
REGULATORY OVERVIEW

A summary of certain major laws and regulations in relation to the Group's business is set forth below. Information contained in this section should not be construed as a comprehensive summary of laws or regulations applicable to the Group.

OVERVIEW

During the Track Record Period, the business activities of the Group were principally based in Singapore and Malaysia. The Group incorporated Nexion (Hong Kong) in May 2016 to carry out sales and marketing activities in Hong Kong. As at the Latest Practicable Date, Nexion (Hong Kong) has not commenced any such sales and marketing activities.

SINGAPORE LAWS AND REGULATIONS

(I) Laws and regulations relating to Business

Netsis (Singapore) is engaged in the provision of cyber infrastructure solutions and Expert Team is engaged in the provision of cyber security solutions. Below is a summary of salient Singapore legal and regulatory provisions and licensing requirements applicable to the Group's business operations in Singapore:

(a) *Telecommunications Act, Chapter 323 of Singapore ("TA")*

The TA and the regulations promulgated thereunder regulate the operation and provision of telecommunication systems and services in Singapore, and for the matters therewith. Under the TA, any person who intend to manufacture, import, hire, sell, offer or possess for sale any telecommunication equipment requires either a Telecommunication Dealer's (Individual) Licence or a Telecommunication Dealer's (Class) Licence. Telecommunication Dealer's (Class) Licence is required for a dealer who manufactures, imports, lets for hire, sells, or offers or possesses for sale any registered telecommunication equipment. Telecommunication Dealer's (Individual) Licence is required for a dealer who manufactures, imports, lets for hire, sells, or offers or possesses for sale any registered equipment and unregistered telecommunication equipment for re-export and not for use in Singapore.

Generally, any person guilty of an offence under the TA or any regulations made thereunder for which no penalty is expressly provided shall, in addition to the forfeiture of any article seized, be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 3 years or to both and, in the case of a continuing offence, to a further fine not exceeding S\$1,000 for every day or part thereof during which the offence continues after conviction.

(b) *Private Security Industry Act, Chapter 250A of Singapore*

The PSIA provides for the regulation of private investigators, private investigation agencies, security officers, security agencies and security service providers, and for matters connected therewith. A person shall not engage in the business of providing, for reward, any security service to other persons; or advertise, or in any way hold out, that the person (who is in the business of providing any security service) provides for reward, or is willing to provide for reward, the security service, without a Security Service Provider Licence granted under the PSIA.

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Under the PSIA, a person is said to provide a security service if he, among others, designs, sells, imports or exports any security equipment (other than basic household or automotive security items at approved classes of retail outlets or intruder alarm systems); and provides advice in relation to security equipment (other than basic household or automotive security items at approved classes of retail outlets or intruder alarm systems), including providing product advice in relation to security equipment and identifying and analysing security risks and providing solutions or management strategies to minimise security risks. Security equipment is any equipment specified in the Schedule of the PSIA and includes data surveillance device or program capable of being used to record or monitor the input of information into, or output of information from, a computer, but does not include an optical surveillance device.

Persons guilty of an offence is, on conviction, liable to a financial penalty of up to S\$10,000 or to imprisonment for a term not exceeding 2 years or to both.

Security Service Provider Licences under the PSIA are granted by the Police Licensing and Regulatory Department of the Singapore Police Force ("**PLRD**") subject to such conditions as the PLRD thinks fit to impose. The PLRD may at any time add to, vary or revoke any conditions of a licence by giving notice to the licensee concerned. A licensee who fails to comply with any licence condition shall be guilty of an offence, which, on conviction carries either a financial penalty of up to S\$10,000 or a prison term not exceeding 2 years or both.

(c) *Strategic Goods (Control) Act, Chapter 300 of Singapore ("SGCA")*

The SGCA controls the transfer and brokering of strategic goods, strategic goods technology, etc. Under the SGCA, a permit is required to be obtained for the export, transshipment or bringing in transit of any strategic goods, export of any document in which any strategic goods technology is recorded, stored or embodied and transmitting of any strategic goods technology. Such permit may be granted by the Director-General of Singapore Customs ("**Director-General**") with conditions imposed as the Director-General thinks fit.

