

ANNEXURE C: MATERIAL REGULATORY REQUIREMENTS

1. MALAYSIA

Our business is regulated by, and in some instances required to be licensed under specific laws of Malaysia. The following is an overview of the material regulatory requirements governing our Group which are material to our business operation, and it does not purport to be an exhaustive description of all relevant laws and regulations which our business is subject to.

Customs Act 1967 (“Customs Act”)

A customs agent is referred to as any person approved under Section 90 of the Customs Act to undertake any customs transactions on behalf of another person. A customs agent may act on behalf of importers and exporters to carry out the business to relieve goods from customs control. A customs agent may be a shipping agent or forwarding agent or both.

Pursuant to the Customs Agent Guidelines issued by the Customs Department, any person that is solely registered as a shipping agent is not subject to any equity conditions pertaining to Bumiputera participation for shareholding, board of directors, management personnel and supporting staffs.

(Source: Panduan Ejen Kastam di bawah Seksyen 90 Akta Kastam 1967 (22 Februari 2021))

Income Tax Act 1967 (“ITA”)

Prior to YA 2012, 100% of the statutory income of a resident person derived from the business of transporting passengers or cargo by sea on a Malaysian ship or letting out on charter a Malaysian ship owned by him on a voyage or time charter basis shall be exempted from income tax. A Malaysian ship under the ITA means a sea-going ship registered under the Merchant Shipping Ordinance 1952, other than a ferry, barge, tug-boat, supply vessel, crew boat, lighter, dredger, fishing boat or other similar vessel. While the ITA was subsequently amended in 2012 to reduce the quantum of the said income tax exemption from 100% to 70% with effect from YA 2012, the implementation of the 70% income tax exemption has been deferred to YA 2020 pursuant to three subsequent exemption orders passed.

The Ministry of Finance has subsequently in July 2020 informed the Ministry of Transport that the implementation of the 70% income tax exemption derived from shipping profits has been deferred to YA 2023, subject to certain conditions, among others, the Ministry of Transport imposing annual tonnage fee/tax to Malaysian shipowners by 1 January 2022.

In the event that both Malaysian ship and non-Malaysian ship are used in the business of a resident person, the statutory income tax exemption is restricted to the income derived from the Malaysian ship only.

(Source: Income Tax (Exemption) (No. 2) Order 2012 [P.U. (A) 167/2012], the Income Tax (Exemption) Order 2018 [P.U. (A) 38/2018 and the Income Tax (Exemption) (No. 2) 2018 [P.U. (A) 48/2018])

Merchant Shipping Ordinance 1952 (“MSO”)

The MSO is the principal legislation governing merchant shipping in Malaysia. The MSO provides for two types of ship registries, namely the domestic registry and the Malaysia International Ship Registry. In order to be registered as a Malaysian ship under the domestic registry, a ship needs to be wholly owned by either Malaysian citizens or a corporation incorporated in Malaysia in which the majority of directors and shareholders are Malaysians with principal office in Malaysia and management is carried out mainly in Malaysia. Prior to registration, the ship owner shall obtain a certificate specifying the ship's tonnage and build and such other particulars descriptive of the identity of the ship. Upon being registered, the ship shall be issued with a certificate of registry. The registrar may issue in respect of any ship a provisional certificate of registry that shall be valid for a maximum period of one year before a permanent certificate of registry is issued.

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If a ship is owned by a corporation which is incorporated in Malaysia and the office of such corporation is established in Malaysia, but the majority of the shareholding, including voting shares of such corporation are not held by Malaysians, the ship can still be registered as a Malaysian ship under the Malaysia International Ship Registry irrespective of where the ship was built. This is subject to the requirement that the ship is fitted with mechanical means of propulsion, is of not less than 1,600 gross tonnage and does not exceed the maximum age restrictions.

The Domestic Shipping Licensing Board is established pursuant to the MSO to regulate and control the licensing of ships engaged in domestic shipping which is prescribed under the MSO as the use of ship to provide services, other than fishing, in Malaysian waters or the exclusive economic zone, or for the shipment of goods or the carriage of passengers from or to any port or place in Malaysia or from any port or place in Malaysia to any place in the exclusive economic zone or *vice versa*. The MSO also provides that no ship, other than a Malaysian ship, may engage in domestic shipping and a ship must have a licence before it can engage in domestic shipping unless exempted under the MSO. A Malaysian ship of less than 15 net tonnage, among others, is exempted from having such domestic shipping licence.

