced must be packaged, labeled and stored properly before disposal. Only a licensed waste 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 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 the Environmental Protection Department. 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 under sections 16, 16A and 16B of this Ordinance commits an offence and is liable to a fine of HK\$200,000 and to imprisonment for 6 months for the first offence, and to a fine of HK\$500,000 and to imprisonment for 6 months for a second or subsequent offence and, in addition, if the offence is a continuing offence, 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.

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

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.

Emission of dust from any building under construction or demolition in such manner as to be a nuisance is actionable under the Public Health and Municipal Services Ordinance. Maximum penalty of Section 127 as mentioned above is HK\$10,000 (level 3) upon conviction with a daily fine of HK\$200.

Discharge of muddy water etc. from a construction site is actionable under the Public Health and Municipal Services Ordinance. Maximum fine is HK\$5,000 upon first conviction.

Any accumulation of water on any premises found to contain mosquito larvae or pupae is actionable under the Public Health and Municipal Services Ordinance. Maximum penalty is HK\$25,000 (level 4) upon conviction and a daily fine of HK\$450.

REGULATORY OVERVIEW

Any accumulation or deposit which is a nuisance or injurious to health is actionable under the Public Health and Municipal Services Ordinance. Maximum penalty is HK\$10,000 (level 3) upon conviction and a daily fine of HK\$200.

Any premises in such a state as to be a nuisance or injurious to health is actionable under the Public Health and Municipal Services Ordinance. Maximum penalty is HK\$10,000 (level 3) upon conviction and a daily fine of HK\$200.

C. Laws and Regulations in relation to Contractor Licensing

(1) Registered Specialist Contractor

As at the Latest Practicable Date, Kingland (Sino) was registered with the Buildings Department as a Registered Specialist Contractor under the category of demolition works.

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.

All demolition works to which the Building (Demolition Works) Regulations (Chapter 123C of the Laws of Hong Kong) apply (i.e. the demolition of a building or of any substantial or significant part of a building) are specialized works of the demolition works category unless all the following circumstances exist:

- (a) the building to be demolished is not in scheduled area number 1 as set out in the Buildings Ordinance;
- (b) no part of the building to be demolished exceeds 10 meter(s) above adjacent ground;
- (c) no structural element to be demolished has a clear span exceeding 6 meter(s) or a cantilever span exceeding 1 meter(s);
- (d) no part of the building to be demolished is in pre-stressed concrete construction;
- (e) no part of the building to be demolished is an earth-retaining structure with retaining height exceeding 1.5 meter(s); and
- (f) there are no other buildings within 5 meter(s) from the building to be demolished.

REGULATORY OVERVIEW

The main contractors carrying out private sector demolition works are required to register or work together with contractors who are registered on either the list of register of general building contractors or the list of register of specialist contractors (sub-register of demolition works category) with the Buildings Department.

As advised by the Hong Kong Legal Counsel, for any demolition works where an entity is involved as a subcontractor, if there is a Registered Specialist Contractor who is registered with the Buildings Department under the appropriate category to supervise the works and liaise with the Building Authority, the entity itself is not required to be such registered specialist contractor or to obtain any requisite licences, permits and approval for its operation and business except the business registration. Having reviewed relevant court decisions, the Hong Kong Legal Counsel considered that the licence arrangement similar to the aforesaid is not uncommon, and was referred to in previous court cases. Based on his observation, there have been no adverse findings by the court that such licence arrangement is unlawful in Hong Kong.

Categories of Specialised Works

Section 8A(2) of the Buildings Ordinance empowers the Building Authority to designate categories of building works as specialised works that are required to be carried out by Registered Specialist Contractors. Currently, there are five categories of works designated as specialised works:

- (a) Demolition works;
- (b) Foundation works;
- (c) Ground investigation field works;
- (d) Site formation works; and
- (e) Ventilation works.

Requirements for registration as a Registered Specialist Contractor

Set out below are the requirements to register as a Registered Specialist Contractor under the Buildings Department.

