
REGULATORY OVERVIEW

We are a contractor providing fitting-out services and repair and maintenance services in Macau. Set out below is a summary of certain aspects of the laws and regulations in Macau which are relevant to our Group’s operations in Macau.

Works License

Any company that wishes to carry out interior fitting-out works or construction works in Macau has to be registered with the Land, Public Works and Transport Bureau of Macau (the “DSSOPT”).

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

Besides the General Construction Works Regulation (Decreto-Lei n.º 79/85/M, de 21/8) the Qualifications for Construction and Urbanism Development Regime (Law n.º 1/2015, de 5/1) also set out obligations which the construction companies must fulfill, whether or not they perform simple works for non-residential or residential units or non-simple works.

This regime requires the constructors (either individuals or companies) to be registered with DSSOPT to conduct (i) project planning; (ii) guidance of construction works (implementation of the projects and compliance with applicable laws and regulations); and (iii) supervision of construction works.

The construction company’s registration is subject to 3 requirements: (1) the company has to be incorporated in Macau or to have a permanent establishment or a branch in Macau; (2) the project planning, guidance of construction works and/or supervision of construction works has to be included in the business scope of the company; and (3) the company has to contract, through employment contract or outsourcing, a person who is a certified technician under the Qualifications for Construction and Urbanism Development Regime.

In fact, the project plan for the approval of the DSSOPT, or project draft and project amendment, has to be pre-signed by a technician who is certified and the project guidance and the supervision works of the approved plan has to be conducted by a qualified technician who is certified.

The registration is valid until 31 December of each year and renewable, by application, provided that the company keep the above said requirements and pays the corresponded fees.

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Under the laws of Macau, for the purpose of the applicability of licensing regime, fitting-out works can be divided into three categories: (i) simple works for residential unit (家居簡單裝修工程), which refers to all interior alteration, repair and maintenance works excluding change of use of the unit, the structure of the building or the area, change of entrance openings, walls, facades or outside windows, water supply or drainage network; (ii) simple works for non-residential unit (非家居簡單裝修工程), which only includes works of alteration, repair and maintenance which doesn't change the usage of the unit and the structure of the building nor affect the fire fight system if any in the units no larger than 120 sq. m. and are not subject to cross-supervision by a different authority. In the case of ground-floor units, it includes fitting projection into facades of the unit, modifying façade with brickworks, glass, slabs or other materials, opening doors on the wall and it is not considered innovation and do not affect any other units; and (iii) non-simple works (非簡單裝修工程), which includes all fitting-out works other than the above two categories.

The fitting-out works of the above three categories are subject to different licensing requirements. The DSSOPT is the competent authority to supervise the implementation of the relevant requirements. The simple works for residential unit are not subject to any work license or project approval. The simple works for non-residential unit are subject to giving a prior notice to DSSOPT. The non-simple works are subject to obtaining a work license from DSSOPT.

To make a prior notice to or to obtain a work license from the DSSOPT, the interested party is required to submit information regarding the works and commencement and termination dates, and a declaration of constructor registered with DSSOPT to undertake all liability arising from relevant works and to comply with all architectural technique requirements. If the prior notice or work license has been duly made or obtained by the main contractor or the first trade contractor of the works, the subcontractors or trade contractors who involve in any part of such works are not required to make or obtain any independent prior notice or license.

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

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

The DSSOPT has the authority to monitor the compliance of the aforementioned Decree-Law and its supplementary law. Only legal persons who are locally registered in Macau shall be approved of the related project plan and shall be issued project license by the DSSOPT. The project plan for the approval of the DSSOPT, or project draft and project amendment, shall be pre-signed by a technician who is registered with the DSSOPT. The project guidance of the approved plan shall be conducted by a qualified technician who is registered with the DSSOPT. The project implementation of the approved plan shall only be

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conducted by construction company or constructor who is registered with the DSSOPT. During the implementation, it is permitted to conduct specified project items according to the approved content in project plan through contract employment or outsourcing to third party.

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

Based on Law No. 1/2015 “System of qualifications on urban construction and urban planning 都市建築及城市規劃範疇的資格制度”, technicians certified by “Architect, Engineer and Urban Academy 建築、工程及城市規劃專業委員會” are allowed to be entitled as “Architect”, “Landscape Architect”, “Urban Planner” or “Engineer”. Registration at the above said academy is required for acquisition of the said titles. Such certified technicians are required to register at DSSOPT for execution of duties on formation of plan, project steering or project monitoring.

In clause 1, Article 17 of Law No. 1/2015, only technicians at private sectors, individual entrepreneurs (natural person) with at least one registered technician and companies are allowed to register at DSSOPT for execution of duties on formation of plan, project steering or project monitoring. Validity of registration ends in the end of the following year after registration comes into effect. Renewal of registration must proceed in the calendar year of expiry of registration between 1 November to 31 December.

In clause 2, Article 18 of Law No. 1/2015, civil liability insurance is an essential document for registration and renewal of registration. Technicians, individual entrepreneurs (natural person) and companies must insure valid civil liability insurance that underwrites damages caused during formation of plan, project steering or project monitoring.

Environmental Protection

The regulatory authority in charge of environmental protection matters is the Environmental Protection Bureau of Macau.