The control of licensing of ships engaged in domestic shipping serves to implement the cabotage policy that was introduced in 1980. The cabotage policy aims to develop Malaysian ownership and local shipping by among others, minimising dependence on foreign vessels. Foreign vessels are not allowed to carry out domestic shipping activities in Malaysia, unless exempted. Notwithstanding the foregoing provisions, cabotage policy has gone through several partial liberalisations. Pursuant to the exemption orders issued by the Minister of Transport by virtue of the MSO, with effect from 1 June 2017, both Malaysian and non-Malaysian ships may provide transport of cargo services from any one port in Peninsular Malaysia to any one port in Sabah, Sarawak and Federal Territory of Labuan and *vice versa*, from any port in Sabah to another port in Sabah, and from any port in Sarawak to another port in Sarawak, without a domestic shipping licence.

(Source: Merchant Shipping Ordinance 1952 (Exemption Under Section 65U) [P.U. (B) 274/2017], Merchant Shipping Ordinance 1952 (Exemption Under Section 65U) [P.U. (B) 275/2017])

The MSO further prescribes that Malaysian ships registered under the MSO shall be issued with, among others, the following certificates:

- (i) International Ship Security Certificate;
- (ii) Safety Management Certificate;
- (iii) Cargo Ships Safety Equipment Certificate;
- (iv) Cargo Ships Safety Radio Certificate;
- (v) Cargo Ship Safety Construction Certificate; and
- (vi) Load Line Certificate.

Generally, these certificates shall remain in force for five years or such shorter period as may be specified therein. A Malaysian ship is prohibited from proceeding to sea without the relevant certificates prescribed under the MSO.

The MSO also provides that a seafarer who is engaged on board a ship shall hold a certificate that verifies his competency and qualification to work on a ship. The owner of every ship shall also enter into agreements with his seafarers in relation to, among others, the nature and duration of an intended voyage, capacity in which the seafarers are to serve and their wages.

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International Conventions Adopted by Statues

International conventions relating to maritime law have been incorporated into Malaysian law in two ways, either by way of legislations embodying, in its own words, provisions having the effect of the convention or by legislations embodying the original text of the convention itself, usually in a schedule with separate changes to be made under Malaysian law for the satisfactory operation of the convention. Examples of some of these conventions are set out below:

(A) International Conventions Adopted by MSO

The following international conventions are the conventions which have been incorporated into Malaysian law by the MSO:

(i) International Convention for the Safety of Life at Sea 1974 (“SOLAS 1974”)

SOLAS 1974 specifies among others, minimum safety standards for the construction, equipment and operation of ships. The convention includes regulations concerning the survey of various types of ships and the issuing of documents signifying that the ships meet the requirements of the convention. SOLAS 1974 also stipulates requirements for stowage and securing of cargo or cargo units and structural requirements for bulk carriers. The International Ship and Port Facility Security Code (“ISPS Code”) came into force under Chapter XI-2/3 of SOLAS 1974. The ISPS Code constitutes the basis for a comprehensive mandatory security regime for international shipping. The ISPS Code outlines detailed maritime and port security related requirements which SOLAS 1974 contracting governments, port authorities and shipping companies must adhere to. The International Safety Management Code (“ISM Code”) came into force under Chapter IX of SOLAS 1974. The ISM Code provides an international standard for the safety management and operation of ships and for pollution prevention. It establishes safety management objectives and requires safety management systems to be established by persons who have assumed responsibilities for operating the ships. The procedures required by the ISM Code should be documented and compiled in a Safety Management Manual, a copy of which should be kept on board.

