
LAWS AND REGULATIONS

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

LABOUR, HEALTH AND SAFETY

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

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, 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 safe and healthy work environment.

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 willfully and without reasonable excuse commits an offence and is liable to a fine of HK\$500,000 and to imprisonment for six months.

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

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

Employers must as far as reasonably practicable ensure the safety and health in their workplaces 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 or transport of plant or substances;
- providing all necessary information, instruction, training, and supervision for ensuring safety and health;

LAWS AND REGULATIONS

- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a safe and healthy work environment.

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

The Commissioner for Labour may also issue improvement notices against non-compliance of this Ordinance or the Factories and Industrial Undertakings Ordinance or suspension notice against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to 12 months.

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 or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to Section 40 of the Employees' Compensation Ordinance, all employers (including contractors and 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). 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\$100 million per event (where the number of employees in relation to who the policy is in force does not exceed 200) and no less than HK\$200 million per event (where the number of employees in relation to whom the policy is in force exceeds 200) to cover his liability and that of his subcontractor(s) under the Employees' Compensation Ordinance and at common law.

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

LAWS AND REGULATIONS

Pursuant 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.

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

A principal contractor is subject to the provisions on sub-contractor's employees' wages in the Employment Ordinance. Section 43C of the Employment Ordinance provides that if any wages 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, such wages shall be payable by the principal contractor and/or every superior subcontractor jointly and severally. A principal contractor's liability shall be limited (a) to the wages of an employee whose employment relates wholly to the work which the principal contractor has contracted to perform and whose place of employment is wholly on the site of the building work; and (b) to the wages due to such an employee for two months (such months shall be the first two months of the period in respect of which the wages are due).

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

Upon receipt of such notice from the relevant employee, a principal contractor shall, within 14 days after receipt of the notice, serve a copy of the notice on every superior sub-contractor to that sub-contractor (where applicable) of whom he is aware. A principal contractor who without reasonable excuse fails to serve notice on the superior sub-contractors shall be guilty of an offence and shall be liable on conviction to a fine at level 5 (currently at HK\$50,000). Pursuant to Section 43F of the Employment Ordinance, if a principal contractor or superior sub-contractor pays to an employee any wages under Section 43C of Employment Ordinance, the wages so paid shall be a debt due by the employer of that employee to the principal contractor or superior sub-contractor, as the case may be. The principal contractor or superior sub-contractor may either (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.

LAWS AND REGULATIONS

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

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

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

Pursuant to Section 38A of the Immigration Ordinance, a construction site controller (i.e. the principal or main contractor and includes a sub-contractor, owner, occupier or other person who has control over or is in charge of a construction site) should take all practicable steps to (i) prevent having illegal immigrants from being on site or (ii) prevent illegal workers who are not lawfully employable from taking employment on site.

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”)

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK\$30 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.

ENVIRONMENTAL PROTECTION

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

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

A contractor shall observe and comply with the Air Pollution Control Ordinance and its subsidiary regulations, including but not limited to the Air Pollution Control (Open Burning) Regulation (Chapter 311O of the Laws of Hong Kong), the Air Pollution Control

LAWS AND REGULATIONS

(Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong) and the Air Pollution Control (Smoke) Regulation (Chapter 311C of the Laws of Hong Kong). The contractor responsible for a construction site shall devise, arrange methods of working and carrying out the works in such a manner so as to minimise dust impacts on the surrounding environment, and shall provide experienced personnel with suitable training to ensure that these methods are implemented. Asbestos control provisions in the Air Pollution Control Ordinance require that building works involving asbestos must be conducted only by registered qualified personnel and under the supervision of a registered consultant.

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

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, construction noise permits are required from the Noise Control Authority in advance.

Under the Noise Control Ordinance, construction works at place within a designated area specified in this Ordinance and the use of powered mechanical equipment for the purpose of carrying out any construction work other than percussive piling at any place are not allowed between 7 p.m. and 7 a.m. or at any time on general holidays, unless prior approval has been granted by the Noise Control Authority through the construction noise permit system. Certain equipment is also subject to restrictions e.g. hand-held percussive breakers and air compressors must comply with noise emissions standards and be issued with a noise emission label from the Noise Control Authority.

