
REGULATORY OVERVIEW

HONG KONG REGULATORY OVERVIEW

This section sets forth a summary of the major laws and regulations applicable to our business in Hong Kong.

Regulations relating to Employment

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

As an employer of about 155 staff, our Group is subject to the no-fault and non-contributory employee compensation system for work injuries established by the Employees' Compensation Ordinance. The Employees' Compensation Ordinance 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 15 of the Employees' Compensation Ordinance, an employer must notify the Commissioner for Labour of any work accident by submitting Form 2 (within 14 days for general work accidents and within 7 days for fatal accidents), irrespective of whether the accident gives rise to any liability to pay compensation. If the happening of such accident was not brought to the notice of the employer or did not otherwise come to his knowledge within such periods of 7 or 14 days (as the case may be) then such notice shall be given not later than 7 days or, as may be appropriate, 14 days after the happening of the accident was first brought to the notice of the employer or otherwise came to his knowledge.

Pursuant to section 40 of the Employees' Compensation Ordinance, all employers are required to take out insurance policies to cover their liabilities under both 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). An employer who fails to comply with this ordinance to secure an insurance cover is liable on conviction upon indictment to a fine of HK\$100,000 and to imprisonment for two years, or on summary conviction, to a fine of HK\$100,000 and to imprisonment for one year.

REGULATORY OVERVIEW

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

Our Group owns a landed property and has leased several landed properties and is considered to be the occupier of the said properties under the Occupiers Liability Ordinance. As such, we are required to comply with the Occupiers Liability Ordinance, which 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 purposes for which he is invited or permitted by the occupier to be there.

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

Our employees may be exposed to injuries whilst providing installation, maintenance and other services to our customers. Our management team is responsible for providing safety and health protection to employees in workplaces, both industrial and non-industrial in accordance with the Occupational Safety and Health Ordinance.

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

- providing and maintaining of plant and work systems 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:
 - maintaining the workplace in a condition that is safe and without risks to health; and
 - providing and maintaining 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
- providing and maintaining a working environment for the employer's employees that is safe and without risks to health.

REGULATORY OVERVIEW

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.

Further, the Commission for Labour may, at his discretion, issue improvement notices against non-compliance of this ordinance and/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 improvement notice or suspension 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. In case of contravention of suspension notice, a daily fine of HK\$50,000 may also be imposed.

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

Our Group is subject to the Minimum Wage Ordinance, which 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)

Mandatory Provident Fund Schemes Ordinance provides for the establishment of non-governmental mandatory provident fund (“MPF”) schemes. Our Group, as an employer, is required to enroll our 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 MPF scheme within the first 60 days of employment.

For both employees and employers, it is mandatory to make regular contributions into a MPF scheme. For an employee, subject to the maximum and minimum levels of income (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).

REGULATORY OVERVIEW

Regulations relating to the business operations of the Company

Security and Guarding Services Ordinance (Chapter 460 of the Laws of Hong Kong)

Our Group provides installation and maintenance of security systems such as access control, CCTV, burglar alarm and other security solutions and is required to obtain relevant licences to operate in Hong Kong. Established on 1 June 1995 under the SGSO, SGSIA administers a licensing scheme to regulate the security industry in Hong Kong. In particular, companies offering security services and individuals providing security work are regulated under a license regime (i.e. for SCL, the “**SCL Regime**”) and a permit regime (i.e. for SPP, the “**SPP Regime**”), respectively, under the SGSO.

SCL Regime

Under section 11 of the SGSO, no person other than a company acting under and in accordance with a SCL issued by SGSIA in accordance with the SGSO shall supply, agree to supply, or hold himself out as supplying any individual to do security work for another person for reward.

Pursuant to section 12 of the SGSO, no person shall authorise or require another person to do any type of security work for him unless the other person:

- (a) is a holder of a SPP that is valid for that type of work, a holder of SCL, or an individual supplied by a holder of SCL; or
- (b) is authorised or required to do the work otherwise than for reward.

Application for a SCL shall be made to SGSIA. Under the SGSO, only body corporate incorporated under the Companies Ordinance, incorporated under the Predecessor Companies Ordinance, or incorporated by any other ordinance of the laws of Hong Kong may apply for a SCL.

Under the SCL Regime, the following are the three types of security work in which a company holding a SCL may perform:

| | |
|------------------------|---|
| Type I security work | Provision of security guarding services |
| Type II security work | Provision of armoured transportation services |
| Type III security work | Installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or place) a security system incorporating a security device |

REGULATORY OVERVIEW

Our Group is involved in the provision of Type III security work and has obtained a Type III SCL. At the Latest Practicable Date, the SCL is still valid.