Under Section 8B(2) of the Buildings Ordinance, an applicant for registration as a Registered Specialist Contractor must satisfy the Building Authority on the following aspects:

- (a) if it is a corporation, the adequacy of its management structure;
- (b) the appropriate experience and qualifications of its personnel;
- (c) its ability to have access to plants and resources; and

REGULATORY OVERVIEW

- (d) 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.

Authorized Signatory, Technical Director and Other Officer

In considering each application, the Building Authority is to have regard to the qualifications, competence and experience of the following key personnel of the applicant:

- (a) 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' ("AS");
- (b) for a corporation – a minimum of one director from the board of directors of the applicant, hereinafter referred to as a 'Technical Director' ("TD") 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 a TD to manage the carrying out of building works and street works – an 'Other Officer' ("OO") authorised by the board of directors to assist the TD.

In addition to the above key personnel, the applicant is also required to demonstrate that it has employed appropriate qualified staff to assist the applicant and the above key personnel to execute, manage and supervise the building works and street works.

For registration as a Registered Specialist Contractor, the applicant must also satisfy the Building Authority that it has the necessary experience and, where appropriate, professional and academic qualifications, to undertake work in the specialist category and should also demonstrate that it has access to engaging qualified persons to carry out the relevant specialised duties.

REGULATORY OVERVIEW

Persons eligible to be the AS, TD or OO

The following persons are eligible to become the AS and TD of the applicant:

- (a) If the applicant is an individual, the applicant is the only person eligible to act as the AS.
- (b) If the applicant is a partnership, any partner appointed by all the other partners is eligible to act as the AS.
- (c) If the applicant is a corporation, a suitable person appointed by the board of directors is eligible to act as the AS, whereas the TD must be a director appointed under the Companies Ordinance and appointed by the board of directors to perform the role as TD.

A person is permitted to take up the roles of the AS as well as the TD of a corporation at the same time provided that he meets the requirements of both the AS and TD.

If an OO is required, he is permitted to assist one TD only. In such case, the AS is not permitted to take up the role of an OO.

To ensure that adequate supervision and proper management are provided for carrying out of building works and street works and to avoid possible situations of conflict of interest, persons who have been accepted by the Building Authority as the AS or TD or OO for a registered contractor should not be appointed as the AS or TD or OO for another contractor simultaneously.

Disciplinary actions

The duties of a Registered Specialist Contractor are: (i) to provide continuous supervision to the carrying out of the works; (ii) to notify the Building Authority of any contravention of the regulations that would result from carrying out the works; and (iii) to comply generally with the Buildings Ordinance.

Under Section 13 of the Buildings Ordinance, a Registered Specialist Contractor, or the director, officer or a person appointed by the Registered Specialist Contractor who fails to discharge any of the specified duties is subject to inquiry by the disciplinary board appointed under Section 11 of the Buildings Ordinance. The disciplinary board may, among others, order that (i) the name of the registered contractor or the name of the director, officer or person be removed from the relevant register, either permanently or for such period as the disciplinary board thinks fit; (ii) the registered contractor or the director, officer or person be fined a sum up to HK\$250,000; and (iii) the registered contractor or the director, officer or person be reprimanded.

REGULATORY OVERVIEW

(2) Subcontractor Registration Scheme

As at the Latest Practicable Date, Kingland (Sino) was registered in the Subcontractor Registration Scheme of the Construction Industry Council under the trade specialties of general demolition and others (concrete coring and saw cutting).

Subcontractors, which are involved in, among others, demolition works, in Hong Kong may apply for registration under the Subcontractor Registration Scheme managed by the Construction Industry Council, a body corporate established under the Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong) in February 2007.

The Subcontractor Registration Scheme was formerly known as the Voluntary Subcontractor Registration Scheme (the "VSRS"), which was introduced by the Provisional Construction Industry Co-ordination Board (the "PCICB"). The PCICB was formed in September 2001 to spearhead industry reform and to pave way for the early formation of the statutory industry coordinating body.