(Source: International Convention for the Safety of Life at Sea (SOLAS), 1974, the IMO)

(ii) International Regulations for Preventing Collisions at Sea 1972 (“COLREG 1972”)

COLREG 1972 has been adopted by Malaysia as a schedule to the Merchant Shipping (Collisions Regulations) Order 1984 issued pursuant to the MSO. COLREG 1972 sets out the rules for safe navigation and other requirements for safe conduct as well as the requirements for vessels operating in restricted visibility to prevent any collision involving a vessel. The regulations shall be complied with by all vessels upon the high seas and in all connected therewith and navigable by sea-going vessels.

(Source: Convention on the International Regulations for Preventing Collisions at Sea, 1972 (COLREGs), the IMO)

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(iii) International Convention for the Prevention of Pollution from Ships 1973 ("MARPOL 1973")

MARPOL 1973 the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes. Among others, MARPOL 1973 renders it mandatory for new oil tankers to have double hulls. MARPOL 1973 also sets out certain requirements to control pollution of the sea by sewage, wherein discharge of sewage into the sea is prohibited unless the ship has in operation an approved sewage treatment plant. The convention also limits on sulphur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances.

(Source: International Convention for the Prevention of Pollution from Ships (MARPOL), the IMO)

All vessels owned by our Group has obtained the following certificates issued pursuant to MARPOL 1973 for international shipping operations:

- (i) International Oil Pollution Prevention Certificate;
- (ii) International Air Pollution Prevention Certificate;
- (iii) International Sewage Pollution Prevention Certificate; and
- (iv) International Energy Efficiency Certificate.

The IMO regulates the emissions of sulphur oxides from ships first came into force in 2005 via Annex VI of MARPOL 1973. Since then, the limits on sulphur oxides have been progressively tightened. Since 1 January 2020, the limit for sulphur in fuel oil used on board ships operating outside designated emission control areas (i.e. the Baltic Sea area, the North Sea area, the North American area, (covering designated coastal areas off the United States and Canada) and the United States Caribbean Sea area (waters around Puerto Rico and the United States Virgin Islands) has been reduced to 0.50% m/m (mass by mass) as opposed to the previous limit of 3.5%.

(Source: International Convention for the Prevention of Pollution from Ships (MARPOL), the IMO)

(iv) International Convention on Tonnage Measurement of Ships 1969 ("TONNAGE 1969")

TONNAGE 1969 prescribes among others the standards wherein ships are to be surveyed and measured in relation to its gross and net tonnages.

(Source: International Convention on Tonnage Measurement of Ships, the IMO)

(v) International Convention on Load Lines 1966 ("ICLL 1966")

ICLL 1966 prescribes the standards at which freeboards of ships are to be assigned and the load lines of ships are to be marked in accordance with the convention.

(Source: International Convention on Load Lines, the IMO)

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(vi) Convention on Limitation of Liability for Maritime Claims 1976 (“LLMC 1976”)

LLMC 1976 prescribes that shipowners and salvors may limit their liability in respect of maritime claims in accordance with the rules of LLMC 1976.

The limit of liability for claims is calculated based on the tonnage of the ship. LLMC 1976 segregates the types of claims into two categories, (i) claims for loss of life or personal injury; and (ii) property claims (such as damage to other ships, property or harbour works). The limitation amount for claims for loss of life or personal injury is twice the limitation amount for property claims. However, shipowners and salvors are not entitled to limit their liability if it is proven that the loss resulted from their personal act or omission, committed with the intent to cause such a loss or recklessly and with knowledge that such loss would probably result.

(vii) International Convention on Standards of Training, Certification and Watchkeeping for Seafarers 1978 (“STCW 1978”)

The STCW 1978 has been adopted by Malaysia pursuant to the Merchant Shipping (Training and Certification) Rules 1999 issued under the MSO. The STCW 1978 prescribes minimum standards relating to training, certification and watchkeeping for seafarers which countries are obliged to meet.

(Source: International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), the IMO)

(viii) International Convention on Oil Pollution Preparedness, Response and Co-operation (“OPRC 1990”)

Parties to the OPRC 1990 are required to establish measures for dealing with pollution incidents. Ships are required to carry a shipboard oil pollution emergency plan and are required to report incidents of oil pollution to coastal authorities.

