
REGULATORY OVERVIEW

OVERVIEW OF MALAYSIA LAWS AND REGULATIONS

A summary of salient Malaysian legal and regulatory frameworks that may be applicable in our business operations are as follows:

1. Business Operation

(A) The Local Government Act 1976 And Trade By-Laws

In Malaysia, a private limited company may commence business operations upon registration for incorporation under the Companies Act 2016. Following its registration for incorporation, the company shall obtain a business premise license for each operating premise from the relevant local authority which was empowered under the Local Government Act 1976 (“**LGA 1976**”).

LGA 1976 confers the power to local authority to make by-laws which provide that no person shall operate any form of trade, business or industry in any place or premise within the jurisdiction of the respective Municipal Council without a license issued by the respective Municipal Council. Our Companies are running their businesses at the District of Kuala Terengganu, Kuantan, Seremban, Temerloh, Kemaman, Alor Setar, Kota Bharu, Subang Jaya and therefore it is a requirement for each operating premise to obtain a business license from the relevant local authority.

The validity of a business license shall be valid for a period not exceeding three years and subject to renewal. It is provided under LGA 1976 that any person who fails to exhibit his license at all times in some prominent place on the licensed premises or to produce such license when required shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding six months or to both.

(B) Feed Act 2009

Feed Act 2009 (“**FA 2009**”) is an act to regulate feed quality by controlling the importation, manufacture, sale and use of feed and feed additive and for other matters incidental thereto. FA 2009 provides that no person shall import any feed or feed additive unless he possesses a valid licence under this FA 2009 and such licence shall not be transferable, valid for a term expiring not later than the end of the calendar year. Any person who imports any feed or feed additive without a licence shall, on conviction be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 2 years or to both and for a second or subsequent offence, to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding 4 years or to both.

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A licensee may apply for a renewal of licence not later than 30 days before the date of expiry of the licence.

FA 2009 provides that no person shall introduce any antibiotic, hormone or other chemical directly or through a medium into animals unless in accordance with the prescribed manner and at the prescribed level. No person shall possess any feed or feed additive which contains antibiotics, hormones or other chemicals the addition of which are not permitted under FA 2009 or any regulations made thereunder. Any person who contravenes this commits an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 2 years or to both, and for a second and subsequent offence, to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding 4 years or to both.

It is further provided that all feeds imported, manufactured, distributed, possessed, sold or utilized for the feeding of animals shall comply with the prescribed feed specifications and to be kept, stored, packaged, labelled or transported in compliance with the prescribed conditions for proper keeping, storing, packaging, labelling and transporting of feed or feed additives. Any person who contravenes this section commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 1 year or to both, and for a second or subsequent offence, to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 2 years or to both.

(C) Feed (Manufacture and Sale of Feed or Feed Additive) Regulations 2012

The Feed (Manufacture and Sale of Feed or Feed Additive) Regulations 2012 (“**Manufacture and Sale Regulations**”) provides that no person shall manufacture or sell feed or feed additives unless registered with the feed board as defined in FA 2009 (“**Feed Board**”). The Feed Board may, after considering an application issue a certificate of registration of manufacturer or seller of feed or feed additive and such certificate shall be valid for a period of not exceeding 1 year from the date of issuance. Any renewal of registration shall be made within 3 months before the expiration of the registration. Any late renewal shall be subject to the prescribed fee. Every registered person shall submit to the Feed Board a certified true copy of the annual production or sales report, in respect of the feed or feed additives manufactured or sold by him.

Any person who contravenes any of the provisions of this Manufacture and Sale Regulations commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000 or imprisonment for a term not exceeding 2 years or both.

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(D) Feed (Licence to Import Feed or Feed Additive) Regulations 2012

The Feed (Licence to Import Feed or Feed Additive) Regulations 2012 (“**Import Licence Regulations**”) provides that no person shall import (including the importation from Sabah and Sarawak) any feed or feed additive unless that person holds a valid licence issued by the Feed Board.

A licensee may apply for renewal of licence to import feed or feed additive on or before 1 of December each year. The Feed Board may, when approving the renewal of licence, impose any terms and conditions as it thinks fit.

Any person who contravenes any of the provisions of the Import Licence Regulations shall on conviction, be liable to a fine not exceeding RM10,000 or imprisonment for a term not exceeding 2 years or both.

(E) Lembaga Kemajuan Ikan Malaysia Act 1971 and Fish Marketing Regulations 2010

Lembaga Kemajuan Ikan Malaysia Act 1971 is an act to incorporate the Lembaga Kemajuan Ikan Malaysia and to provide for matters connected therewith. The Lembaga Kemajuan Ikan Malaysia (“**Lembaga**”)’s function shall be amongst others to promote and develop efficient and effective management of fisheries enterprises and marketing of fish. The Lembaga shall also have the power to do amongst others to regulate the marketing of fish particularly through licensing of wholesalers, retailers, fish processors, importers and exporters, to prescribe and regulate the packaging, grading, weighing and storing of fish and to regulate the processing of fish.

Fish Marketing Regulations 2010 (“**Fish Marketing Regulations**”) further provides that no person shall have any fish dealings without licence unless at a prescribed wholesale fish market or a retail fish market. No person shall import or export any fish without licence and any fish to be exported or imported shall pass through a legal entry or exit. No person shall process any fish without licence and any fish processing shall be carried out at a place or premise prescribed. A licence issued or renewed shall be valid for a period of 1 year from the date of the licence issued and subject to such prescribed terms and conditions.

Any person, other than a body corporate but including a director or officer of a body corporate who commits an offence under this Act or any rule made thereunder in respect which no penalty is expressly provided for, shall be liable on conviction, to imprisonment for a term not exceeding 2 years or to a fine not exceeding RM15,000 or to both, and for a second or subsequent offence, to imprisonment for a term not exceeding 5 years or to a fine not exceeding RM25,000 or to both.