A technical circular issued by the Works Branch of the Development Bureau (then the Environment, Transport and Works Bureau) ("WBDB") on 14 June 2004 (now subsumed into the Project Administration Handbook for Civil Engineering Works by the CEDD) requires that all public works contractors with tenders to be invited on or after 15 August 2004 to employ all sub-contractors (whether nominated, specialist or domestic) registered from the respective trades available under the VSRS.

After the Construction Industry Council took over the work of the PCICB in February 2007 and the VSRS in January 2010, the Construction Industry Council launched stage 2 of the VSRS in January 2013. VSRS was also then renamed Subcontractor Registration Scheme. All subcontractors registered under the VSRS have automatically become registered subcontractors under the Subcontractor Registration Scheme.

Categories of registration under the Subcontractor Registration Scheme

Subcontractors may apply for registration on the Subcontractor Registration Scheme in one or more of 52 trades covering common structural, civil, finishing, electrical and mechanical works and supporting services. The 52 trades further branch out into around 94 specialties, including general demolition, and others (concrete coring and saw cutting) etc.

Where a contractor is to sub-contract/sub-let part of the public works involving trades available under the Primary Register (a list of companies registered in accordance with the Rules and Procedures for the Primary Register of the Subcontractor Registration Scheme) of the Subcontractor Registration Scheme, it shall engage all subcontractors (whether nominated, specialist or domestic) who are registered under the relevant trades in the Primary Register of the Subcontractor Registration Scheme. Should the sub-contractors further sub-contract (irrespective of any tier) any part of the public works sub-contracted to them involving trades available

REGULATORY OVERVIEW

under the Primary Register of the Subcontractor Registration Scheme, the contractor shall ensure that all sub-contractors (irrespective of any tier) are registered under the relevant trades in the Primary Register of the Subcontractor Registration Scheme.

Requirements for registration under the Subcontractor Registration Scheme

Applications for registration under the Primary Register of the Subcontractor Registration Scheme are subject to the following entry requirements:

- (a) completion of at least one job within five years as a main contractor/subcontractor in the areas which it applies or to have acquired comparable experience by itself/its proprietors, partners or directors within the last five years;
- (b) listings on one or more government registration schemes operated by policy bureaux or departments of the Hong Kong Government relevant to the trades and specialties for which registration is sought;
- (c) the applicant or its proprietor, partner or director having been employed by a registered subcontractor for at least five years with experience in the trade/specialty applying for and having completed all the modules of the Project Management Training Series for Sub-contractors (or equivalent) conducted by the Construction Industry Council; or
- (d) the applicant or its proprietor, partner or director having registered as Registered Skilled Worker under the Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong) for the relevant trade/specialty with at least five years' experience in the trade/specialty applying for and having completed the Senior Construction Workers Trade Management Course (or equivalent) conducted by the Construction Industry Council.

Validity period of registration and renewal of registration

A registered subcontractor shall apply for renewal within three months before the expiry date of its registration by submitting an application to the Construction Industry Council in a specified format providing information and supporting documents as required to show compliance with the entry requirements. An application for renewal shall be subject to approval by the management committee which oversees the Subcontractor Registration Scheme (the "**Management Committee**"). If some of the entry requirements covered in an application can no longer be satisfied, the Management Committee of the Construction Industry Council may give approval for renewal based on those trades and specialties where the requirements are met. An approved renewal shall be valid for two years from the expiry of the current registration.

REGULATORY OVERVIEW

Codes of Conduct

A registered subcontractor shall observe the Codes of Conduct for Registered Subcontractor (Schedule 8 of the Rules and Procedures for the Primary Register of the Subcontractor Registration Scheme) (the "**Codes of Conduct**"). Failing to comply with the Codes of Conduct may result in regulatory actions taken by the Management Committee.