Any person who carries out any construction work except as permitted is liable (a) on first conviction to a fine of HK\$100,000; (b) on second or subsequent conviction, to a fine of HK\$200,000, and in any case to a fine of HK\$20,000 for each day during which the offence continues.

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

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

All discharges, other than domestic sewage to a communal sewer or unpolluted water to a communal drain, must be covered by a licence pursuant to the Water Pollution Control Ordinance. 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

LAWS AND REGULATIONS

water control zone commits an offence and is liable to imprisonment for six 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 in addition, if the offence is a continuing offence, to a fine of HK\$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

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

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 but not limited to the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong) (the "Waste Disposal (Charges for Disposal of Construction Waste) Regulation") and the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong) (the "Waste Disposal (Chemical Waste) (General) Regulation").

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.

Under the Waste Disposal (Chemical Waste) (General) Regulation, a person 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 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 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 six 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.

LAWS AND REGULATIONS

Dumping at Sea Ordinance (Chapter 466 of the Laws of Hong Kong) (the “Dumping at Sea Ordinance”)

Under the Dumping at Sea Ordinance, anyone involved in marine dumping and related loading operations are required to obtain permits from the Director of Environmental Protection Department.

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

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

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

According to the Environmental Impact Assessment Ordinance, a person commits an offence if he constructs or operates a designated project listed in Part I of Schedule 2 of the Environmental Impact Assessment Ordinance (which includes roads, railways and depots, residential and other developments, etc.) without an environmental permit for the project; or contrary to the conditions, if any, set out in the permit. The offender is liable (a) on a first conviction on indictment to a fine of HK\$2,000,000 and to imprisonment for six months; (b) on a second or subsequent conviction on indictment to a fine of HK\$5,000,000 and to imprisonment for two years; (c) on a first summary conviction to a fine at level 6 and to imprisonment for six months; (d) on a second or subsequent summary conviction to a fine of HK\$1,000,000 and to imprisonment for one year, and in any case where the offence is of a continuing nature, the court or magistrate may impose a fine of HK\$10,000 for each day on which he is satisfied the offence continued.

CONTRACTOR LICENSING REGIME AND OPERATION

Under the Buildings Ordinance, there are three contractors’ registers, namely the general building contractors’ register, the specialist contractors’ register and the minor works contractors’ register, being kept by the Building Authority.

LAWS AND REGULATIONS

General Building Contractor and Specialist Contractor

Registered general building contractors may carry out general building works and street works which do not include any specialised works designated for registered specialist contractors and minor works. Pursuant to the Buildings Ordinance, registered specialist contractors may only carry out specialised work (including sub-registers of demolition works, foundation works, site formation works, ventilation works and ground investigation works) in their corresponding categories which they have been registered.

Under Section 8B(2) of the Buildings Ordinance, an applicant for registration as general building contractor or as 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 plant and resources; and
- (d) the ability of the person appointed by the applicant 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.

An applicant for registration as a specialist contractor must satisfy the Building Authority that he has the necessary experience and, where appropriate, professional and academic qualifications, to undertake work in the specialist category.

In considering each application, the Building Authority considers the qualifications, competence and experience of the following key personnel of the applicant:

- (a) a minimum of one person (the “Authorised Signatory”) appointed by the applicant to act for the applicant for the purposes of the Buildings Ordinance;
- (b) for a corporation – a minimum of one director (the “Technical Director”) from the board of directors of the applicant 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

LAWS AND REGULATIONS

- (c) for a corporation which appoints a director who does not possess the required qualification or experience as the Technical Director to manage the carrying out of buildings works and street works, an "Other Officer" or an Authorised Signatory authorised by the board of directors is required to assist the Technical Director.

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.

A suitable person appointed by the board of directors is eligible to act as the Authorised Signatory, whereas the Technical Director must be a director appointed under the Companies Ordinance and appointed by the board of directors to perform the role of Technical Director.