Any person who is in contravention of the above-mentioned, namely to conduct the act without a permit is, on a first conviction, liable to a fine not exceeding S\$100,000 or 3 times the value of the goods or technology in respect of which the offence was committed, whichever is the greater, or to imprisonment for a term not exceeding 2 years or to both, or on a second or subsequent conviction, liable to a fine not exceeding S\$200,000 or 4 times the value of the goods or technology in respect of which the offence was committed, whichever is greater, or to imprisonment for a term not exceeding 3 years or both.

(d) *Regulation of Imports and Export Act, Chapter 272A of Singapore ("RIEA")*

The RIEA provides for the regulation, registration and control of imports and exports and to make provisions for matters connected therewith. The Regulation of Imports and Exports Regulations ("**RIER**"), promulgated under the RIEA, provides that generally, no goods shall be imported into Singapore, exported out of Singapore, or transhipped in Singapore, except in accordance with a permit granted by the Director-General of Customs appointed under the Customs Act, Chapter 70 of Singapore.

Except where otherwise provided, any person guilty of an offence under the RIER shall be liable, on the first conviction to a fine not exceeding S\$100,000 or 3 times the value of the goods in respect of which the offence was committed, whichever is the greater, or to imprisonment for a term not exceeding 2 years or to both; and on the second or

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subsequent conviction to a fine not exceeding S\$200,000 or 4 times the value of the goods in respect of which the offence was committed, whichever is the greater, or to imprisonment for a term not exceeding 3 years or to both.

(e) *Patents Act, Chapter 221 of Singapore (“Patents Act”)*

Generally, a patentable invention is one that satisfies the following conditions: (a) the invention is new; (b) it involves an inventive step; and (c) it is capable of industrial application. The Patents Act provides that any person may make an application for a patent either alone or jointly with another.

The duration of the patent under the Patents Act shall generally be 20 years from the filing date of the application or such other date as may be prescribed.

Expert Team (Singapore) has filed a patent application in Singapore.

(II) Laws and Regulations relating to Employment

The Group’s business is subject to the employment laws in Singapore.

(a) *The Employment Act, Chapter 91 of Singapore (“EA”)*

The EA relates to employment and regulates, *inter alia*, contracts of services, payment of salary, rest days, hours of work and other conditions of service. For the purposes of the EA, an employee is generally a person who has entered into or works under a contract of service with an employer and includes a workman, and any officer or employee of the Government of Singapore included in a category, class or description of such officers or employees declared by the President of Singapore to be employees for the purposes of the EA or any provision thereof, but does not include, *inter alia*, (a) any seaman; (b) any domestic worker; and (c) subject to the EA, any person employed in a managerial or executive position.

(b) *The Central Provident Fund Act, Chapter 36 of Singapore (“CPF Act”)*

The Central Provident Fund (“CPF”) is a social security savings scheme funded by contributions from employers and employees formed pursuant to the Central Provident Fund Act (“CPF Act”). It enables working Singapore citizens and permanent residents to set aside funds for retirement. It also addresses healthcare, home ownership, family protection and asset enhancement.

Under the CPF Act, both employers and employees make monthly CPF contributions on the amount of wages at the rates set out in the CPF Act. Such contributions go into three accounts, namely the (i) ordinary account, which is primarily for housing, insurance, investment and education, (ii) special account, which is for old age and investment in retirement-related financial products, and (iii) medisave account, which is for hospitalisation expenses and approved medical insurance.

(III) Laws and Regulations relating to Taxation

(a) *The Goods and Services Tax, Chapter 117A of Singapore (“GST Act”)*

Goods and Services Tax (“GST”) is a broad-based consumption tax levied pursuant to the Goods and Services Tax, Chapter 117A of Singapore (“GST Act”) on the import of goods, as well as nearly all supplies of goods and services in Singapore.

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GST exemptions apply to the provision of most financial services, the sale and lease of residential properties, and the importation and local supply of investment precious metals. Goods that are exported and international services are zero-rated.