The circumstances pertaining to a registered subcontractor that may call for regulatory actions include, but are not limited to:

- (a) supply of false information when making an application for registration, renewal of registration or inclusion of additional trades;
- (b) failure to give timely notification of changes to the registration particulars;
- (c) serious violations of the registration rules and procedures;
- (d) convictions of senior management staff (including but not limited to proprietors, partners or directors) for bribery or corruption under the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong);
- (e) convictions for failure to pay wages on time to workers in accordance with the relevant provisions contained in the Employment Ordinance;
- (f) wilful misconducts that may bring the Subcontractor Registration Scheme into serious disrepute;
- (g) civil awards/judgments in connection with the violation of or convictions under the relevant sections of the Mandatory Provident Fund Schemes Ordinance;
- (h) convictions under the Factories and Industrial Undertakings Ordinance or Occupational Safety and Health Ordinance in relation to serious construction site safety incidents resulting in one or more of the following consequence:
 - (i) loss of life; or
 - (ii) serious bodily injury resulting in loss or amputation of a limb or had caused or was likely to cause permanent total disability;
- (i) conviction of five or more offences under the Factories and Industrial Undertakings Ordinance and/or Occupational Safety and Health Ordinance each arising out of separate incidents in any six months period (according to the date of committing the offence but not the date of conviction), committed by the Registered Subcontractor at each of a construction site under a contract;

REGULATORY OVERVIEW

- (j) convictions for employment of illegal worker under the Immigration Ordinance; or
- (k) late payment of workers' wages and/or late payment of contribution under the Mandatory Provident Fund Schemes Ordinance over ten days with solid proof of such late payment of wages and/or contribution.

Regulatory actions

The Management Committee may instigate regulatory actions by directing that:

- A. written strong direction and/or warning be given to a registered subcontractor;
- B. a registered subcontractor to submit an improvement plan with the contents as specified and within a specified period;
- C. a registered subcontractor be suspended from registration for a specified duration; or
- D. the registration of a registered subcontractor be revoked.

D. Laws and Regulations in relation to the Operation of Minor Works

Minor Works Control System

As at the Latest Practicable Date, Kingland (Sino) was registered with the Buildings Department as a Registered Minor Works Contractor.

Under the Buildings Ordinance, the carrying out of large-scale building works or works of a very simple nature are governed by the same set of controls, including the requirements to obtain prior approval and consent from the Buildings Department before commencement of works and to appoint authorized persons (i.e., architects, engineers and surveyors registered under the Buildings Ordinance), and registered professionals to design and supervise the works as well as registered contractors to carry out the works.

The Buildings Ordinance was amended in 2008 to provide for a minor works control system. The Building (Minor Works) Regulation (Chapter 123N of the Laws of Hong Kong) ("**B(MW)R**") was passed by the Legislative Council in May 2009 to provide for a simplified control mechanism to facilitate the carrying out of minor works without prior approval of plans by the Buildings Department.

As advised by the Hong Kong Legal Counsel, for any minor works where an entity is involved as a subcontractor, if there is a Registered Minor Works Contractor who is registered with the Buildings Department under the appropriate category to supervise the works and liaise with the Building Authority, the entity itself is not

REGULATORY OVERVIEW

required to be such registered minor works contractor or to obtain any requisite licences, permits and approval to its operation and business except the business registration.

Classification of Minor Works

A total of 126 items of building works have been included as minor works under the B(MW)R. Detailed specifications for these 126 items of minor works are set out in Part 3 of Schedule 1 of the B(MW)R. These 126 items of minor works are classified into three classes according to their nature, scale, complexity and risk to safety.

- (1) Class I (total of 44 items) includes mainly those relatively more complicated minor works;
- (2) Class II (total of 40 items) comprises those of comparatively lower complexity and risk to safety; and
- (3) Class III (total of 42 items) mainly includes common household minor works.