Conditions for issuing a SCL

The issuance of SCL will be subject to the following conditions (together with any such conditions SGSIA may impose):

The licensee must:

- (a) display its SCL in a prominent position inside its principal place of business;
- (b) only supply individuals to perform the type of security work as specified in its SCL;
- (c) enter its name and the period of employment on the SPP of security personnel under its employ;
- (d) notify the Commissioner of Police (the “**Commissioner**”) in writing of:
 - (i) any criminal proceedings against the controller(s), directors and executives, and all SPP holders of the company within 14 days after the licensee has become aware of the institution of such proceedings;
 - (ii) the name of the persons whom it employs to do security work and the date on which the employment commenced within 14 days after the commencement of the employment; and
 - (iii) the name of the persons whom it ceases to employ to do security work and the date on which the employment ceased within 14 days after the cessation of the employment (items (ii) and (iii) are collectively referred to as the “**Notification Requirements**”);
- (e) not act contrary to the requirements of its work as a security company.

A SCL is not assignable or transmissible, and is valid for five years (or such shorter period as SGSIA may specify, and subject to payment of prescribed fee). An application for renewal of a SCL shall be made to SGSIA not earlier than six months and not later than three months before the SCL is due to expire.

REGULATORY OVERVIEW

Penalties

Under section 31(1) of the SGSO, any person who operates a company which supplies, agrees to supply, or holds himself out as supplying any individual to do security work for another person for reward without a valid SCL commits an offence and is liable on conviction to a fine of HK\$100,000 and to imprisonment for two years.

Pursuant to section 31(2) of the SGSO, any person who fails to notify the Commissioner of the Notification Requirements (together with the relevant date of commencement/cessation giving rise to such Notification Requirements) commits an offence and is liable on conviction to a fine of HK\$10,000 and to imprisonment for three months.

SPP Regime

Some of our employees are involved in the installation and maintenance of security devices and are required to obtain relevant permits under the SPP Regime. Under section 10 of the SGSO, no individual shall do, agree to do, or hold himself out as doing or as available to do, security work for another person unless he does so (i) under and in accordance with a SPP issued by the Commissioner in accordance with the SGSO; or (ii) otherwise than for reward.

As set out above, pursuant to section 12 of the SGSO, no person shall authorise or require another person to do any type of security work for him unless the other person, among others, is a holder of a SPP that is valid for that type of work, a holder of SCL, or an individual supplied by a holder of SCL.

Application for a SPP shall be made to the Commissioner. Under the SGSO, SPP shall not be issued to a body of persons, whether corporate or unincorporate.

Under the current SPP Regime, the following are the four categories of security work in which a person holding a SPP may perform:

| | |
|------------|---|
| Category A | Guarding work restricted to a “single private residential building”, the performance of which does not require the carrying of arms and ammunitions |
|------------|---|

Note: A “single private residential building” means an independent structure (i) covered by a roof and enclosed by walls extending from the foundation to the roof; (ii) used substantially for private residential purpose; and (iii) with only one main access point.

| | |
|------------|--|
| Category B | Guarding work in respect of any persons, premises or properties, the performance of which does not require the carrying of arms and ammunition and which does not fall within Category A |
|------------|--|

REGULATORY OVERVIEW

| | |
|------------|--|
| Category C | Guarding work, the performance of which requires the carrying of arms and ammunitions |
| Category D | Installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or place) a system incorporating a security device |

Our employees providing the installation and maintenance of security devices have obtained the relevant SPP for performing Category D works and as at the Latest Practicable Date, the relevant SPP are still valid.

Conditions for issuing a SPP

The issuance of a SPP is subject to the following conditions (together with any such conditions the Commissioner may impose).

The SPP holder must:

- (a) carry his SPP at all times when he is on duty;
- (b) produce his SPP for inspection on demand by any police officer;
- (c) notify the Commissioner in writing of:
 - (i) any change of employer, unless he is employed by a licensed security company; and
 - (ii) any institution of criminal proceedings against him,within 14 days after the relevant event has occurred;
- (d) only perform the type of security work as specified in his SPP;
- (e) not work over 372 hours per month and not normally work over 12 hours per day; and
- (f) not act contrary to the requirements of his duties as a security personnel or remiss in the execution of his duties.