(ix) Maritime Labour Convention 2006 (“MLC 2006”)

The MLC 2006 requires all ships of 500 gross tonnage or more plying internationally to hold a valid Maritime Labour Certificate. The MLC 2006 sets out the minimum requirements for working and living conditions for seafarers, including recruitment practices, conditions of employment, hours of work and rest, repatriation, annual leave, payment of wages, accommodation, health protection, occupational safety and health and medical care.

(x) Nairobi International Convention on the Removal of Wrecks 2007 (“WRC 2007”)

The WRC 2007 provides for the removal of wrecks which pose a hazard to the safety of navigation or to the marine and coastal environments. Wreck is defined as a sunken or stranded ship, any part of or an object on a sunken or stranded ship, any object that is lost at sea from a ship and is stranded, sunken or adrift or a ship that is reasonably expected to sink or to strand.

The WRC 2007 places the onus to remove the wreck on the shipowners and renders shipowners financially liable for the costs of wreck removal. The shipowners are also required to maintain compulsory insurance or other financial security to cover liability under the WRC 2007.

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The International Convention for the Unification of Certain Rules of Law relating to Bills of Lading, Brussels, 1924 ("**Hague Rules**") have been adopted by Malaysia through the CGSA and the MSO Sabah and Sarawak. The provisions govern carriage of goods by sea in ships carrying goods from any port in Malaysia to any other port whether in or outside Malaysia. Every sea carriage document issued in Malaysia which contains or is evidence of any contract to which the Hague Rules apply shall contain an express statement that it is to have effect subject to the Hague Rules.

The provisions of CGSA and MSO Sabah and Sarawak also provide, among others, rules relating to bills of lading; and the rights, responsibilities and liabilities of a carrier and a shipper under a contract of carriage of goods by sea.

(C) International Conventions Adopted by the Merchant Shipping (Liability and Compensation for Oil and Bunker Oil Pollution) Act 1994 ("MSLCA")

The International Convention on Civil Liability for Bunker Oil Pollution Damage 2001 that has been adopted by the MSLCA. The MSLCA provides for the civil liability for oil and bunker oil pollution by merchant ships in Malaysian waters and for matters connected therewith. Under the MSLCA, the owner of a ship at the time of an incident, or where the incident consists of a series of occurrences having the same origin, at the time of the first occurrence, shall, except as otherwise provided for by the MSLCA, be liable for any pollution damage caused by the ship as a result of the incident in any area of Malaysia.

Competition Act 2010 ("CA")

The CA prohibits anti-competitive agreements and the abuse of dominant position in the market.

A horizontal or vertical agreement between enterprises is prohibited insofar as the agreement has the object or effect of significantly preventing, restricting or distorting competition in any market for goods or services.

A horizontal agreement between enterprises which has the object to –

- (i) fix, directly or indirectly, a purchase or selling price or any other trading conditions;
- (ii) share market or sources of supply;
- (iii) limit or control production, market outlets or market access, technical or technological development, or investment; or
- (iv) perform an act of bid rigging,

is deemed to have the object of significantly preventing, restricting, or distorting competition in any market for goods or services. Any enterprise which is a party to an agreement which is prohibited under the foregoing provisions shall be liable for infringement of the prohibition.

In the event the Malaysian Competition Commission ("**MyCC**") determines that there is an infringement of a prohibition under the CA, it –

- (i) shall require that the infringement to be ceased immediately;
- (ii) may specify steps which are required to be taken by the infringing enterprise, which appear to MyCC to be appropriate for bringing the infringement to an end;

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- (iii) may impose a financial penalty; or
- (iv) may give any other direction as it deems appropriate.

In 2012, ICSD and three other container depot operators (collectively, the “**CDOs**”) had respectively entered into an implementation, support and licence agreement (“**ISLA**”) with Containerchain (Malaysia) Sdn Bhd (“**Containerchain**”), a company providing information technology services to the shipping and logistics industry including container depot operators, whereby each of the CDOs agreed to use the Containerchain system for the management of empty containers at their respective depots for all container movements to and from their respective locations for a period of three years. The ISLA between Containerchain and ICSD was signed on 1 October 2012.