(b) *The Income Tax Act, Chapter 134 of Singapore ("Income Tax Act")*

The corporate tax rate in Singapore is currently 17%. In addition, 75% of up to the first S\$10,000, and 50% of up to the next S\$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate. Furthermore, companies will be granted a corporate income tax rebate of 50% of the tax payable for the years of assessment 2016 to 2017, subject to a cap of S\$20,000 for year of assessment 2016 and S\$25,000 for year of assessment 2017. For year of assessment 2018, companies will be granted a corporate income tax rebate of 20% of the tax payable subject to a cap of S\$10,000.

(c) *PIC Scheme*

Under the PIC Scheme launched by the Singapore government, businesses can enjoy 400% tax deductions/allowances on up to S\$400,000 (equivalent to US\$292,000) in the years of assessment 2013 and 2014 and S\$600,000 (equivalent to US\$438,000) in the years of assessment of 2015 to 2018 of their expenditure per year in each of the qualifying activities including training of employees, acquisition and licensing of intellectual property rights, registration of patents, trademarks designs and plant varieties, acquisition and leasing of PIC information technology (IT) and automation equipment and research and development activities, instead of the 100% deductions/allowances under the existing tax rules. The PIC Scheme started from the year of assessment 2011 and will lapse after the year of assessment 2018.

MALAYSIA LAWS AND REGULATIONS

(I) *Laws and Regulations relating to Business*

GET (Malaysia) is engaged in the research and development and the provision of cyber security solutions to customers and thus is regulated by certain specific legislations. Below is a summary of salient Malaysian legal and regulatory provisions and licensing requirements applicable to the business of the Group in Malaysia:

(a) *The Local Government Act 1976*

The Local Government Act 1976 ("**LGA**") confers the powers for the Commissioner for the City of Kuala Lumpur to enact by-laws. In tandem with the powers conferred under the LGA, the Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-Laws ("**By Laws**") was enacted. The By Laws govern localised regulations within the Federal Territory of Kuala Lumpur such as licences for certain type of businesses, assessment taxes and further miscellaneous matters such as cleanliness, water supply, storage, security which is operational in the running of a business.

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(b) *The Sale of Goods Act 1957*

The Sale of Goods Act 1957 ("**SOGA**") governs the law on the sale of goods in Malaysia.

The applicable requirements of the SOGA are as follows:

- (i) the formation of a contract for sale which takes place when there is a transfer in the property of the goods for a price.
- (ii) the conditions and warranties that govern the contract of sale such as stipulations as to time, conditions and warranties, implied undertakings as to title and as to quality or fitness are met with, in the carrying out of GET (Malaysia)'s business. In particular, quality of the product shall not be compromised, neither shall the fitness for the purpose of the trade.
- (iii) the performance of the contract is complied with wherein the sale is carried out with the seller complying with its duties and that delivery of the product is in line with the SOGA.

(c) *The Financial Services Act 2013*

The business of the Group in Malaysia is subject to foreign exchange laws and regulations in Malaysia.

There are foreign exchange policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. 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 and for related, consequential or incidental matters.

Pursuant to Notice 4 issued by Central Bank of Malaysia, a non-resident is allowed 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. Foreign exchange administration rules allows non-residents to remit out divestment proceeds, profits, dividends or any income arising from investments in Malaysia. Repatriation, however, must be made in foreign currency.

Based on the aforementioned, GET (Malaysia) is free to remit out divestment proceeds, profits, dividends or any income arising from the investments in Malaysia to its overseas holding company. However, there is no assurance that the relevant rules and regulations on foreign exchange control in Malaysia will not change. Any future restriction on repatriation of funds may limit GET (Malaysia)'s ability to repatriate dividends or distribution to the Company and could adversely affect the Group's financial condition.

(II) *Laws and Regulations relating to Employment*

The business of the Group is subject to the employment laws in Malaysia. Malaysia's employment and labour laws are governed by statutes and case law. The relevant legislations are the Employment Act 1955 and the Industrial Relations Act 1967 as well as the National Wages Consultative Council Act 2011 which was enacted after the passing of the Minimum Retirement Age Bill 2012 on 28 June 2012.