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Any body corporate which commits an offence under any of the provisions of this act or of any rule made thereunder shall be liable on conviction to a fine not exceeding RM25,000 and for a second or subsequent offence, to a fine not exceeding RM50,000.

(F) The Food Act 1983

The Food Act 1983 ("**FA 1983**") (together with the Food Regulations 1985) was enacted to protect the public against health hazards and fraud in the preparation, sale and use of food, and for matters incidental thereto or connected therewith.

The FA 1983 is applicable to all foods sold in Malaysia either locally produced or imported, covers a broad spectrum from compositional standards to food additives, nutrient supplements, contaminants, packages and containers, food labelling, procedure for taking samples, food irradiation, provision for food not specified in the regulations and penalty.

Sections 13 to 17 of FA 1983 provides that any persons that prepare and sell food containing substances injurious to health, unfit for human consumption, and adulterated food commits an offence under the Act and shall be liable, upon conviction to a fine that could range from RM20,000 to RM100,000 respectively or to imprisonment for a term ranging from 3 to 10 years or both. In addition, the Director General of Health may, by notice in writing, order that food be recalled, removed or withdrawn from sale from any food premises.

Section 24 of the FA 1983 further provides that every person who prepares, packages, labels, advertises or sells any food shall be deemed to do so either on his own account or as the agent or servant of any other person. In the case of any preparation, packaging, labelling, advertisement or sale by an agent or servant, his principal or employer shall be under the same liability as if he had effected the preparation, packaging, labelling, advertisement or sale personally.

Section 33A provides that where a body corporate commits an offence under the FA 1983 or any regulations made under the FA 1983, any person who, at the time of the commission of the offence, was a director, manager, secretary or other similar officer of the body corporate or was purporting to act in any such capacity, or was in any manner or to any extent responsible for the management of any of the affairs of the body corporate, or was assisting in such management may be charged severally or jointly in the same proceedings with the body corporate and where the body corporate is found guilty of the offence, shall be deemed to be guilty of that offence unless, having regard to the nature of his functions in that capacity and to all circumstances, he proves that the offence was committed without his knowledge, consent or connivance and that he took all reasonable precautions and had exercised due diligence to prevent the commission of the offence.

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(G) The Food Regulation 1985

Regulation 9 of the Food Regulations 1985 ("**FR 1985**") provides that no person shall advertise for sale or sell food contained in a package if the package does not bear all the particulars required to be contained on a label required by the regulations; or if the label contains something that is prohibited by the regulations; or if the label contains particulars that are not in the position or manner required by these regulations.

Pursuant to regulation 11 of the FR 1985, every package containing food for sale shall include among others, the appropriate designation of the food containing the common name of its principal ingredients. In some cases, specific statements are further required.

Regulation 397 of FR 1985 provides that any person who contravenes or fails to comply with the provisions of FR 1985 commits an offence and where no penalty is provided by the FR 1985, the offender will be liable to a fine not exceeding RM10,000 or imprisonment of a term not exceeding 2 years.

(H) Food Hygiene Regulation 2009

Regulation 3 of the Food Hygiene Regulation 2009 ("**FHR 2009**") prohibits any person from using any food premises for the purposes or in connection with the preparation, preservation, packaging, storage, conveyance, distribution or sale of any food or the relabeling, reprocessing or reconditioning of any food unless the premises are registered with the Ministry of Health. FHR 2009 provides that among others all food premises involved in the manufacturing of food and premises where food is prepared, processed, stored or served for sale shall be licenced. Failure to comply with the same constitutes an offence under FHR 2009 and upon conviction, the offender shall be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding two years.

The Director General of Health shall on being satisfied with the information and particulars of the application issue a certificate of registration which shall, upon issuance, be conspicuously displayed in the food premises. The said certificate shall be valid for a period not exceeding three years from the date of its issuance. An application for renewal of the certificate of registration shall be made at least 30 days before its expiry. Failure to comply with the same constitute an offence under FHR 2009 and upon conviction, the offender shall be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding two years.

Regulation 11 of FHR 2009 provides that a proprietor, owner or occupier of food premises shall not employ or allow any food handle to work in his food premises unless the food handler has undergone a food handler training and has been medically examined and vaccinated by a registered medical practitioner.

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The FHR 2009 also provides for general duties of the proprietor, owner or occupier and food handlers in relation to the training of food handlers, cleanliness of food premises, preparing, packaging and serving of food and storage, exposure and display of food for sale.

(I) Control of Padi and Rice Act 1994

The Control of Padi and Rice Act 1994 ("**CPRA 1994**") governs the law relating to padi and rice and for other matters connected therewith. The duties and function of the Director General for the control of padi and rice shall be amongst others, to conserve and maintain an adequate supply of padi and rice; to ensure a fair and stable price of padi for farmers; to ensure a fair and stable price of rice for consumers; and to ensure sufficient supply of rice to meet all emergencies.

Control of Padi and Rice (Licensing of Wholesalers and Retailer) Regulations 1996 ("**CPR Licensing Regulations 1996**") came into force on 1 January 1997 and provides that no person shall sell rice by wholesale or retail except under a licence issued in accordance with Regulation 4. The Licence shall be valid for a period stated therein and subject to such terms and conditions as may be specified; shall not be transferred or assigned to any other person and shall be exhibited at a conspicuous place at the address specified in the licence.

A licensee shall not store or keep, or permit to be stored or kept, any rice except at the business premises or stores specified in the licence and shall not hoard, conceal or destroy rice.