Pursuant to the ISLA, the CDOs were required to prepare a carrier access arrangement (“**CAA**”) for publication on Containerchain’s website. Each of these CAAs referred to the imposition of an increased depot gate charge (“**DGC**”) of RM25 and also contained a term providing for a common rebate to be offered by each of the CDOs of RM5 which would be refunded to the hauliers if the DGC payments were made within 14 days from the date of the invoice.

On 1 June 2016, the MyCC issued a decision containing a finding of infringements under the CA against Containerchain and the CDOs (“**Decision**”) which included the imposition of financial penalty and remedial actions to be complied by Containerchain and the CDOs within 30 days from the date of the Decision. ICSD had on 28 June 2016 paid the financial penalty of RM118,228.00 in full, and ceased and desisted from implementing the agreed rate for the DGC with effect from November 2014 (during the period when investigation was carried out by the MyCC). ICSD has also ceased from providing rebate to hauliers with effect from 1 July 2016.

The management of our Company and ICSD have taken the initiative to attend a briefing session in December 2019 pertaining to the legal requirements prescribed in the CA so as to create awareness and in turn, to ensure that the business conducts of our Group are and will be in compliance with the CA at all times.

ICSD has adopted among others the following measures to ensure the business conducts of ICSD are from time to time in compliance with the CA:

- (i) Any future adjustments on the DGC shall be decided by the management of ICSD and approved by the board of directors of ICSD. Justifications to such adjustments must be properly recorded in writing and in the event of any adjustments of the DGC, ICSD shall notify its customers of the same in writing.
- (ii) Any future adjustments on the DGC shall take place as and when the management of ICSD deems appropriate without any prior discussion with the other container depot operators.

Environmental Quality Act 1974 (“EQA”)

The EQA sets out provisions in respect of prevention, abatement, control of pollution and enhancement of the environment.

It is an offence under EQA for any person, unless licensed to do so, to among others –

- (i) emit or discharge wastes into the atmosphere;
- (ii) emit or cause or permit to be emitted any noise greater in volume, intensity or quality;
- (iii) pollute or cause or permit to be polluted any soil or surface of any land; or
- (iv) emit, discharge or deposit any wastes into any inland waters,

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in contravention of the acceptable conditions specified in EQA.

The EQA also empowers the Minister charged with the responsibility for environment protection to make regulations specifying acceptable conditions for the emission, discharge or deposit of environmentally hazardous wastes or the emission of noise into the environment. Among the regulations which have been issued includes the Environmental Quality (Scheduled Wastes) Regulations 2005 ("**2005 Regulations**").

Pursuant to the 2005 Regulations, every scheduled waste generator shall notify the Director General of Environmental Quality of the new categories and quantities of scheduled wastes which are generated within 30 days of its generation.

Scheduled wastes shall only be disposed of at prescribed premises and be treated at prescribed premises or on-site treatment facilities. In addition, scheduled wastes shall be properly stored in containers which are clearly labelled and marked for identification and warning purposes, delivered to and received at prescribed premises for treatment and disposal.

Occupational Safety and Health Act 1994 ("OSHA")

The OSHA sets out provisions for securing the safety, health and welfare of persons at work and for protecting others against risks to safety or health in connection with the activities of persons at work. Under OSHA, our Group, as the employer, has a duty to ensure, so far as is practicable, the safety, health and welfare at work of all its employees, and the matters to which such duty extends includes –

- (i) the provision and maintenance of plants and systems of work that are, so far as is practicable, safe and without risks to health;
- (ii) the provision of such information, instruction, training and supervision as is necessary to ensure, so far as is practicable, the safety and health at work of all its employees;
- (iii) so far as is practicable, the maintenance of a place of work that is in a safe condition and without risks to health; and
- (iv) the provision of adequate facilities with regards to the welfare of its employees at work.

Our Group also has a duty to formulate a general safety and health policy for its employees at work and to bring the policy and any revisions of such policy to the notice of all of its employees. Our Group is also under a duty to ensure, so far as is practicable, that it and other persons, not being its employees, who may be affected are not thereby exposed to risks to their safety or health from the conduct of their undertakings.