Under each class of minor works, works are further classified into different types. There are 7 types of minor works corresponding to the specialisation of works in the industry:

- (1) Type A: Alteration & Addition Works
- (2) Type B: Repair Works
- (3) Type C: Works relating to Signboards
- (4) Type D: Drainage Works
- (5) Type E: Works relating to Structures for Amenities
- (6) Type F: Finishes Works
- (7) Type G: Demolition Works

Details of the minor works items under each type of works are set out in Part 2 of Schedule 1 of the B(MW)R.

Register of Minor Works Contractors

In order to ensure that only contractors who are able to perform their duties and responsibilities in a competent manner are allowed to carry out the respective items of minor works, they are required to be registered under the Buildings Ordinance.

REGULATORY OVERVIEW

Under s.8A(1)(c) of the Buildings Ordinance, the Director of Buildings maintains a register of minor works contractors who are qualified to carry out such minor works belonging to the class, type and item specified in the register for which they are registered.

There are two types of Registered Minor Work Contractors, namely Registered Minor Works Contractors (Individual) ("**RMWCs (Ind)**") and Registered Minor Works Contractors (Company) ("**RMWCs (Co)**"). RMWCs (Ind) are minor work contractors who are registered under s.10(1)(a) of the B(MW)R in the name of an individual self-employed worker. RMWCs (Ind) is only allowed to carry out various items of class III minor works. RMWCs (Co) are minor work contractors who are registered under s.10(1)(b) of the B(MW)R in the name of a company (including corporations, sole proprietorship and partnership) for carrying out various types and classes of minor works.

Requirements for registration as RMWC (Co)

Under s.12(5) of the B(MW)R, an applicant for registration as an RMWC(Co) must satisfy the Director of Buildings on the following aspects:

- (a) the appropriate qualifications and experience of its key personnel;
- (b) it has access to plants and resources;
- (c) if it is a corporation, its management structure is adequate;
- (d) the ability of the persons appointed to act for the applicant for the purposes of the Buildings Ordinance to understand the minor works under application through relevant experience and a general knowledge of the basic statutory requirements; and
- (e) the applicant is suitable for registration in the register of minor works contractors.

Pursuant to s.12(6) of the B(MW)R, in deciding whether the applicant is suitable for registration in the register of minor works contractors, the Director of Buildings will take into account the following factors:

- (a) whether the applicant has any criminal record in respect of any offence under the laws of Hong Kong relating to the carrying out of any building works; and
- (b) whether any disciplinary order has been made against the applicant.

REGULATORY OVERVIEW

Authorised Signatory and Technical Director of RMWC (Co)

In considering each application for registration as an RMWC (Co), the Director of Buildings is to have regard to the qualifications, experience and suitability of the following key personnel of the applicant:

- (a) 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 the Authorised Signatory ("AS"); and
- (b) for a corporation – a minimum of one director from the board of directors of the applicant, hereinafter referred to as the Technical Director ("TD"), who is authorised by the board to:
 - (i) have access to plants and resources;
 - (ii) provide technical and financial support for the execution of minor works; and
 - (iii) make decisions for the company and supervise the AS and other personnel for the purpose of ensuring that the works are carried out in accordance with the Buildings Ordinance.

Persons eligible to be the AS or TD of RMWC (Co)

The following persons are eligible to become the AS and the TD of the applicant:

- (a) if the applicant is a sole proprietorship, the sole proprietor is the only person eligible to act as the AS.
- (b) if the applicant is a partnership, any partner appointed by all the other partners is eligible to act as the AS.
- (c) if the applicant is a corporation, a suitable person appointed by the board of directors is eligible to act as the AS, whereas the TD must be a director appointed under the Companies Ordinance and appointed by the board of directors to perform the role of TD.

A person is allowed to take up the role of the AS as well as the role of the TD of a corporation at the same time provided that he meets the requirements of both AS and TD.

To ensure that adequate supervision and proper management are provided for the carrying out of minor works and to avoid possible situations of conflict of interest, persons who have been accepted as the AS/TD for an RMWC (Co) cannot act as a key personnel for another contractor firm simultaneously.