A SPP is not assignable or transmissible, and is valid for a period of five years (or such shorter period as the Commissioner may specify). Holder of a SPP should apply to the Commissioner for renewal not earlier than 6 months and not later than three months before his SPP is due to expire.

REGULATORY OVERVIEW

Penalties

Under section 31(2) of the SGSO, any person who does, agrees to do, or holds himself out as doing or as available to do, security work for another person for reward without a valid SPP commits an offence and is liable on conviction to a fine of HK\$10,000 and to imprisonment for three months.

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

Our operations include providing installation and maintenance of building management systems and telecommunications and broadcasting systems and are subject to the Factories and Industrial Undertakings Ordinance and its subsidiary legislations, which provides for the safety and health protection to workers in an industrial undertaking. Under the Factories and Industrial Undertakings Ordinance, every proprietor shall take care of the safety and health at work of all persons employed by it at an industrial undertaking by:

- providing and maintaining plant and work systems that do not endanger safety or health;
- making arrangement for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances;
- providing all necessary information, instruction, training, and supervision for ensuring safety and health;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a work environment that is safe and without risks to health.

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

Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations (Chapter 59Z of the Laws of Hong Kong)

Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations requires a specialist contractor or a principal contractor to employ one registered safety officer on a full-time basis when the total number of persons employed by him in construction sites is 100 or more. He must also employ one safety supervisor in each site with 20 or more persons under his employment. Safety supervisors must not be required to carry out other work that would prevent them from carrying out their safety duties properly.

REGULATORY OVERVIEW

The responsibility of a safety officer is to assist the proprietor of an industrial undertaking in promoting the safety and health of persons employed. The main duties as stipulated in the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations, among others, are as follows:

- (a) advising the proprietor as to measures to be taken in the interest of the safety and health of persons employed in the industrial undertaking and, with the approval of the proprietor, implementing such measures;
- (b) inspecting the industrial undertaking for the purpose of determining whether or not there is any machinery, plant, equipment, appliance or process or any description of work carried on in the industrial undertaking which is of such a nature as to be liable to cause risk of bodily injury to any person employed in an industrial undertaking;
- (c) reporting the findings of any inspection to the proprietor and recommending what measures, if any, ought to be taken as a result of that inspection;
- (d) advising the proprietor in the interest of the safety and health of persons employed in the industrial undertaking of any repairs or maintenance that ought to be carried out in respect of any premises comprising the industrial undertaking; and any appliance, equipment, machinery or plant in use in the industrial undertaking;
- (e) investigating and reporting to the proprietor, or causing to be investigated and reported to the proprietor, the circumstances of any accident, or dangerous occurrence in the industrial undertaking and making recommendations to the proprietor to prevent similar accidents or dangerous occurrences;
- (f) investigating and reporting to the proprietor, or causing to be investigated and reported to the proprietor, the circumstances of the suffering of any bodily injury by any person employed in the industrial undertaking and making recommendations to the proprietor to prevent similar suffering of any bodily injury;
- (g) investigating and reporting to the proprietor every fatal accident in the industrial undertaking and making recommendations to the proprietor to prevent similar fatal accidents;
- (h) on or before the last day in every month preparing and submitting to the proprietor a report in the approved form; and
- (i) advising the proprietor on the implementation of a safety management system in the industrial undertaking.

REGULATORY OVERVIEW

As at the Latest Practicable Date, our Group has employed four full-time safety officers and are in compliance with the requirements under the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations.

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

As our Group is involved in the installation of security systems, electronic works, telecommunications and broadcasting systems which may be classified as “building works” under the Building Ordinance, our operations are subject to the relevant provisions under the Buildings Ordinance and its subsidiary legislations. The Buildings Ordinance and associated regulations regulate the planning, design, and construction of buildings and associated works. The Buildings Ordinance and associated regulations contain a set of controls for undertaking any construction works, including the requirement to obtain prior approval and consent from the Building Authority before the commencement of works, and to appoint authorised persons (such as architects, engineers and surveyors registered under the Buildings Ordinance) and registered professionals to design and supervise the works, and registered contractors to carry out the works.

Under section 14(1) of the Buildings Ordinance, no person shall commence or carry out any building works, including alteration, addition and every kind of building operation, without having obtained approval and consent from the Building Authority. According to section 41(3) of the Buildings Ordinance, building works (other than drainage works, ground investigation in the scheduled areas, site formation works or minor works) in any building are exempt from the requirement for approval from the Building Authority if the works do not involve the structure of the building. Even if the building works satisfy the criteria under section 41(3) of the Buildings Ordinance and can be carried out without prior approval of the Buildings Ordinance, the works concerned would have to comply with the building standards stipulated in the regulations made under the Buildings Ordinance. It is a requirement under the Buildings Ordinance for an authorised person (who co-ordinates any building works and who prepares and submits plans for the approval of the Building Authority) to be appointed by either the ultimate beneficiary of the works, the employer of the works, or the contractor.