The registered contractor is required to suspend all the building works and street works immediately if there is no Authorised Signatory appointed to act for the contractor for the purposes of the Buildings Ordinance. Similarly, all works should be ceased if there is no Technical Director acting for the contractor and an acceptable replacement is not appointed within a reasonable period of time. Before the Authorised Signatory/Technical Director/"Other Officer" ceases to act for the contractor, apart from giving the Building Authority an advanced notice, the contractor/Authorised Signatory/Technical Director/"Other Officer" should liaise with the authorised person, registered structural engineer or registered geotechnical engineer selected by the Building Authority with a view to providing necessary measures to ensure the safety and hygiene condition of the site during the period of suspension of works.

Under Section 8C(2)(c) of the Buildings Ordinance, a registered contractor should apply to the Buildings Department for renewal of registration not earlier than 4 months and not later than 28 days prior to the date of expiry of the registration. The application should comprise:

- (a) a duly completed specified form;
- (b) declarations in Buildings Department standard forms covering exhaustively the conviction/disciplinary/suspension records of the applicant and its key personnel i.e. the authorised signatory(ies), the technical director(s) and the other officer(s) Technical Director in certain aspects;
- (c) a job reference on a minimum of one relevant building project;
- (d) certain documents relating to business registration;
- (e) the prescribed fee in accordance with Building (Administration) Regulations (Chapter 123A of the Laws of Hong Kong).

LAWS AND REGULATIONS

If the contractor has made an application for renewal within the statutory time limit and pays the renewal fee, its registration will continue to be in force until its application for renewal is finalised by the Building Authority. In general, an application for renewal of registration would not be referred to the Contractors Registration Committee, an independent committee appointed by the Building Authority under section 8 of the Buildings Ordinance, for interview and assessment, except in the following circumstances:

- (a) the contractor has been inactive in relevant building works in the past registration period (i.e. without a job reference on a minimum of one relevant building project); or
- (b) there have been new incidents or circumstances that require further consideration on the suitability of the contractor's registration. New incidents or circumstances include, but not limited to, the contractor's records in respect of the aspects stipulated in paragraph (b) above and subject to the following approach adopted by the Building Authority in relation to labour safety, public health and environmental offences and records of suspension from tendering by the Development Bureau, the Housing Authority or their related departments in determining if a contractor is required to attend an interview:
 - (i) non-building works related labour safety offences, e.g. failure to ensure the wearing of safety helmet and the use of goggles, will not be taken into consideration. Generally speaking, an offence relating to the course of constructing the works or the manner in which the works are being carried out is considered as an offence relating to building works;
 - (ii) a contractor who has been convicted of a serious labour safety offence (e.g. involving a fatal incident or amputation of limb) is required to attend an interview;
 - (iii) a contractor who has been convicted of 7 or more labour safety offences committed within a rolling 6 months is required to attend an interview;
 - (iv) a contractor who has been convicted of 4 or more offences under section 27(3) of the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) committed on the same site within a rolling 3 months is required to attend an interview;
 - (v) a contractor who has been convicted of any environmental offence involving an imprisonment sentence will be required to attend an interview; and
 - (vi) for a contractor who has been suspended from tendering by the Development Bureau, the Housing Authority or their related departments, the Building Authority will consider the reasons of the suspension. In general, only factors which infer deficiencies of the contractors in technical competence and management ability, and factors related to standard of works, misconduct and site safety will be taken into consideration.

LAWS AND REGULATIONS

Minor Works Contractor

Registered minor works contractors may carry out such minor works belonging to the class, type and item specified in the register for which they are registered.

Under the minor works control system (the “MWCS”) implemented by the Buildings Department since 31 December 2010, which was intended to serve as a simplified control mechanism to facilitate the carrying out of minor works without prior approval of plans by the Building Authority, a total of 126 items of building works have been included as minor works subject to the control under the MWCS. Those minor works are categorised into three classes according to their nature, scale, complexity and risk to safety: Class I (total of 44 items), Class II (total of 40 items) & Class III (total of 42 items). Class I comprises more complicated minor works and require higher technical experience and more stringent supervision and thus requires the appointment of a prescribed building professional (the “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 “Registered Contractor”); Class II comprises works of a lower complexity; while Class III comprises common household minor works; Class II and Class III can be carried out by 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 Building Professional. Under each class of minor works, it will be further sub-divided into different types and items that correspond to the specialisation of works in the industry. Minor works are grouped into seven types, including Type A (Alteration and Addition Works); Type B (Repair Works); Type C (Works relating to Signboards); Type D (Drainage Works); Type E (Works relating to Structures for Amenities); Type F (Finishes Works); and Type G (Demolition Works). The size, location and respective requirements of each item of minor works are set out in Schedule 1 of the Building (Minor Works) Regulation (Chapter 123N of the Laws of Hong Kong) (the “B(MW)R”).