Foreign Exchange Control

The business of our Group is subject to the Malaysian foreign exchange policies, laws and regulations as we are receiving payments in foreign currency from non-residents such as our overseas customers and agents as well as in relation to our charter hire income. We are also making payments in foreign currency to non-residents, among others, in respect of our purchases of vessels, containers, bunker fuel and spare parts of vessels, container leasing as well as payment of the salary of crew members and other vessels repair and dry docking expenses.

The foreign exchange policies in Malaysia support the monitoring of capital flows into and out of the country. The Financial Services Act 2013 ("**FSA**") provides regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability.

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Pursuant to the Foreign Exchange Rules issued under the FSA by the Bank Negara Malaysia that sets out rules for payment in foreign currency between resident and non-resident, a resident is allowed to make or receive payment in foreign currency to or from a non-resident for any purpose, other than for –

- (i) a foreign currency denominated derivative or Islamic derivative offered by a resident unless approved by Bank Negara Malaysia under Part B of Notice 5 or otherwise approved in writing by Bank Negara Malaysia;
- (ii) a derivative or Islamic derivative which is referenced to ringgit unless approved by Bank Negara Malaysia under Part B of Notice 5 or otherwise approved in writing by Bank Negara Malaysia; or
- (iii) an exchange rate derivative (being any derivatives which market price, value, delivery or payment obligation is derived from, referenced to or based on exchange rate) offered by a non-resident unless approved by Bank Negara Malaysia under Notice 1 or otherwise approved in writing by Bank Negara Malaysia

Our non-resident shareholders may receive and repatriate income earned in the form of dividends from Malaysia. The Foreign Exchange Rules allows non-residents to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency and the conversion of ringgit into foreign currency is undertaken in accordance with Part B of Notice 1.

2. Hong Kong

Our business is also regulated by, and in some instances required to be licensed under specific laws of Hong Kong. The following is an overview of Hong Kong ordinances and subsidiary legislations that are relevant to our Group which are material to our business operation, and it does not purport to be an exhaustive description of all relevant laws and regulations which our business is subject to.

Merchant Shipping (Registration) Ordinance (Chapter 415 of the Laws of Hong Kong) (“MSRO”)

The MSRO provides for the registration of ships and mortgages of ships in Hong Kong. According to the MSRO, a ship subject to a demise charterparty may be registered in Hong Kong if the demise charterer or lessee of that ship is a “qualified person” as defined in the MSRO. There is no requirement that a ship operated by a qualified person must be registered in Hong Kong.

Qualified persons under the Merchant Shipping (Registration) Ordinance include:

- (i) an individual who is a resident of Hong Kong and holds a valid Hong Kong identity card;
- (ii) a company incorporated in Hong Kong; and
- (iii) a company incorporated outside Hong Kong, but which has established a place of business in Hong Kong and has registered under the Companies Ordinance in Hong Kong as “an oversea company” with a place of business in Hong Kong.

Under the Merchant Shipping (Registration) Ordinance, there are subsidiary legislations which may be applicable to the Company which include, among others, Merchant Shipping (Registration) (Fees and Charges) Regulations (Chapter 415A of the Laws of Hong Kong), Merchant Shipping (Registration) (Ships' Names) Regulations (Chapter 415B of the Laws of Hong Kong) and the Merchant Shipping (Registration) (Tonnage) Regulations (Chapter 415C of the Laws of Hong Kong).

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Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (“IRO”)

The IRO is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong.

The IRO provides, among other things, that persons (which include corporations, partnerships, trustees and bodies of persons) carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

As at the LPD, the standard profits tax rate for corporations is at 16.5%. The IRO also contains provisions in relation to, among other things, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

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

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

- (i) providing and maintaining plant and work systems that do not endanger safety or health;
- (ii) (making arrangements for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances;
- (iii) providing all necessary information, instructions, training, and supervision for ensuring safety and health;
- (iv) providing and maintaining safe access to and egress from the workplaces; and
- (v) providing and maintaining a safe and healthy work environment.

Failure to comply with the above constitutes an offence of which the employer is liable on conviction to a fine of HKD200,000, and to imprisonment for 6 months in some cases. Failure to comply with notices against non-compliance issued by the relevant authorities also constitutes an offence that is punishable by a fine of up to HKD500,000 and imprisonment for up to 12 months.