REGULATORY OVERVIEW

Validity period of registration and renewal of registration

Pursuant to Section 13 of the B(MW)R, the registration as RMWC (Co) is valid for a period of three years commencing from the date of entry of the name in the register of minor works contractors maintained by the Director of Buildings. Under Section 14(1) and (2) of B(MW)R, an RMWC (Co) may apply to the Director of Buildings for renewal of registration within a period not earlier than four months and not later than 28 days prior to the expiry of the registration. A renewed registration will expire on the third anniversary of the expiry date of the previous registration.

Disciplinary actions

The duties of a Registered Minor Works Contractor are: (i) to provide continuous supervision to the carrying out of the works; (ii) to notify the Building Authority of any contravention of the regulations that would result from carrying out the works; and (iii) to comply generally with the Buildings Ordinance.

Under Section 13 of the Buildings Ordinance, a Registered Minor Works Contractor, or the director, officer or a person appointed by the Registered Minor Works Contractor who fails to discharge any of the specified duties is subject to inquiry by the disciplinary board appointed under Section 11 of the Buildings Ordinance. The disciplinary board may, among others, order that (i) the name of the registered contractor or the name of the director, officer or person be removed from the relevant register, either permanently or for such period as the disciplinary board thinks fit; (ii) the registered contractor or the director, officer or person be fined a sum up to HK\$250,000; and (iii) the registered contractor or the director, officer or person be reprimanded.

E. Laws and Regulations in relation to Electrical Works

Registered Electrical Contractor

As at the Latest Practicable Date, Kingland (Sino) was a Registered Electrical Contractor of the Electrical and Mechanical Services Department ("EMSD").

Under the Electricity Ordinance (Chapter 106 of the Laws of Hong Kong), all contractors engaged in electrical work on fixed electrical installations must be registered with the Electrical and Mechanical Services Department. To be qualified as a registered electrical contractor, an applicant must either employ at least one registered electrical worker or:

- (a) if the applicant is an individual, he/she must be a registered electrical worker; or
- (b) if the applicant is a partnership, at least one of the partners must be a registered electrical worker.

REGULATORY OVERVIEW

Under Regulation 13 of the Electricity (Registration) Regulations (Chapter 406D of the Laws of Hong Kong), a registered contractor should apply to the Director of Electrical and Mechanical Services for renewal of registration not earlier than four months and not later than one month prior to the date of expiry of the registration. The application should comprise:

- (a) a duly completed specified form;
- (b) a copy of business registration certificate of the contractor;
- (c) a copy of the certificate(s) of registration of the registered electrical worker(s) of the contractor;
- (d) documentary proof(s) of employment of registered electrical worker(s) including a letter confirming the employment of the registered electrical worker(s) of the contractor; and
- (e) the prescribed fee in accordance with the Electricity (Registration) Regulations.

THE LAWS AND REGULATIONS OF MACAU

A. Commercial Corporations and Commercial Entrepreneurs

Macau Commercial Code

Pursuant to Article 61 under the Macau Commercial Code, commercial registration aims to disclose the legal status of the commercial entrepreneur and the enterprise so as to protect the security of transactions that are under protection of the law. All relevant commercial registrations are carried out at Businesses and Vehicles Registry.

B. Works Licence

Decree-Law No. 79/85/M

Decree-Law No. 79/85/M stipulates the administrative regulations of project review, filing of approval, and licence issuance and inspection in conducting civil engineering. No construction of new building, reconstruction, repair, maintenance, alteration or expansion to the existing buildings, demolition of building, and any project or work resulting in topographical change shall be conducted without the approval of the Land, Public Work and Transport Bureau approval on the related project and its issuance of relevant licence.

REGULATORY OVERVIEW

In order to conduct the aforementioned projects, interested parties shall notify the Bureau the proposed project and the expected commencement and completion dates of the construction, by filling out the specific form provided by the Bureau accompanied by the signed declaration of construction company or builder who has registered at the Bureau, and submitting other project-related documents required by the Bureau.