Similar to the registration requirements for a general building contractor or a specialist contractor, under Section 12(5) of the B(MW)R, an applicant for registration as an registered minor works contract must satisfy the Building Authority on the following aspect:

- (a) appropriate qualifications and experience of at least one of its director;
- (b) it has access to plants and resources;
- (c) if it is a corporation, its management structure is adequate;
- (d) appropriate qualifications and experience of at least one of the persons appointed by the applicant to act for the applicant for the purposes of the Buildings Ordinance and his ability 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.

LAWS AND REGULATIONS

Pursuant to Section 12(6) of the B(MW)R, in deciding whether the applicant is suitable for registration in the register, the following factors will be taken into account: (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.

In considering each application, the Building Authority 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 (the “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 (the “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.

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.

The registered minor works contractor is required to suspend all the minor works immediately if there is no AS appointed to act for the contractor for the purposes of the Buildings Ordinance. Similarly, when there is no TD acting for the contractor, the contractor should apply for appointment of replacement of TD within a reasonable period of time. Before the AS/TD ceases to act for the contractor, apart from giving the Building Authority an advanced notice, the contractor/AS/TD should provide necessary measures to ensure the safety and hygiene condition of the site during the period of suspension of works and should liaise with the project authorised person, registered structural engineer or registered geotechnical engineer selected by the Building Authority in this regard where applicable.

Under Section 14(2)(c) of the B(MW)R, a registered minor works contractor should apply to the Building Authority for renewal of registration not earlier than 4 months and not later than 28 days prior to the date of expiry of the registration. The application should comprise:

- (a) a duly completed specified form;

LAWS AND REGULATIONS

- (b) declarations in Building Authority standard forms covering exhaustively the conviction/disciplinary/suspension records of the applicant and its key personnel such as the authorised signatory(ies) and the technical director(s) in certain aspects;
- (c) a job reference on a minimum of one relevant building project;
- (d) certain documents relating to business registration;
- (e) the prescribed fee in accordance with Building (Minor Works) (Fees) Regulation (Chapter 123O of the Laws of Hong Kong).
- (f) If the contractor has made an application for renewal within the statutory time limit and pays the renewal fee, its registration will continue to be in force until its application for renewal is finalised by the Building Authority. In general, an application from a contractor for renewal of registration would not be referred to the Minor Works Contractors Registration Committee, an independent body appointed by the Building Authority under Section 6 of the B(MW)R for interview and assessment, except in the following circumstances:
 - (i) the contractor has been inactive in relevant minor works in the past registration period (i.e. without a job reference on a minimum of one relevant item of minor works); or
 - (ii) there have been new incidents or circumstances that require further consideration on the suitability of the contractor's registration. In this connection, the Building Authority will assess the suitability of the contractor for retention of its name in the register if it has been (i) convicted or disciplined under the Buildings Ordinance; (ii) convicted of a serious labour safety offence (e.g. involving a fatal incident or amputation of limb); (iii) convicted of 7 or more labour safety offences relating to building works committed within a rolling 6 months. Non-building works related labour safety offences, e.g. failure to ensure the wearing of safety helmet and the use of goggles, however will not be taken into consideration; (iv) involved in conviction leading to imprisonment for malpractice or misconduct in building works or construction related activities; (v) convicted of 4 or more offences under Section 27(3) of the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) committed on the same site within a rolling 3 months; (vi) convicted of 4 or more environmental offences committed on the same site within a rolling 3 months; and (vii) suspended from tendering by the Development Bureau or the Housing Authority. The Building Authority will consider the reasons of the suspension. In general, only factors which infer deficiencies of the contractors in technical or management abilities, and factors related to standard of works, misconduct and site safety will be taken into consideration.