A person other than a body corporate but including a director or officer of a body corporate who commits offence or who fails to comply with any of the provisions of the CPRA 1994 or any regulation made thereunder in respect of which no penalty is expressly provided for, shall on conviction be liable to a fine not exceeding RM15,000 or to imprisonment for a term not exceeding 2 years or to both, and for a second or subsequent offence, to a fine not exceeding RM25,000 or to imprisonment for a term not exceeding 5 years or to both.

A body corporate which commits an offence under, or fails to comply with, any of the provisions of the CPRA 1994 or any regulation made thereunder shall, on conviction, be liable to a fine not exceeding RM25,000 and for a second or subsequent offence, to a fine not exceeding RM50,000.

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(J) Control of Supplies Act 1961

The Control of Supplies Act 1961 (“**CSA 1961**”) provides for the control and rationing of supplies. The Controller may, subject to this Act or any regulations made thereunder and to such conditions as he may think fit, by written licence authorise any person to sell wholesale or retail any controlled article in any premises or at a place or places specified in the licence.

Any person, not being the holder of a valid licence issued under this Act or any regulation made thereunder, who, either on his own behalf or on behalf of any firm of which he is a partner, sells by wholesale or retail any controlled article in any premises or at a place either than the premises or place specified in the licence, or who so sells any controlled article contrary to any conditions expressed in the licence, shall be guilty of an offence against this Act.

Any body corporate which commits an offence against this Act shall, on conviction, be liable to a fine not exceeding RM2,000,000 and, for a second or subsequent offence, to a fine not exceeding RM5,000,000.

The Control of Supplies Regulations 1974 (“**CSR 1974**”) further provides that license must be issued in respect of the list of goods provided under the Schedule of CSR 1974 if the goods are dealt by in relation to wholesale and retail.

(K) Trade Description Act 2011

Trade Descriptions Act 2011 (“**TDA 2011**”) is an act for the purpose of promoting good trade practices by prohibiting false trade descriptions and false or misleading statements, conduct and practices in relation to the supply of goods and services and to provide for matters connected therewith or incidental thereto.

TDA 2011 provides that any person who applies a false trade description to any goods, supplies or offers to supply any goods to which a false trade description is applied, or exposes for supply or has in his possession, custody or control for supply any goods to which a false trade description is applied commits an offence and shall on conviction be liable, if such person is a body corporate, to a fine not exceeding RM250,000 and for a second or subsequent offence, to a fine not exceeding RM500,000.

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TRADE DESCRIPTION (DEFINITION OF HALAL) ORDER 2011 AND TRADE DESCRIPTIONS (CERTIFICATION AND MARKING OF “HALAL”) ORDER 2011

The relevant provisions of halal in Malaysia are governed under the TDA 2011. The Department of Islamic Development Malaysia (JAKIM) and State Islamic Religious Council are the responsible authorities in the affairs of halal in Malaysia.

Pursuant to the Trade Description (Definition of Halal) Order 2011, “halal” food means food that followed the requirements that has been imposed by the Islamic law on food and goods, i.e food that neither consist nor contains any part of an animal that is prohibited by Islamic laws or has not been slaughtered in accordance with Islamic laws.

The Trade Descriptions (Certification and Marking of Halal) Order 2011 (“**TDO 2011**”) provides that all the foods and goods, including those imported, cannot be described as halal or described in any other way to show that the food or goods can be consumed by Muslims unless it is certified by the competent authority as halal or marked with the logo as specified in the first schedule of the TDO 2011.

Any person who (i) applies a false trade description to any goods; (ii) supplies or offers to supply any goods to which a false trade description is applied; or (iii) exposes for supply or has in his possession, custody or control for supply any goods to which a false trade description is applied, commits an offence and shall, on conviction, be liable, if such person is a body corporate, to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

(L) *Land Public Transport Act 2010*

The Land Public Transport Act 2010 (“**LPTA 2010**”) provides that no person shall operate or provide a goods vehicle service using a class of goods vehicles for the carriage of goods for hire or reward or for or in connection with any trade or business unless he holds an operator’s licence. Pursuant to the act, a person would be deemed to be operating or providing a goods vehicle service if he drives the vehicle or employs one or more persons to drive the vehicle.

In the case of a contravention by a company, the company will be deemed to have committed an offence and upon conviction shall be liable to a fine not exceeding RM200,000. In the event, that a person contravenes the same, the person shall be liable to a fine not exceeding RM10,000 or an imprisonment for a term not exceeding one year or both.

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2. Laws and Regulations Relating to Customs

(A) *The Customs Act 1967, Customs (Prohibition of Imports) Order 2017 and Customs (Prohibition of Exports) Order 2017*

Under the Customs Act 1967 (“**CA 1967**”), the Minister of Finance of Malaysia (“**MOF**”) may from time to time fix the custom duties to be levied on any goods imported into or exported from Malaysia and any customs duty payable under CA 1967 may be recovered as a civil debt due to the Government of Malaysia. The MOF also has the power to prohibit the importation and exportation of certain goods absolutely or except under an import or export licence issued by the Director General of Customs and Excise or the proper officer of customs appointed by the Director General of Customs and Excise to act on his behalf at the ministry, department or statutory body as specified in the Customs (Prohibition of Imports) Order 2017, including but not limited to MAQIS (as defined below).

Pursuant to Section 2 of the CA 1967, customs agent means any person approved under Section 90 of the CA 1967 to undertake any customs transactions on behalf of another person.

Companies intending to operate as freight forwarding agents/customs agent and shipping agents are required to obtain the relevant licenses from Royal Malaysia Customs Department (RMCD) in accordance with Section 90 of the CA 1967.

Pursuant to the guidebook on logistic services (“**Guidebook**”) issued by the Malaysia Investment Development Authority (“**MIDA**”), it is stated that for a company to qualify for a freight forwarding agents/customs agent license, it must first obtain an integrated international logistic services (IILS) status from MIDA before acquiring the license from the RMCD.