The fundamentals of the legal regime of safety and environmental law of Macau, applicable to individuals and corporations, are comprehended in the Macau Basic Law, Law n.º2/91/M, of March 11 (the Environment Law,) and Law n.º 8/2014 (Prevention and Control of Environmental Noise).

Article 119 of the Macau Basic Law states that “The Macau SAR shall carry out the protection of environment in accordance with law”. To implement this principle together with the Environmental Law, Prevention and Control of Environmental Noise and other applicable international conventions, legislation and regulations (in the form of laws, decree-laws or administrative regulations) have been enacted over time regarding various areas as natural heritage protection, air, sea and sound pollutions, hygiene of environment, chemical goods, etc..

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As a general rule set by the Environment Law, any violation of the environmental legislation attracts civil liability (for damages), and may be punishable as an administrative fault or a crime, depending on the nature and seriousness of the violations, and may be subject to administrative injunction in order to stop it.

According to the Prevention and Control of Environmental Noise, fit out works that may produce a disturbing noise are forbidden during Sundays and public holidays and between 7:00 p.m. and 9:00 a.m. of the following day on weekdays.

Taxation

Pursuant to clause 1 of Article 2 of the Macau Industrial Tax Regulation (營業稅規章), natural person or legal person who engages in any industrial or commercial activities is subject to industrial tax. Nevertheless, pursuant to Article 12 of Law no. 16/2017, the activities stated in table 1 and table 2 of Macau Industrial Tax Regulation attached to Law no. 15/77/M which was approved on 31 December is exempted from industrial tax by the Macau Special Administrative Government for the year 2018.

Complementary income tax (所得補充稅) is levied on the total income earned within the territory by a natural person or legal person regardless of its residence. Pursuant to the provisions under Article 22 of Law no. 16/2017, under which the applicable tax rate is specified in Article 7 of Regulation on Complementary Income Tax (所得補充稅規章) approved by Law no. 21/78/M on 9 September, the exempted tax amount for 2017 shall be MOP600,000. A tax rate of 12% shall levy when the income exceed such amount.

Labour, Health and Safety

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

Pursuant to Decree Law no. 40/95/M, “Employees Compensation Insurance Ordinance” defines the system applicable to compensation for loss arising from occupational accidents and occupational diseases. It is applicable to all employees of any industry who are entitled to compensation for loss arising from occupational accidents and occupational diseases as provided by such law. Where occupational accidents occur outside the territory, employees who are employed and work for an employer who legally engages in business in Macau shall be entitled to compensation as stipulated by such law except for compensation granted to such employee and his / her family under the law of the place to where the accidents

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occur. Where the compensation granted under the law of the place to where the accidents occur is inferior to that as required by such law, the employer shall afford the difference therewith. Employers shall take out mandatory insurance to cover compensation for employees injured in work accidents or suffer from occupational diseases.

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

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

Administrative Regulation no. 8/2010 is a standardization of the grant of the permit for employment of non-resident workers, the grant of stay permit, payment of employment fee and the use of received employment fee. Application for employment permit shall state clearly the proposed salary and other major labour conditions for non-resident workers by the employer. Non-resident workers are qualified to provide services within Macau after being granted “Authorisation to Stay for Non-resident Workers” that remains in force at such time when the services provided. The employer shall pay the employment fee for the previous quarter in January, April, July and October with the payment slip which form approved under the Social Security Fund. The received employment fee shall be considered as income for Social Security Fund.

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

The natural person or legal person of Macau who violates the limitations and conditions as stipulated in Article 4 of the Regulation regarding on prohibition of illegal work shall be subject to a penalty of MOP20,000 to MOP50,000 for each involved employee and shall be held liable for criminal charges.

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As an employer, a contractor (whether or not it is incorporated in Macau) shall have to comply with the conditions prescribed under Decree Law no. 44/91/M (approval of regulation of working safety and hygiene of civil construction of Macau) for its working places in order to provide a safe and clean working condition for its employees. Otherwise, fines of up to MOP30,000 and precautionary measures will be imposed according to Decree Law no. 67/92/M (determination of sanctions for the non-compliance of regulation of working safety and hygiene of civil construction of Macau).

Regarding the working environment, an employer must comply with the rules provided under the General Regulation of Work Safety and Hygiene of Offices, Services and Commercial Establishments, in order to provide a safe and clean working environment for its employees. Failure to comply with those rules may result in the application of fines to the employer, according to the provisions set out by Decree Law no. 13/91/M (sanctions for the non-compliance with the General Regulation of working safety and hygiene of office, service and commercial establishments).

Moreover, an employer must comply with the rules provided under Decree Law no. 44/91/M (General Regulation of Working Safety and Hygiene in the Construction Industry) and Decree Law no. 34/93/M (Legal Regime of Noise at Work), in order to provide a safe, clean and environmentally friendly working conditions for employees. Failure to comply with those rules may result in the application of fines, according to the provisions set out by Decree Law no. 67/92/M and Decree Law no. 48/94/M.

COMPLIANCE WITH THE RELEVANT REQUIREMENTS

Our Directors confirmed that our Group has obtained all material licences, permits and approvals required for carrying on our business activities during the Track Record Period and up to the Latest Practicable Date.