REGULATORY OVERVIEW

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

The Building (Minor Works) Regulation is a subsidiary legislation under the Buildings Ordinance and provides for a simplified procedure and requirements to regulate building works which have been specified as “minor works”. Under the Building (Minor Works) Regulation, minor works are classified into three classes according to their nature, scale and complexity and the risk and safety they pose. The works are further classified into types and items that correspond to the specialisation of works in the industry. Class I minor works are relatively more complicated and require higher technical experience and more stringent supervision and thus requires the appointment of a prescribed building professional (such as an authorised person and where necessary, may include a registered structural engineer and/or a registered geotechnical engineer) and a prescribed registered contractor. The other two classes of minor works, Class II and Class III, can be carried out by a prescribed registered contractor (which can be a registered general building contractor, a registered specialist contractor registered under the category of demolition works/site formation works/foundation works/ground investigation field works or a registered minor works contractor) without the involvement of a prescribed building professional.

Our Group has obtained the Certificate of Registration of Registered Minor Works Contractor (Company) for (i) alteration and addition works and (ii) works relating to signboards, both under Class II and Class III. As at the Latest Practicable Date, the certificate is still valid.

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

Our Group provides installation and maintenance services regarding building management systems and telecommunications and broadcasting systems and may produce waste during our operations. Our Group is subject to the Waste Disposal Ordinance which controls the production, storage, collection and disposal including treatment, reprocessing and recycling of wastes. At present, 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 but not limited to 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, a main contractor who undertakes construction work with a value of HK\$1 million or above will be required, within 21 days after being awarded the contract, to make an application to establish a billing account solely in respect of that contract with the Director of Environmental Protection Department to pay any disposal charges payable in respect of the construction waste generated from construction work undertaken under that contract. As at the Latest Practicable Date, we have obtained a billing account from Environmental Protection Department.

REGULATORY OVERVIEW

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 uses, or permits to be used, any land or premises for the disposal without such a licence commits an offence and is liable to (i) a fine of HK\$200,000 and to imprisonment for 6 months for the first offence; (ii) to a fine of HK\$500,000 and to imprisonment for six months for a second or subsequent offence; and (iii) 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.

Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong)

Radio Dealers Licence (Unrestricted)

Our Group provides installation and maintenance services for telecommunications and broadcasting systems such as CABD Systems and SMATV Systems and is required to obtain various licences under the Telecommunications Ordinance for our operations. Under section 8 of the Telecommunications Ordinance, a Radio Dealers Licence (Unrestricted) is required for dealing in the course of trade or business in apparatus or material for radiocommunications or in any component part of any such apparatus or in apparatus of any kind that generates and emits radio waves whether or not the apparatus is intended, or capable of being used, for radiocommunications. Pursuant to section 20 of the Telecommunications Ordinance, any person who contravenes section 8(1) shall be guilty of an offence and shall be liable on summary conviction, to a fine of HK\$50,000 and to imprisonment for two years; and on conviction on indictment, to a fine of HK\$100,000 and to imprisonment for five years.

Under section 9 of the Telecommunication Ordinance, any person who wishes to import to or export from Hong Kong any radiocommunications transmitting apparatus will need to obtain a permit granted by the Communications Authority unless he is a holder of a Radio Dealer Licence (Unrestricted). Pursuant to section 21 of the Telecommunication Ordinance, any person who contravenes section 9 shall be liable, on summary conviction, to a fine of HK\$25,000 and to imprisonment for 12 months.

Under the Radio Dealers Licence (Unrestricted), the licensee is permitted to deal in radiocommunications apparatus and import into or export from Hong Kong radio transmitting apparatus pursuant to section 9 of the Telecommunications Ordinance. A Radio Dealers Licence (Unrestricted) is generally valid for a period of 12 months, and is renewable on payment of the prescribed fee, at the discretion of the Office of the Communications Authority.

We have obtained the Radio Dealers Licence (Unrestricted) and is licenced to possess and deal in the course of trade or business in apparatus or material for radiocommunications or in any component parts thereof. As at the Latest Practicable Date, the licence is still valid.