Upon inspecting the aforementioned documents submitted by the interested parties, the Bureau shall affix a specific seal on the form and shall send it back to the interested parties. The interested parties shall post the form conspicuously at the project site when conducting the project.

The Bureau has the authority to monitor the compliance of the aforementioned Decree-Law and its supplementary law. Only legal persons who are locally registered in Macau shall be approved of the related project plan and shall be issued project licence by the Bureau. The project plan for the approval of the Bureau, or project draft and project amendment, shall be pre-signed by a technician who is registered with the Bureau. The project guidance of the approved plan shall be conducted by a qualified technician who is registered with the Bureau. The project implementation of the approved plan shall only be conducted by construction company or constructor who is registered with the Bureau. During the implementation, it is permitted to conduct specified project items according to the approved content in project plan through contract employment or outsourcing to third party.

The accreditation of qualification to a construction company or a constructor is conducted according to the application submitted to the Bureau, accompanied with a tabulated list of all technical tools possessed and a list of completed projects.

C. Legitimacy Taxation

Macau Industrial Tax Regulation

Pursuant to clause 1 of Article 2 of the Macau Industrial Tax Regulation, natural person or legal person who engages in any industrial or commercial activities is subject to industrial tax. Nevertheless, pursuant to Article 11 of Law no. 9/2014, the activities stated in table 1 and table 2 of Macau Industrial Tax Regulation attached to Law no. 15/77/M which was approved on 31 December is exempted from industrial tax by the Macau Special Administrative Government for the year 2015.

Complementary income tax is levied on the total income earned within the territory by a natural person or legal person regardless of its residence. Pursuant to the provisions under Article 12 of Law no. 9/2014, under which the applicable tax rate is specified in Article 7 of Regulation on Complementary Income Tax approved by Law no. 21/78/M on 9 September, the allowance for taxable complementary income tax for the year 2014 is set at MOP300,000.00; any income exceeding such amount is subject to tax rates of 9% and 12%, depending on the range of the amount in excess.

REGULATORY OVERVIEW

D. Labour, Health and Safety

Law no. 7/2008 "Labour Relations Law"

Law no. 7/2008 "Labour Relations Law" is a general regime that defines labour relations. In Macau, an employer has the right to set out rules to be obeyed by employees within the working environment as required by relevant regulations and formulates a set of company rules that states clearly the working arrangement and discipline, and the implementation thereof shall not result in working conditions inferior to that as required by such law. Article 33 under the same law requires normal working hours for employees of not more than 8 hours per day and 48 hours per week, and the employees are entitled to a consecutive 24-hour day-off per week with payment. Employees who worked for a full year are entitled to paid annual leave of not less than 6 working days in the coming year. Where an employer violates against the law due to non-performance of the obligation as required by Law no. 7/2008, he/she may still has to fulfil such obligation in addition to a punishment and a fine or penalty.

Decree Law no. 40/95/M

Decree Law no. 40/95/M defines the system applicable to compensation for loss arising from occupational accidents and occupational diseases. It is applicable to all employees of any industry who are entitled to compensation for loss arising from occupational accidents and occupational diseases as provided by such law. Where occupational accidents occur outside the territory, employees who are employed and work for an employer who legally engages in business in Macau shall be entitled to compensation as stipulated by such law except for compensation granted to such employee and his/her family under the law of the place to where the accidents occur. Where the compensation granted under the law of the place to where the accidents occur is inferior to that as required by such law, the employer shall afford the difference therewith. Employers shall take out mandatory insurance to cover compensation for employees injured in work accidents or suffer from occupational diseases.

Decree Law no. 37/89/M

Decree Law no. 37/89/M ensures a working environment under good hygiene and safety conditions and all commercial, office, and labour services shall be carried out under a good working environment.

Decree Law no. 13/91/M

Decree Law no. 13/91/M defines the sanctions for the incompliance of general regulation on occupational safety and hygiene in commercial, office, and labour service establishments. An employer who is incompliance with the rules set out in the general regulation on occupational safety and hygiene in commercial, office, and labour service establishments approved under the said Decree-Law no. 37/89/M shall be subject to punishment.