(B) *Malaysian Quarantine and Inspection Services Act 2011*

Section 11 of the Malaysian Quarantine and Inspection Services Act 2011 (“**MAQIS Act 2011**”) provides that no person shall import and export any plant, animal, carcass, fish, agricultural produce, soil or microorganism without a permit, licence or certificate issued under this act.

Section 15 of the MAQIS Act 2011 provides that any person who is involved in the importation or exportation of plants, animals, carcasses, fish, agricultural produce, soils or microorganisms shall comply with any import conditions as specified in the permit, licence or certificate or export conditions as specified in the permit or licence.

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An application for a permit, licence or certificate to import or a permit or licence to export any plant, animal, carcass, fish, agricultural produce, soil or microorganism shall be made to the Director General of Quarantine and Inspection in the manner as determined by the Director General of Quarantine and Inspection and shall be accompanied by the prescribed fees.

Any person who is involved in the importation and exportation of any plant, animal, carcass, fish, agriculture produce, soil or microorganism who contravenes the above commits an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 6 years or to both and, for a second or subsequent offence to a fine not exceeding RM150,000 or to imprisonment for a term not exceeding 7 years or to both.

3. Laws and Regulation Relating to Consumer Protection

(A) The Consumer Protection Act 1999

The Consumer Protection Act 1999 ("CPA 1999") is an act enacted to provide greater protection for the consumer. All the products shall meet the requisite safety standards including, the performance, composition, contents, manufacture, processing, design, construction, finish or packaging of the goods, the testing of the goods during or after manufacture or processing and the form and content of markings, warnings or instructions to accompany the goods.

The person supplying or offering to supply the goods or services shall adopt and observe a reasonable standard of safety to be expected by a reasonable consumer, due regard being had to the nature of goods or services concerned.

Failure to comply the same will on conviction be liable, if such person is a body corporate, to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

CPA 1999 also provides for consumer's right of redress against manufacturers, which includes, obtaining damages from the manufacturer for the reduction in the value of the goods resulting from the manufacturer's failure, namely: (i) the reduction below the price paid or payable by the consumer for the goods; or (ii) the reduction below the average retail price of the goods at the time of supply, whichever price is lower; and for any loss or damage to the consumer resulting from the manufacturer's failure, other than loss or damage through a reduction in the value of the goods, which is proved to be a result or consequence of the failure.

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(B) The Price Control and Anti-Profiteering Act 2011

The Price Control and Anti-Profiteering Act 2011 (“**PCAPA 2011**”) provides that any person who in the course of trade or business, making profit unreasonably high in selling or offering to sell or supplying or offering to supply any goods or services commits an offence.

The Price Control and Anti-Profiteering (Mechanism to Determine Unreasonably High Profit) Regulations 2018 (“**PCAPR 2018**”) was issued by the Malaysia Government in exercise of the powers conferred by the PCAPA 2011.

The PCAPR 2018 applies to any goods sold or offered for sale and any services supplied or offered for supply. The PCAPR 2018 provides for a mechanism to determine unreasonably high profit through the mark-up percentage or the margin percentage using the prescribed formulas.

In addition, Malaysian government may from time to time imposes the maximum wholesale price and retail price for certain commodities. Pursuant to the Price Control and Anti-Profiteering (Determination of Maximum Price) (No. 3) Order 2018 which came into effect on 1 September 2018, the price of the “coarse grain white refined sugar” is capped at a maximum of RM2.77 per kg for the wholesale price and RM2.85 per kg for the retail price and the price of the “fine grain white refined sugar” is capped at a maximum of RM2.85 per kg for the wholesale price and RM2.95 per kg for the retail price.

Besides, the price for “pure palm cooking oil packed in bottle” is also subject to retail price control at a maximum of RM6.70 per 1 kg, RM12.70 for 2 kg, RM18.70 for 3 kg and RM29.70 for 5 kg pursuant to the Price Control and Anti-Profiteering (Determination of Maximum Price) (No. 6) Order 2021 which came into effect on 1 August 2021.

Further, the Malaysian government has, pursuant to the PCAPA 2011, implemented the Festive Season Price-Controlled Scheme (“**SKHMP**”) since the year 2000 in order to protect consumers against profiteering, to determine the maximum price of essential festive goods and to ensure that the goods are sold at the price determined and are readily available, during the essential festive seasons in Malaysia.

The duration for the implementation of the SKHMP is dependent on the duration of the specific festive season. It usually only lasts for a short period of not more than a month. In this respect, the types of the price-controlled goods will also be varied for each festive season depending on the festival concerned and prior announcement on the types of the price-controlled goods will be announced by the Malaysian government.

Any person who commits an offence including the contravention of the SKHMP shall, on conviction, be liable where such person is a body corporate, to a fine not exceeding RM500,000 and, for a second or subsequent offence, to a fine not exceeding RM1,000,000.

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However, as our Group is selling the cooking oil as a distributor based on the price range recommended by the supplier, therefore the sale price of the cooking oil by our Group is not subject to price control as the price control for pure palm cooking oil pursuant to Price Control and Anti-Profiteering (Determination of Maximum Price) (No. 6) Order 2021 is imposed on the retail price.

4. Employment and Labour Protection

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

The Employment (Restriction) Act 1968 (“**ERA 1968**”) provides that no person shall employ in Malaysia, a non-citizen unless there has been a valid employment permit issued. The company shall first obtain employment of foreign workers quota approval from the Ministry of Home Affairs Malaysia.