LAWS AND REGULATIONS

The Building Professional appointed will be responsible for the design and supervision of the works while the Registered Contractor appointed will be responsible for the carrying out of the works. If Building Professional is not required to be appointed, i.e. no Class I minor works item is involved, the design of the works will also be responsible by the Registered Contractor appointed as well. The Building Authority must be notified of the commencement of projects involving Class I and Class II minor works items, in the specified form with prescribed plans, supporting document and site photos, which must be submitted at least seven days before the commencement of works. The Building Authority will issue a submission number after the verification of all works involved are "minor works" and a certificate of completion should be submitted in the specified form with the submission number, record plans, supporting document and record photos within 14 days after the completion of works. For projects in which only Class III minor works are involved, it is not necessary to notify the Building Authority of the commencement of the projects as required for Class I and Class II minor works items. However, notice and certificate of completion should be submitted in the specified form with record plans or description of works, supporting document and record photos (before and after the completion of works) within 14 days after the completion of works. The Building Authority will conduct audit checks upon receipt of the above notices to ascertain compliance with the statutory requirements and ensure the quality and standard of such "minor works". Disciplinary and prosecution actions may be taken against cases of non-compliance. According to Sections 4A(2) and 9AA(2) of the Buildings Ordinance, if a person who arranged for the works to be commenced or carried out has knowingly failed to appoint the Building Professional and/or the Registered Contractor (as the case may be), he will be liable on conviction to a fine of up to HK\$100,000 under Section 40(1AB) of the Buildings Ordinance.

Under Section 13 of the Buildings Ordinance, a Registered Contractor or the director, officer or person appointed by the registered contractor to act on his behalf for the purposes of the Buildings Ordinance who has been convicted by any court of an offence relating to building works or street works, has been negligent or has misconducted himself in buildings works or street works or has failed to discharge any of the specified duties is subject to inquiry by the disciplinary board. 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.

If any building works have been or are being carried out in such a manner as, in the opinion of the Building Authority, will cause or will be likely to cause a risk of injury or damage to property, an order may be served under Section 24A of the Buildings Ordinance for ceasing the constitution of such a risk. The Building Authority may require a person to demolish, remove or alter any "minor works" commenced under the simplified requirements that have been or are being carried out in contravention of any provisions of the Buildings Ordinance. Any person who fails to comply with such order will commit offence and shall be liable on conviction to a fine of up to HK\$50,000 and to imprisonment for up to three months and to a fine of up to HK\$5,000 for each day if the offence is continuing.

LAWS AND REGULATIONS

Electrical Contractor

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.

Fire service installation contractor

In order to undertake works in respect of the installation, maintenance, repairs or inspection of any fire service installation or equipment in Hong Kong, a contractor is required to be registered with the Fire Services Department of the Government as a fire service installation contractor. There are three different classes of fire service installation contractor. A registered contractor who undertakes any work in connection with fire service installations or equipment, except work of the class in respect of which his name is entered in the register kept by the Director of Fire Services, shall be guilty of an offence.

Licensed plumbers

No fire service or inside service shall be constructed, installed, maintained, altered, repaired or removed by a person other than a licensed plumber or a public officer authorised by the Water Authority. A licensed plumber is a person licensed under the Waterworks Regulation to carry out various types of authorised plumbing work connected with the supply of water to domestic, commercial and industrial buildings. It is an offence for any person or any person who employs a person other than a licensed plumber to carry out installation or modification of water services in a building.

Registered gas contractors

Only registered gas installers (registered to the appropriate class) employed by registered gas contractors can personally carry out gas installation work. "Gas Installation Work" includes the fabrication, connection, disconnection, testing, commissioning, decommissioning, maintenance, repair, or replacement of gas pipework, appliances and fitting.

Registered lifts and escalators contractors

The Lifts and Escalators Ordinance (Chapter 618 of the Laws of Hong Kong) (the "Lifts and Escalators Ordinance") stipulates that only qualified persons, specified persons, or persons under the direct supervision of qualified persons at the place at which where the lift works or escalator works are carried out are allowed to carry out lift works or escalator works personally. The Lifts and Escalators Ordinance further requires that responsible persons for a lift or an escalator must ensure that certain lift works or escalator works are to

LAWS AND REGULATIONS

be carried out by registered contractors and thorough examinations of the lift or the escalator upon completion of installation, following major alteration and before the normal use and operation of the lift or the escalator is resumed, and at regular intervals are carried out by registered engineers.