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(a) *The Employment Act 1955*

The Employment Act 1955 ("EA") is the principal legislation that governs the employment practice and employer-employee relationship in Malaysia. EA regulates all labour relations including contracts of service, payment of wages, employment of women, maternity protection, rest days, hours of work, holidays, termination, lay-off and retirement benefits, employment of foreign employees and keeping of registers of employees.

For the purpose of clarifying the EA, Employment (Amendment) Act 2012 ("EAA") states that 'employee' means any person, irrespective of his occupation, who has entered into a contract of service with an employer and whose wages does not exceed RM2,000 a month.

Every employer is required to prepare and keep the registers of employees in the prescribed form. Unless otherwise permitted by the Director General of Labour in Malaysia ("**Director General of Labour**"), the register of employees required to be kept under Employment Regulations 1957 ("ER") in the office within the place of employment where employees are employed and shall make such register of employees available for inspection by the Director General of Labour as and when required to do so.

(b) *The Employment (Restriction) Act 1968*

The Employment (Restriction) Act 1968 ("ERA") provides for the restriction of employment in certain business activities in Malaysia of persons not being citizens unless these non-citizens have been issued with a valid employment permit.

No person shall employ a non-Malaysian citizen in Malaysia unless there has been a valid employment permit issued. The application process entails an approval first, from the Ministry of Home Affairs of Malaysia, followed by the application itself for a Visit Pass (Temporary Employment) to Foreign Workers Division, Immigration Department of Malaysia.

Whilst there are foreign employees under the employment of GET (Malaysia), these employees do not carry out their services for which they have been contracted at the Group's place of business in Malaysia and none of them is physically present in Malaysia to perform their duties under employment with the Group. Accordingly, as advised by the legal adviser to the Company as to Malaysian laws no approval is required from the Ministry of Home Affairs of Malaysia in connection with the Group's employment of these foreign employees based outside Malaysia.

(c) *The Employees Provident Fund Act 1991*

The Employees Provident Fund ("EPF") is a social security institution formed in accordance to the Employees Provident Fund Act 1991 ("EPFA") providing for the retirement benefits for employees through management of their savings in an efficient and reliable manner.

Under EPFA, both the employer and employee are required to make contributions into the employee's individual account in the EPF. The amount is calculated based on the monthly wage of the employee and the contribution rate is based on the wage or salary received by the employee.

Save for those employees whom there exist an approved fund as provided pursuant to the EPFA and thus no contributions to EPF shall be made, both employers and employees shall pay monthly contributions on the amount of wages at the rate respectively set out in

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the EPFA. An approved fund means a provident fund or other scheme for benefit of employees established by an employer or by a group of employers and declared by the EPE board under Section 52 of EPFA or any scheme expressly by any written law immediately before 6 August 1970, for the benefit of the employees in any trade, business, industry or occupation.

Every employer shall before the end of the first week in the first month in which he is paying wages in respect of which he is required to pay contributions under EPFA, register with the EPF Board unless he is already registered with the EPF Board.

(d) *The Employee Social Security Act 1969*

Social Security Organisation ("**SOCSO**") was mandated to administer and enforce the Employee Social Security Act 1969 ("**ESSA**") and Employee Social Security General Rules 1971 ("**ESSGR**"). Through the ESSA and ESSGR, SOCSO is able to provide free medical treatment, facility for physical or vocational rehabilitation, and financial assistance to employees if they have lost their abilities due to accidents or disease that have reduced their abilities to work or rendered them incapacitated.

GET (Malaysia) shall make contributions under ESSA and such contributions shall be paid to SOCSO according to the rate of contributions specified in the Third Schedule of ESSA.

In respect of its operation in Malaysia, the Group complies with the requirements of EA, ER, ERA, EPF and EPFA, and makes the statutory contributions at the required rates for all its eligible employees in Malaysia. Further, the Group has also been timely in its contributions to SOCSO pursuant to the ESSA for its employees' social protection scheme.