According to the Ministry of Home Affairs Malaysia, the employment of foreign workers is limited to the following approved sectors that is, the manufacturing, construction, agriculture, plantation, and services sector and the approved source countries for employment of foreign workers are as follows –

<u>Source Country</u>	<u>Sectors</u>
Thailand	All sectors that is, manufacturing, construction, agriculture, plantation and services sectors.
Cambodia	
Myanmar	
Laos	
Vietnam	
Kazakhstan	
Nepal	
Pakistan	
Sri Lanka	
Turkmenistan	
Uzbekistan	
Bangladesh	Plantation via G2G agreement.
Philippines	Female workers are not allowed to work in all sectors.
Indonesia	Male workers from Indonesia are allowed to work in all sectors except the manufacturing sector. Female workers from Indonesia are allowed to work in all sectors.
India	Services (goldsmith, wholesale/retail, restaurant-cooks only, metal/scrap materials and recycling, textiles and barbers), construction (high tension cables), agricultural and plantation sectors.

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The employment of foreign workers is also subject to payment of levies (in Peninsular) by the employers according to sectors, as follows –

Sectors	Levy Rate
Manufacturing	RM1,850
Construction	RM1,850
Plantation	RM640
Agricultural	RM640
Services (island resort)	RM1,850
Services	RM1,850

Upon obtaining the approval from the Ministry of Home Affairs Malaysia to employ foreign workers, the company is required to submit applications for Employment Pass to Foreign Workers Division, Immigration Department of Malaysia.

An employment permit shall unless sooner cancelled or suspended, be valid for a period not exceeding 2 years and it may, on the expiry of its period of validity be renewed.

Failure to comply will result the employer being fined not exceeding RM5,000 or to imprisonment for a term not exceeding one year or both wherein the word of “employer” is defined under ERA 1968 as any person who has entered into a contract of service to employ any other person as an employee includes the agent, manager or factor of such first mentioned person.

(B) The Immigration Act 1959/63

The Immigration Act 1959/63 (“**IA 1959**”) is an act relating to immigration. No person other than a citizen shall enter Malaysia unless (a) he is in possession of a valid entry permit; (b) his name is endorsed upon a valid entry permit and he is in the company of the holder of such entry permit; (c) he is in possession of a valid pass; or (d) an exemption has been granted to him under the IA1959.

Any person who employs one or more persons, other than a citizen or a holder of an entry permit who is not in possession of a valid pass shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM50,000 or to imprisonment for a term not exceeding 12 months or to both for each such employee.

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(C) Minimum Wages Order 2020 and Minimum Wages Order 2022

The Minimum Wages Order 2020 (“**MWO 2020**”) and the Minimum Wages Order (“**MWO 2022**”) impose minimum wages on all employees.

The MWO 2020 was gazetted on 10 January 2020 in accordance with Subsection 23(1) of the National Wages Consultative Council Act 2011 (“**NWCCA 2011**”), which comes into effect on 1 February 2020.

Pursuant to Paragraph 4 of the MWO 2020, the minimum wages rates payable to an employee in Peninsular Malaysia was RM1,200 per month or RM5.77 per hour for private sector workers in Peninsular Malaysia, is applicable only for those city council or municipal council areas as specified in the Schedule of the MWO 2020.

In contrast and pursuant to Paragraph 4 of the MWO 2022 and with effect from 1 May 2022, the minimum wages rates payable to an employee was revised to RM1,500 per month, or RM7.21 per hour and is applicable only for:

- (i) employer who employs five (5) or more employees in a company; and
- (ii) regardless of the number of employees employed, employer who carries out a professional activity classified under the Malaysia Standard Classification of Occupations (“**MASCO**”) as published officially by the Ministry of Human Resources.

Pursuant to Paragraph 5 of the MWO 2022 and with effect from 1 January 2023, the minimum wages rates payable to an employee was also revised to RM1,500 per month, or RM7.21 per hour and is applicable for an employer who employs less than 5 employees in a company other than an employer who carries out a professional activity classified under the MASCO as published officially by the Ministry of Human Resources.

Pursuant to Paragraph 6 of the MWO 2022 and with effect from 1 May 2022 to 31 December 2022, the minimum wages rates payable to an employee remained at RM1,200 per month, or RM5.77 per hour for employees working in city council or municipal council areas in contrast with RM1,100 per month, or RM5.29 per hour for employees working in areas other than the city council or municipal council as specified in the Schedule of the MWO 2020. Paragraph 6 of the MWO 2022 is applicable only for employer who employs less than 5 employees in a company other than an employer who carries out a professional activity classified under the MASCO as published officially by the Ministry of Human Resources.

Under NWCCA 2011, any party who fails to comply with the order, if convicted, can be fined up to RM10,000 for each offence and RM1,000 per day for a continuing offence. Repeat offenders may face penalties of up to RM20,000 or five years’ jail.

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(D) The Occupational Safety and Health Act 1994

The Occupational Safety and Health Act 1994 (“**OSHA 1994**”) provides a legislative framework to promote standards for safety and health at work. Pursuant to the provisions contained in the OSHA 1994, the employer has a duty to ensure, so far as is practicable, the safety, health and welfare at work of the employees. A person who contravenes the Act shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 2 years or to both.

The safety, health and welfare of persons at work are regulated under OSHA 1994 which is under the purview of the Department of Occupational Safety and Health, Ministry of Human Resources.

It is required by OSHA 1994 that every employer shall establish a safety and health committee at the place of work if (a) there are 40 or more persons employed at the place of work; or (b) the Director General of Occupational Safety and Health directs the establishment of such a committee at the place of work. The committee’s main function is to review the safety and health measures and investigate any matters arising thereof. Companies engaging in manufacturing activities which employ more than 500 employees are required to employ a competent person to act as a safety and health officer at the place of work. Failure to comply will attract a fine of not exceeding RM5,000 or to imprisonment for a term not exceeding six months or to both.

Where a body corporate contravenes any provisions of the OSHA 1994 or any regulations made thereunder, every person, who at the time of the commission of the offence is a director, manager, secretary or other like officer of the body corporate shall be deemed to have contravened the provision and may be charged jointly in the same proceedings with the body corporate or severally, and every such director, manager, secretary or other like officer of the body corporate shall be deemed to be guilty of the offence.