Contractor List maintained by WBDB

The List of Approved Contractors for Public Works maintained by the WBDB (the “List of Approved Contractors”) comprises contractors who are approved for carrying out public works in one or more of the five major categories of building and civil engineering works, namely buildings, port works, roads and drainage, waterworks and site formation. Contractors within each category are further divided into Group A, B or C according to the value of contracts for which they are normally eligible to tender. A contractor’s status in each group will be either probationary or confirmed.

The following table sets out the value of works for which contractors in the respective categories and statuses are eligible to tender, and for the award of contracts:

Category	Authorised contract value
Group A (probation status)	any number of Group A contracts in the same category, provided that the total value of works in the Group A contracts that the contractor already holds and the Group A contract being procured under the same category does not exceed HK\$75 million
Group A (confirmed status)	contracts of value up to HK\$75 million
Group B (probation status)	(i) any number of Group A contracts in the same category; and (ii) any number of Group B contracts in the same category, provided that the total value of works in the Group B contracts that the contractor already holds and the Group B contract being procured under the same category does not exceed HK\$185 million
Group B (confirmed status)	contracts of any value up to HK\$185 million
Group C (probation status) ^(Note 1)	the total number of Group C contracts that the contractor already holds and the Group C contract being procured under the same category does not exceed two and that the total value of works in the Group C contracts that he already holds and the Group C contract being procured under the same category does not exceed HK\$400 million ^(Note 2)

LAWS AND REGULATIONS

Category	Authorised contract value
Group C (confirmed status) ^(Note 1)	contracts of any value exceeding HK\$185 million

Notes:

1. Group C contractors will normally not be allowed to tender for contracts in Groups A and B.
2. According to the Contractor Management Handbook published by the Development Bureau, this limit shall be increased to HK\$500 million with effect from 1 December 2015.

Other than in the most exceptional circumstances, a contractor will be admitted initially on probation in the appropriate works category and group. A probationary contractor may apply for confirmation in writing to the Secretary for Development when he has satisfactorily completed works appropriate to his probationary status in accordance with the criteria for confirmation for the relevant category and group. “Confirmed” contractors may apply to be elevated to a higher group which is subject to similar but more stringent criteria/requirements to that described above.

Contractors are required to meet the financial, technical, management, personal and safety criteria applicable to their appropriate category and group for admission and retention on the approved lists and for the award of public work contracts. Audited accounts of the approved contractors are submitted to the WBDB annually (in addition, a Group C contractor is also required to submit half-yearly management accounts) and may be produced to relevant Government works departments prior to the contract award in order to review the financial position of the approved contractors to ensure that they meet the capital requirements as set out by the WBDB. If any approved contractor fails to meet the capital requirements in a particular category, it will not be eligible for any contract in that category. In the event the approved contractor fails to submit the accounts or fails to cover any shortfall in the required capital requirements within the prescribed period, regulatory actions such as suspension of tendering rights may be taken by the WBDB against such approved contractor.

Set out below are the minimum financial criteria and other requirements which a contractor is required to meet for retention on the List of Approved Contractors under the buildings Group B (probation status) category:

(a) Minimum employed capital

HK\$4.9 million plus HK\$2.9 million for every HK\$43 million of annualised outstanding works or part thereof above HK\$73 million, subject to a maximum of HK\$10.6 million.

(b) Minimum working capital

HK\$4.9 million or 10% on annualised outstanding works, whichever is higher

LAWS AND REGULATIONS

- (c) Minimum technical and management criteria
- (i) registration with the Building Authority’s Register of General Building Contractors.
 - (ii) satisfactory completion of one building works contract (Government or non-Government contracts are acceptable) within the past 5 years. The contract shall be of value over 70% of the Group B limit and complying with the requirements in relation to projects of considerable scope and complexity.
 - (iii) experience as a sub-contractor will be accredited subject to the sub-contract works covering building trades and complying with other requirements in relation to projects of considerable scope and complexity.