REGULATORY OVERVIEW

Satellite Master Antenna Television Licence (“SMATV Licence”)

Our Group provides installation and maintenance services for SMATV Systems and is required to obtain a SMATV Licence for the installation, maintenance and operation of SMATV Systems pursuant to section 6D(2)(a) of the Telecommunications Ordinance.

A SMATV Licence is subject to, among others, the following conditions:

- (1) The licensee shall not originate any material or message which is distributed to users of the system (General Condition 6);
- (2) The cables of a licensed SMATV System shall not cross any street or unleased Government land without the written authorisation of the Communications Authority (General Condition 9);
- (3) The licensee shall not charge or receive the benefit of, directly or indirectly, any fee for the right to receive programmes or other communication distributed by means of the system (General Condition 10(1));
- (4) The licensee shall distribute only signals intended for general reception (General Condition 11). The meaning of “signals intended for general reception” is defined in General Condition 11(1);
- (5) The transmission plan employed in the SMATV System shall be approved by the Communications Authority. The system shall comply with the relevant requirements specified in the latest version of HKCA 1104 – Performance Requirements for In-Building Coaxial Cable Distribution Systems issued by the Communications Authority (General Condition 14);
- (6) Each aerial installation shall be confirmed by a registered structural engineer as meeting the safety requirements defined in General Condition 15(1). The meaning of a “registered structural engineer” is given in General Condition 15(3); and
- (7) The licensee shall insure itself, throughout the licence validity period, against its third party liabilities in respect of personal injury, death and damage to property, arising out of or in connection with the installation, maintenance and operation of the system. The amount of insurance shall be at least HK\$5,000,000 per occurrence or such sum as the Communications Authority may notify in writing in future (Special Condition 12).

A SMATV Licence is valid for one year and may be renewed on an annual basis on payment of the prescribed fee, at the discretion of the Office of the Communications Authority. We have obtained the SMATV Licence and as at the Latest Practicable Date, the licence is still valid.

REGULATORY OVERVIEW

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

Our Group provides installation and maintenance of building management systems to our customers and are required to carry out electrical work on fixed electrical installations. Under the Electricity Ordinance, all electrical contractors carrying out electrical work on fixed electrical installations must be registered with the Electrical and Mechanical Services Department. The Electricity Ordinance provides for the registration and regulation of the electrical contractor in order to protect the general public in the use of electricity. Any person, not being a registered electrical contractor, who does business as an electrical contractor or contract to carry out electrical work within Hong Kong commits an offence and is liable on to a fine and imprisonment.

A person who wishes to register as an electrical contractor must satisfy the requirements set out in the Electricity (Registration) Regulations (Chapter 406D of the Laws of Hong Kong). 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.

Failure to comply with the registration requirement constitutes an offence and is liable to a fine of HK\$50,000 on a first conviction and a fine of HK\$100,000 on a subsequent conviction for the same offence and in either case is liable to imprisonment for six months.

We have obtained the Certificate of Registration of Electrical Contractor and as at the Latest Practicable Date, the certificate is still valid.

Requirements for contractor/sub-contractor registration in Hong Kong

In order to undertake public sector projects, a contractor must be included in at least one of the two approved lists of public works contractors, namely the “List of Approved Contractors for Public Works” and the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works”. Pursuant to the Project Administration Handbook for Civil Engineering Works issued by Civil Engineering and Development Department, all capital works and maintenance works contracts of the Government with tenders to be invited on or after 15 August 2004 shall require the contractor to employ subcontractors (whether nominated, specialist or domestic) that are registered under the respective trades available under the Subcontractor Registration Scheme administered by the Construction Industry Council.

REGULATORY OVERVIEW

Our Group provides maintenance, modification and installation works of electronic and E&M control systems at various sewage treatment works and also undertakes maintenance and installation of building management systems, telecommunications and broadcasting systems of various public facilities. Our Group is registered as a specialist contractor or a subcontractor under the following trades:

as a specialist contractor under the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works”:

- (i) audio electronics installation (currently on probation);
- (ii) broadcast reception installation;
- (iii) burglar alarm and security installation; and
- (iv) video electronics installation.

as a subcontractor under the Subcontractor Registration Scheme:

- (i) broadcast reception installation;
- (ii) burglar alarm and security;
- (iii) E & M installation for sewage treatment;
- (iv) security and communication system; and
- (v) audio and video electronic equipment.

As at the Latest Practicable Date, our Group has maintained compliance with the respective requirements under the relevant registrations in respect of the public works it undertakes.