(III) Laws and regulations relating to Taxation

(a) *The Promotion of Investments Act 1986*

There are incentives available in Malaysia for investments in promoted products and activities in specific business activities as promoted by the Malaysian Government.

Under the Promotion of Investments Act 1986 ("**PIA**"), one of the main incentives available is to be approved as a pioneer status company. Pioneer status is a form of tax incentive which provides for full or partial exemption from payment of income tax. In order to be granted with the tax incentives from the Government of Malaysia under PIA, the applicant must be involved in the promoted products and activities in specific business activities as promoted by the Government of Malaysia. The Minister in charge of the Ministry of International Trade and Industry ("**MITI**") is entrusted to determine the promoted activities under PIA 1986 and Malaysia Industrial Development Authority ("**MIDA**") is the agency set up under MITI to oversee these activities. A pioneer status company is generally eligible for exemption from income tax for five years and may make an application for extension of the tax relief period for another five years subject to the discretion of MITI with the concurrence in writing of the Minister of Finance.

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Companies granted Multimedia Super Corridor ("**MSC**") status for qualifying MSC activities by the Government of Malaysia through the Malaysian Digital Economy Corporation ("**MDEC**") are entitled to a set of incentives, rights and privileges from the Government of Malaysia, known as the MSC Malaysia Bill of Guarantees ("**BoGs**"). MSC status is recognition by the Government of Malaysia through MDEC for information and communication technology (ICT) and ICT-facilitated businesses that develop or use multimedia technologies to produce and enhance their products and services. The eligibility criteria for MSC status will vary depending on the type of business entity. A private limited company may qualify for MSC status if it meets the following criteria:

- (i) undertake technology and/or knowledge transfer and/or contribute towards the development of MSC Malaysia or support Malaysia's e-economy initiatives;
- (ii) establish a separate legal entity for MSC Malaysia qualifying activities; and
- (iii) where applicable, locate in a designated premise within MSC Malaysia Cybercity/ Cybercentre.

A company is required to apply for pioneer certificate from MIDA within 24 months from the date of approval for grant of MSC status.

The Government of Malaysia has through MDEC granted MSC status to GET (Malaysia) in 2015. GET (Malaysia) is entitled to incentives, rights and privileges provided under the BoGs set out in the MSC Malaysia Status certificate ("**Certificate**") issued to GET (Malaysia), subject to GET (Malaysia)'s adherence to criteria in meeting the objectives of the MSC Malaysia and applicable conditions. One of the BoGs set out in the Certificate is to provide competitive financial incentives namely Pioneer Status (100 percent tax exemption) for up to 10 years or an Investment Tax Allowance for up to 5 years and no duties on the importation of multimedia equipment.

The objectives of MSC Malaysia as provided under MSC Malaysia BoGs is to realise the vision for Malaysia to be a major global ICT hub and the Government of Malaysia recognises the importance of the physical and information infrastructure, to provide a conducive and enabling environment for companies to conduct their business operations, undertake research and develop new technologies, applications and products including competitive financial incentives.

MITI has through MIDA awarded Pioneer Status pursuant to the PIA to GET (Malaysia) in relation to its MSC status. GET (Malaysia) is exempted from paying tax 100% of its statutory income derived from the MSC Malaysia Qualifying Activities (as described below) for a period of five years from 18 November 2015 to 17 November 2020 and is eligible for an extension of the Pioneer Status for another five years after the expiry of the first five years, subject to compliance with applicable conditions at the discretion of MIDA and MITI. The MSC Malaysia Qualifying Activities include (i) research, development and commercialisation of the following web security platform: 3iWeb 2U; and (ii) provision of implementation, maintenance and technical services related to the above mentioned platform.