(E) The Employees Provident Fund Act 1991

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

Under EPFA 1991, both the employer and employee are required to make contributions to the employee’s individual account in the EPF. The employers are required to contribute EPF to employees who are Malaysian citizens or permanent residents. Expatriates and foreign workers, who are not Malaysian citizens or permanent residents are not required to contribute EPF unless they elect to do so. 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.

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The Employees Provident Fund (Amendment of Third Schedule) Order 2020 which comes into operation on 1 April 2020 provides for the rate of contribution for Malaysian citizens and permanent residents in Malaysia effective from 1 April 2020 to 31 December 2020. The minimum employee contribution to the EPF will be reduced by 4% from 11% to 7%. However, EPF members have the option to elect to continue deduction at a higher rate.

The EPF further announced on 28 November 2020 that for the year 2021, the employee’s share of statutory rate of contribution shall be reduced from 11% to 9% and will be in effect for an entire year, affecting wages for the months of January 2021 to December 2021. Similarly, EPF members have the option to elect to continue deduction at a higher rate.

However, on 1 July 2022, the Employees Provident Fund (Amendment of Third Schedule) Order 2022 has come into operation and it provides that the rate of contribution for employees who are Malaysian citizens and permanent residents in Malaysia onwards would return to 11% effective from 1 July 2022 onwards.

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 1991, register with the EPF Board unless he is already registered with the EPF Board.

If the employer fails to make the required contribution to the EPF within the prescribed period, the company and the directors will be jointly and severally liable to pay in respect of or on behalf of any employee, the said contributions which is inclusive of any dividend and interest due on any contribution and shall, on conviction, be liable to imprisonment for a term not exceeding 3 years or to a fine not exceeding RM10,000 or to both.

5. Taxation

(A) *Income Tax Act 1967*

Pursuant to the Income Tax Act 1967 (“**ITA 1967**”), income tax shall be charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia. Section 7 of ITA 1967 defines tax resident as an individual who has been residing in Malaysia for 182 days of the tax year.

A company will be a tax resident in Malaysia if its management and control is exercised in Malaysia.

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Resident companies with a paid-up capital of more than RM2,500,000 and non-resident companies are subject to a tax rate of 24% during the year of assessment 2019-2021.

Resident companies with a paid-up capital of less than RM2,500,000, are subject to a tax rate of 17% for the first RM500,000 and 24% for any sum in excess of RM500,000 for the year of assessment 2019. The rates described will not apply if such resident company is a member of a group of companies where any of its related company has a paid-up capital of RM2,500,000 or more.

Furtherance thereto, for year of assessment 2020 and 2021, resident companies with a paid-up capital of RM2,500,000.00 or less, they are taxed at the rate of 17% for the first RM600,000.00 and 24% for any subsequent balance thereto.

Pursuant to the Income Tax (Deduction from Remuneration) Rules 1994 and the Income Tax (Deduction from Remuneration) (Amendment) Rules 2015, it is mandatory for employers to make deductions from their employees' remuneration every month in accordance with the Monthly Tax Deduction Schedule. Employer shall then pay to the Director General the deducted remuneration by the 15th day of the month following the month of deduction.

(B) Goods and Services Tax Act 2014, Sales Tax Act 2018 & Service Tax Act 2018

The Goods and Services Tax Act 2014 ("**GSTA 2014**") provides that goods and services tax ("**GST**"), at 6%, is chargeable on all taxable supplies of goods and services made in the course or furtherance of a business in Malaysia and importation of goods into Malaysia by a taxable person. A taxable person is a person who makes taxable supplies in Malaysia with annual turnover exceeding RM500,000 and who is required to be registered with the Royal Malaysian Customs.

The Goods and Services Tax (Rate of Tax) (Amendment) Order 2018 has substituted all rate of taxes from the 6% to 0% and has come into operation on 1 June 2018.

Effective 1 September 2018, the Goods and Service Tax (Repeal) Act 2018 provides that the GSTA 2014 is repealed and replaced by Sales Tax Act 2018 and Service Tax Act 2018. Pursuant to Sales Tax Act 2018, sales tax is charged and levied on all the taxable goods, manufactured and sold, used or disposed of in Malaysia by a registered manufacturer or imported into Malaysia by any person. Sales tax is an ad valorem tax and different rates applied based on groups of taxable goods.

Pursuant to Sales Tax (Total Sale Value of Taxable Goods) Order 2018, the total sale value of taxable goods for the purpose of registration as a registered manufacturer is RM500,000 per annum.

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Whereas pursuant to the Service Tax Act 2018, any person who render services as specified under the Service Tax Regulations 2018 are subject to the service tax. The rate of service tax shall be charged at the rate of 6%.

As the Group is neither involved in any manufacturing activities nor are rendering any services, the Group is not subjected to the sales and service tax regime.

Any person who intends to evade or assist any other person to evade sales tax commits an offence and shall on conviction, be liable to a fine not less than 10 times and not more than 20 times the amount of service tax or to imprisonment for a term not exceeding 5 years or to both.

(C) Promotion of Investments Act 1986

The Promotion of Investments Act 1986 (“**PIA 1986**”) is an act to make provision for promoting by way of relief from income tax the establishment and development in Malaysia of industrial, agricultural and other commercial enterprises, for the promotions of exports and for incidental and related purposes.

One of the main tax incentives provided under the PIA 1986 is the pioneer status, which is granted by Ministry of International Trade and Industry Malaysia (“**MITI**”).

Pioneer status provides for income tax exemption of 70% to 100% of statutory income for 5-10 years. Unabsorbed capital allowances and accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer status of the company.