Approved contractors of the Housing Authority

The Housing Authority prescribes its own requirements for approved contractors to tender for its works. In order to tender for Housing Authority construction projects, a contractor must be approved by the Housing Authority under the categories of either Building (New works) or Building (Maintenance works). A contractor under the Building (Maintenance works) category must possess the ISO 9001, ISO 14001 and OHSAS 18001 certificates and is subject to stringent financial criteria, proven relevant record, management and on-site personnel requirements, probation and annual assessment on financial position. Annual renewal of the status as an approved contractor by the Housing Authority is subject to satisfactory compliance with the requirements stated in the “Specific Guidelines for Building Contractors” and the “Guide to Registration of Works Contractors and Property Management Services Providers” published by the Housing Authority and the payment of an application fee for annual renewal.

The following table sets out the value of works for which approved contractors listed in the Building (Maintenance works) category in the Housing Authority may tender:

Category	Authorised contract value/type
Building Work – Maintenance Works Category – Group M1 (confirmed status)	Eligible to tender for maintenance and improvement contracts with a value of up to HK\$50 million and for term maintenance and improvement contracts with an average annual expenditure of up to HK\$50 million
Building Work – Maintenance Works Category – Group M1 (probation status)	Restricted to undertake not more than three Group M1 direct contracts at any one time provided that the total value of outstanding works being undertaken does not exceed HK\$50 million or for term contracts the total value of annual expenditure does not exceed HK\$50 million

LAWS AND REGULATIONS

Category	Authorised contract value/type
Building Work – Maintenance Works Category – Group M2 (confirmed status)	Eligible to tender for maintenance and improvement contracts of unlimited value
Building Work – Maintenance Works Category – Group M2 (probation status)	Restricted to undertake not more than three Group M2 direct contracts at any one time

The Quality Maintenance Contractors (QMC) scheme was introduced by the Housing Authority for their district maintenance term contracts. The QMC scheme aims to induce contractors to commit to quality reform and cultural changes, upgrade their professional and technical competency, improve works quality, strengthen customer services, and invest in new technologies in the delivery of the maintenance service. A contractor with a QMC status is permitted to hold concurrently a greater number of maximum combination of various types of building maintenance contracts and district term contracts than that are allowed for the contractors without the QMC status.

Set out below are the minimum financial criteria and other requirements which a contractor is required to meet for retention as an approved Group M2 contractor listed in the Building (Maintenance works) category in the Housing Authority:

- Employed capital required *(Note 1)*

HK\$8.6 million or 10% of the total assets of the contractor, whichever is higher.

If the total value of outstanding works (which represent the annualised value of outstanding works including the Housing Authority, Government and private sector contracts on a world-wide basis) (the “Outstanding Works”) reach HK\$160 million or above, then the following criteria will apply:

- (a) HK\$16 million + HK\$2 million for every HK\$100 million of outstanding works or part thereof above HK\$800 million; or
- (b) 10% of the total assets of the contractor, whichever is higher.

- Working capital required

HK\$8.6 million or 10% of the Outstanding Works, whichever is higher.

If the total value of the Outstanding Works reach \$160 million or above, then the following criteria will apply: HK\$16 million or 8% on first HK\$800 million of outstanding works and 10% on remainder, whichever is higher.

LAWS AND REGULATIONS

- Other requirements
 - (a) as a registered General Building Contractor under the Buildings Ordinance;
 - (b) must possess ISO 9001, ISO14001 and OHSAS 18001 certificates to carry out building activities to keep, restore and improve the facilities of buildings and surroundings;
 - (c) must have the following past work record in building maintenance/improvement contracts:
 - (i) have completed, as main contractor, maintenance/improvement projects within the past three years for the Housing Department, other governments or private sector;
 - (ii) two of those completed projects stated above shall each cost not less than HK\$30 million with records of satisfactory performance.
 - (d) shall directly employ^(Note 2) the following minimum number of full-time staff:
 - (i) one technical director who is registered in the Buildings Department and not to be the same person as the contract manager/project manager;
 - (ii) two contract managers/project managers who have obtained HKIA/MHKIS/MHKIE/MHKICM or equivalent with three years relevant local managerial experience and capacity in the construction or maintenance field; *or* degree in architecture, building surveying, building technology & management, structural engineering or equivalent with five years relevant local managerial experience and capacity in the construction or maintenance field; *or* higher diploma/higher certificate/ diploma in architecture, building surveying, building technology & management, structural engineering or equivalent with eight years relevant local managerial experience and capacity in the construction or maintenance field; *and* registered as authorised signatory in the Buildings Department and not to be the same person as the technical director; and
 - (iii) two site agents who have obtained MHKICW/MICWCI or equivalent with five years relevant local experience in construction industry *or* higher diploma/diploma/higher certificate in building studies or civil/structural engineering or equivalent with eight years relevant local experience in construction industry.