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The grant of MSC status and the award of Pioneer Status to GET (Malaysia) are subject to continued compliance by GET (Malaysia) of the following conditions:

- (i) GET (Malaysia) shall commence operation of and undertake the MSC Malaysia Qualifying Activities in accordance to the business plan submitted to MDEC. Any change to the MSC Malaysia Qualifying Activities shall be subject to the prior written consent of the Government of Malaysia. The office shall also be located in the designated premise within MSC Malaysia Cybercity/Cybercentre with the minimum office space of 800 square feet;
- (ii) GET (Malaysia) shall ensure that at all the material times, at least 15% of its total number of employees (excluding support staff) are "knowledge workers" (as defined by MDEC) who shall be recruited and employed solely for the purpose of undertaking the MSC Malaysia Qualifying Activities;
- (iii) GET (Malaysia) shall ensure that any products produced pursuant to and/or in relation to the MSC Malaysia Qualifying Activities are original, and that no part or portion of such product is an infringement or violation of any intellectual property or proprietary rights of any third party, or constitutes a misappropriation of the know-how belonging to any third party;
- (iv) GET (Malaysia) shall submit to MDEC a copy of the Company's Annual Report or a copy of its Audited Statement in parallel with its submission to the Companies Commission of Malaysia; and
- (v) GET (Malaysia) shall notify the MDEC of any change in its name, its equity/ shareholding structure, or such other changes that may be affect its direction or operation.

(b) *The Goods and Services Tax Act 2014*

The Goods and Services Tax Act 2014 ("**GSTA**"), replacing the Sales Tax Act 1972, provides for imposition of the collection of goods and services tax ("**GST**") and for the matter related therewith.

GST is charged and levied on any supply of goods or services made in Malaysia, including anything treated as "supply" under GSTA and any importation of goods into Malaysia.

Pursuant to Section 21(1) of GSTA, GET (Malaysia) shall notify the Director General of the liability by applying to be registered in the prescribed form within 28 days from the end of every month.

The GSTA is applicable to GET (Malaysia) and GET (Malaysia) has complied with all relevant requirements of GSTA during the Track Record Period.

(c) *The Income Tax Act 1967*

The Income Tax Act 1967 ("**ITA**") generally imposes a tax, known as income tax, for each year of assessment.

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A corporation is resident in Malaysia if its management and control is exercised in Malaysia. Corporations are taxed based on income derived from Malaysia. Taxable income comprises of all earnings derived from Malaysia, including gains or profits from a trade of business, dividends, interest, rents, royalties, premiums or other earnings.

Withholding Tax is applicable to corporations making payments for certain types of income to non-residents as prescribed under the ITA. However, Malaysia does not levy withholding tax for dividends paid by a company incorporated in Malaysia to non-resident shareholders.

US LAWS AND REGULATIONS

US Export and Re-Export Controls

US export controls regulate the export and re-export of US-origin items. Any item that is sent from the US to a foreign destination is an export. "Items" include commodities, software or technology, circuit boards, automotive parts, blueprints, design plans, retail software packages and technical information. How an item is transported outside of the US does not matter in determining export licence requirements. For example, an item can be sent via regular mail, handcarried on an airplane, sent via facsimile, software can be uploaded to or downloaded from an internet site, or technology can be transmitted via e-mail or during a telephone conversation. Regardless of the method used for the transfer, the transaction is considered an export.

The US Department of Commerce, Bureau of Industry and Security (the "BIS") controls exports of commercial and dual-use products, software and technology. These controls are authorised by the Export Administration Act of 1979, as amended and extended, and implemented by the EAR, 15 C.F.R. Parts 730-774.

The application of controls implemented pursuant to the EAR is not limited to exports and re-exports to Sanctioned Countries. The EAR apply generally to exports of commodities, software and technical data from the US to foreign countries and to re-exports from one foreign country to another. In addition, they apply to shipments from one foreign country to another of foreign-made products or technology that incorporate, are bundled or commingled, or drawn from more than 10% US origin parts, components, materials, technology or software, by value.

Re-exports in violation of the EAR, conducted willingly, are subject to potential criminal penalties by U.S. enforcement authorities. Where a company wilfully violates the EAR, it may be fined up to US\$1 million or twice the gain or loss from the relevant transaction, whichever is greater. Where an individual wilfully violates the EAR, the individual may be fined as described above and/or imprisoned for up to 20 years. Civil violations of the EAR may result in fines of up to US\$250,000 or twice the value of the transaction per violation.