Pursuant to the guideline for application for tax incentives for companies providing cold chain facilities issued by MIDA, companies providing cold chain facilities and services for perishable agricultural products are eligible for certain tax incentives such as the pioneer status or investment tax allowance (“**Cold Chain Incentives**”). New companies that are granted with pioneer status are eligible with tax exemption of 70% of statutory income for a period of 5 years and existing companies are eligible with tax exemption of 70% on the increased statutory income arising from reinvestment for a period of 5 years.

Pursuant to the guideline for application for tax incentives for companies providing cold chain facilities issued by MIDA, a company undertakes integrated logistics services activities are eligible for certain tax incentives such as the pioneer status or investment tax allowance (“**ILS Incentives**”), whether new entrants or existing logistics services providers intending to expand/diversify into integrated operations. The company with the grant of pioneer status will be eligible for income tax exemption of 70% of the statutory income for a period of 5 years.

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Any company which has been granted pioneer status shall within 24 months from the date of such grant or such extended period as MITI allow, request for a pioneer certificate. The tax relief period of a pioneer company shall begin on the day as specified in the pioneer certificate and continue for a period of 5 years and may make an application for extension of tax relief period for another 5 years subject to the discretion of MITI with the concurrence in writing of the Minister of Finance.

6. Foreign Exchange Control

(A) *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 2013") 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 allow non-residents to remit out divestment proceeds, profits, dividends or any income arising from investments in Malaysia. Repatriation, however, it must be made in foreign currency.

Based on the aforementioned, the Company 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 the Company's ability to repatriate dividends or distribution to the Company and could adversely affect the Group's financial condition.

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7. Environment

(A) Environmental Quality Act 1974

Pursuant to Section 21 of the Environmental Quality Act 1974 (“**EQA 1974**”), the Minister may, after consultation with the Council, specify acceptable conditions for the emission, discharge or deposit of wastes into the environment.

Pursuant to Section 45 of EQA 1974, the Director General or any Deputy Director General of Environmental Quality or any other public officer or any local authority to which the Director General of Environmental Quality has delegated such power in writing, may compound any offence under EQA 1974 or the regulations made thereunder which is prescribed by the Ministry of Energy, Science, Technology, Environment & Climate Change to be a compoundable offence with a compound or fine not exceeding RM2,000.

8. COVID-19 Related Disclosure

(A) Prevention and Control of Infectious Diseases (Measures Within the Infected Local Areas) Regulations 2020

On 16 March 2020, the Government of Malaysia exercised its power under the Prevention and Control of Infectious Diseases Act 1988 and issued the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations 2020 (“**PCIDR 2020**”) to regulate the first phase of the movement control order (“**MCO**”) which is effective from 18 March 2020 until 31 March 2020.

The movement control order was then further extended into the second phase from 1 April 2020 to 14 April 2020 pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 2) Regulations 2020 (“**PCIDR (No. 2) 2020**”), third phase from 15 April 2020 to 28 April 2020 pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 3) Regulations 2020 (“**PCIDR (No. 3) 2020**”), fourth phase from 29 April 2020 to 12 May 2020 pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 4) Regulations 2020 (“**PCIDR (No. 4) 2020**”).

On 1 May 2020, the Government of Malaysia announced that all economic sectors and businesses (save for those that are specifically excluded) will be allowed to resume operations, subject to conditions and standard operating procedures, from 4 May 2020 (“**Conditional Movement Control Order/ CMCO**”). On 3 May 2020, the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 5) Regulations 2020 (“**PCIDR (No. 5) 2020**”) were gazetted to regulate the CMCO for the fifth phase period from 4 May 2020 to 12 May 2020 and revoked the PCIDR (No. 4) 2020.

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The CMCO was extended to the sixth phase from 13 May 2020 to 9 June 2020 pursuant to Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 6) Regulations 2020 (“**PCIDR (No. 6) 2020**”).

On 7 June 2020, the Government of Malaysia announced that the country would transition from CMCO, which was in force until 9 June 2020, to a recovery movement control order (“**RMCO**”). In line with this, the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 7) Regulations 2020 (“**PCIDR (No. 7) 2020**”) were gazetted on 10 June 2020 to regulate the RMCO seventh phase period from 10 June 2020 to 31 August 2020. The RMCO was extended to the eighth phase from 1 September 2020 to 31 December 2020 pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 8) Regulations 2020 (“**PCIDR (No. 8) 2020**”) and ninth phase from 1 January 2021 to 31 March 2021 pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 9) Regulations 2020 (“**PCIDR (No. 9) 2020**”).

On 11 January 2021, the Government of Malaysia announced the reinstatement of MCO and CMCO for some states while some states remained under the RMCO. These measures will remain in force for two weeks from 13 January 2021 to 26 January 2021 pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (Movement Control) Regulations 2021 (“**PCIDR (Movement Control) 2021**”), Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (Conditional Movement Control) Regulations 2021 (“**PCIDR (Conditional Movement Control) 2021**”) and Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (Recovery Movement Control) Regulations 2021 (“**PCIDR (Recovery Movement Control) 2021**”).

The MCO was subsequently extended for six more phases in certain states of Malaysia until 17 May 2021, pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (Movement Control) (No. 2) Regulations 2021 (“**PCIDR (Movement Control) (No. 2) 2021**”), Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (Movement Control) (No. 3) Regulations 2021 (“**PCIDR (Movement Control) (No. 3) 2021**”), Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (Movement Control) (No. 4) Regulations 2021 (“**PCIDR (Movement Control) (No. 4) 2021**”), Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (Movement Control) (No. 4) (Amendment) (No. 2) Regulations 2021 (“**PCIDR (Movement Control) (No. 4) Amendment No. 2 2021**”), Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (Movement Control) (No. 4) (Amendment) (No. 8) Regulations 2021 (“**PCIDR (Movement Control) (No. 4) (Amendment) No. 8 2021**”) and Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (Movement Control) (No. 4) (Amendment) (No. 13) Regulations 2021 (“**PCIDR (Movement Control) (No. 4) (Amendment) No. 13 2021**”). The states in Malaysia with lower number of confirmed cases were placed under the more relaxed CMCO or RMCO.