Notes:

1. The issued and paid-up capital and shareholders' fund should both meet the level of minimum employed capital applicable to the highest group and status of the contractor.
2. "Directly employed" shall mean staff employed by the contractor or by the holding company of the contractor for the exclusive use of the contractor.

LAWS AND REGULATIONS

Requirements for the procurement of supplies, goods and services by an owners' corporation

The procurement of supplies, goods and services by owners' corporations is regulated by the Building Management Ordinance (Chapter 344 of the Laws of Hong Kong). Pursuant to the Building Management Ordinance, the procurement of all supplies, goods or services required by an owners' corporation in the exercise of its powers and the performance of its duties under the deed of mutual covenant (if any) or the Building Management Ordinance shall be procured by invitation to tender if the value of service exceeds or is likely to exceed:

- (a) the sum of HK\$200,000; or
- (b) a sum which is equivalent to 20% of the annual budget of the owners' corporation, whichever is the lesser.

Whether the tender submitted for such purpose is accepted or not shall be decided by a resolution of the owners passed at a general meeting of the owners' corporation.

The above requirement for invitation to tender is exempted if:

- (a) the relevant supplies, goods or services are of the same type as any supplies, goods or services which are for the time being supplied to the owners' corporation by a supplier; and
- (b) the owners' corporation decides by a resolution of the owners passed at a general meeting of the owners' corporation that the relevant supplies, goods or services shall be procured from that supplier on such terms and conditions as specified in the resolution.

If the above requirements are not complied with, the contract for the procurement of the relevant supplies, goods or services is not void by reason only that it does not comply with the above requirements. However, subject to order made by the Hong Kong court, the contract may be avoided, i.e. cancelled by the owners' corporation by a resolution of the owners passed at a general meeting of the owners' corporation, only for the reason that it does not comply with the above requirements. The Hong Kong courts may make such orders (including whether the service contract is void or voidable) and give such directions in respect of the rights and obligations of the contractual parties as it thinks fit having regard to various circumstances, including but not limited to, whether the owners have benefited from the service contract and whether the owners have incurred any financial loss due to the service contract and the extent thereof.

Unless and until the relevant service contract is cancelled by the owners' resolution at a general meeting of the owners, the service contract remains valid and enforceable, and each party is required to fulfill its obligations thereunder.

LAWS AND REGULATIONS

Regulatory actions against approved contractors by the Development Bureau and the Housing Authority

The Development Bureau and the Housing Authority may take regulatory actions against failure to meet the financial criteria within prescribed time, unsatisfactory performance, misconduct or suspected misconduct, poor site safety record, and poor environmental performance, court convictions such as contravention of site safety legislation and Employment Ordinance and employment of illegal workers etc. For example, if a qualified contractor is convicted of a series of safety or environmental offences within a short period of time in a project, or if a fatal construction accident occurs at a construction site for which the contractor is responsible, the Government may take regulatory actions against the responsible contractor.

Regulating actions include removal, suspension (which means a contractor is prohibited from tendering for works of the relevant category during the suspension period), downgrading (which includes downgrading or demoting the contractor’s qualification to a lower status or class in all or any specified category), depending on the seriousness of the incident triggering the regulatory actions. Please refer to in the section headed “Risk Factors – There is no assurance that we are able to maintain our eligibility to tender public works of the Government” in this [REDACTED] for risk associated with being a Government contractor.

Compliance with the relevant requirements

Our Directors confirmed that our Group has obtained all relevant permits/ registrations/ licenses for its existing operations in Hong Kong during the Track Record Period and up to the Latest Practicable Date.