REGULATORY OVERVIEW

Law no. 4/2010

Law no. 4/2010 defines social security system and aims at providing basic society security, especially retirement pension, for Macau residents, in order to improve living standard. All employers who maintain employment relationships shall make registration with society security fund and make contribution therefore. The beneficiary (i.e. employee) and the employer are obliged to make contribution to society security fund. Society security system covers allowances for disability, unemployment, births, marriages and funerals. The system also includes other society security measures set out in the specific subsidy plan approved by the chief executive.

Chief Executive Dispatch no. 121/2015 amends Law no. 4/2010 in the amounts for retirement pension and disability allowances to MOP3,350 and MOP3,350 respectively and the amount for welfare subsidies to MOP2,200.

Chief Executive Dispatch no.373/2010 defines the monthly contribution to be MOP45 per month as required by Law no. 4/2010. The respective contribution proportions by the beneficiary (i.e. employee) and the employer shall be 1:2

Administrative Regulation no. 13/2010 is a standardisation of conditions or burdens that included in the permit for the employment of non-resident workers, which includes, among other things, regular body check for employees, designated working locations, compliance with the minimum number of resident workers hired, acceptance for reassessment on the allowed number of non-resident workers and other conditions and burdens as the approval authority may consider reasonable and appropriate.

Pursuant to the provisions in Law no. 21/2009 (Law for the employment of non-resident workers), before hiring a non-resident worker to work in Macau, permission shall be obtained by the employer in advance by submitting an application to the Human Resources Office of Macau. Once approved, the non-resident worker being employed shall apply for an "Authorisation to Stay for Non-resident Workers" and a "Non-resident Worker's Identification Card" from the Public Security Police Force of Macau before commencing work in Macau. Item 1 of Article 5 of the Law provides that the following persons are authorised to hire non-resident workers: (1) Macau residents; (2) legal persons with their head-office or an establishment in the Macau; (3) non-residents with a commercial or industrial establishment in the Macau.

Administrative Regulation no. 8/2010

Administrative Regulation no. 8/2010 is a standardization of the grant of the permit for employment of non-resident workers, the grant of stay permit, payment of employment fee and the use of received employment fee. Application for employment permit shall state clearly the proposed salary and other major labour conditions for non-resident workers by the employer. Non-resident workers are qualified to provide services within Macau after being granted "Authorisation to Stay for Non-resident Workers" that remains in force at such time when the services provided. The employer

REGULATORY OVERVIEW

shall pay the employment fee for the previous quarter in January, April, July and October with the payment slip which form approved under the society security fund. The received employment fee shall be considered as income for society security fund.

Pursuant to the Regulation on Prohibition of Illegal Work (Article 4 of Administrative Regulation no. 17/2004), under exceptional cases, where a non-resident of Macau agrees with a natural person or legal person whose residence is located within Macau to specifically or occasionally carry out works or provide services, especially for the provision of consultative, technical, quality controlling or auditing services by a non-resident worker of Macau, he/she may work or provide services continuously or intermittently for no more than 45 days during the six months stay in Macau. The above-said six-month period commences on the day when such non-resident is permitted to legally enter the territory of Macau, and records on the actual dates on which such person provides services shall be maintained.

Whenever the Labour Affairs Bureau, the Public Security Police Force, or the Customs Service consider that an activity carried out by a non-resident does not comply with the above situation, they shall immediately notify the natural person or legal person of Macau to whom such non-resident of Macau provides services, and such natural person or legal person shall terminate the activities of such non-resident immediately after being notified.

The natural person or legal person of Macau who violates the limitations and conditions as stipulated in Article 4 of the Regulation regarding on prohibition of illegal work shall be subject to a penalty of \$20,000.00 MOP to \$50,000.00 MOP for each involved employee and shall be held liable for criminal charges.