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Due to consistent high numbers of COVID-19 infections in the country, it was announced on 28 May 2021 that Malaysia will enter into a phase of full lockdown nationwide between the period of 1 June 2021 until 14 June 2021 pursuant to the Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (No. 2) Regulations 2021 (“**PCIDR (Measures within Infected Local Areas) (No. 2) Regulations 2021**”). The lockdown was then extended from 15 June 2021 until 28 June 2021 pursuant to the Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (No. 3) Regulations 2021 (“**PCIDR (Measures within Infected Local Areas) (No. 3) Regulations 2021**”).

On 15 June 2021, the Government of Malaysia unveiled the National Recovery Plan (“**NRP**”) which comprises four phases. The key threshold indicators for the four phases are the COVID-19 infection rate in the community, capacity of the public healthcare system, and vaccination rate. On 27 June 2021, the Government of Malaysia announced that the first phase of the NRP would be extended from 29 June 2021 until the thresholds for implementing the second phase are attained, namely the number of new COVID-19 cases falls below the 4,000-mark, there is moderate demand for beds in the intensive care unit, and 10 per cent of the population is fully vaccinated.

As most states in Malaysia have achieved the thresholds imposed, they have slowly transitioned to phase three and phase four of the NRP where social distancing measure were relaxed in light of the improved COVID-19 infection numbers alongside the stabilization of the hospital situation.

To give effect to the extension of the first phase of NRP, the Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (No. 4) Regulations 2021 (“**PCIDR (Measures within Infected Local Areas) (No. 4) Regulations 2021**”) were gazetted on 28 June 2021 and came into force on 29 June 2021. Subsequently, the PCIDR (Measures within Infected Local Areas) (No.4) Regulations 2021 were revoked and replaced by the Prevention and Control of Infectious Diseases (Measures Within Infected Local Areas) (National Recovery Plan) Regulations 2021 (“**PCIDR (Measures Within Infected Local Areas) (National Recovery Plan) Regulations 2021**”) that came into force on 5 July 2021.

The PCIDR 2020, PCIDR (No.2) 2020, PCIDR (No.3) 2020, PCIDR (No. 4) 2020, PCIDR (No.5) 2020, PCIDR (No.6) 2020, PCIDR (No.7) 2020, PCIDR (No.8) 2020, PCIDR (No.9) 2020, PCIDR (Movement Control) 2021, PCIDR (Conditional Movement Control) 2021, PCIDR (Recovery Movement Control) 2021, PCIDR (Movement Control)(No.2) 2021, PCIDR (Movement Control) (No.2) (Amendment) (No.3) 2021, PCIDR (Movement Control) (No.3) 2021, PCIDR (Movement Control) (No.4) 2021, PCIDR (Movement Control) (No.4) Amendment No.2 2021, PCIDR (Movement Control) (No. 4)(Amendment) No. 8 2021, PCIDR (Movement Control) (No. 4) (Amendment) No. 13 2021, PCIDR (Measures within Infected Local Areas) (No. 2) Regulations 2021, PCIDR (Measures within Infected Local Areas) (No. 3) Regulations 2021, PCIDR

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(Measures within Infected Local Areas) (No. 4) Regulations 2021 and PCIDR (Measures Within Infected Local Areas) (National Recovery Plan) Regulations 2021 shall collectively be known as “**PCIDR**”.

The PCIDR regulate amongst others, the control of movement, movement to learning institution, control of gathering and requirement to those arriving in Malaysia to undergo compulsory health examination. Pursuant to the PCIDR, no person shall carry out, organize, undertake or otherwise be involved in, any prohibited activity as specified in the PCIDR, which include amongst others outbound tour activities by a citizen and inbound tour activities involving foreign tourists entering Malaysia except foreign tourists from countries as specified by the minister, activities in pubs and night clubs except restaurant business in pubs and night clubs and any activity which many people in attendance at a place making it difficult to carry out social distancing.

Any person who contravenes any provision of the PCIDR 2020 or any direction of the director general or an authorized officer commits an offence and shall, on conviction, be liable to a fine not exceeding RM1,000 or to imprisonment for a term not exceeding 6 months or to both. Where any person who commits an offence under the PCIDR 2020 is a company or other body of persons, a person who at the time of the commission of the offence was a director, compliance officer, partner, manager, secretary or other similar officer of the company or other body of persons or was purporting to act in the capacity or was in any manner or to any extent responsible for the management of any of the affairs of the company or other body of persons or was assisting in its management: (a) may be charged severally or jointly in the same proceedings with the company or the body of persons; and (b) if the company or the body of persons is found guilty of the offence, shall be deemed to be guilty of that offence and shall be liable to the same punishment or penalty as an individual unless, having regard to the nature of his functions in that capacity and to all circumstances, he proves that the offence was committed without his knowledge, consent or connivance; and that he took all reasonable precautions and had exercised due diligence to prevent the commission of the offence.

The Malaysian National Security Council (“**NSC**”) Guideline further provides for the standard operating procedures which include amongst others the following, that a company engaged in the manufacturing sector is required to:

- (i) have a disease prevention protocol;
- (ii) conduct health screening on its employees on a daily basis;
- (iii) report to the nearest health office of the health of its employee;
- (iv) conduct disinfection of its premise;

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- (v) ensure social distancing and safety procedures are adhered to for the health of its employees;
- (vi) adhere to safety ethics in general area of the premise; and
- (vii) have an emergency response protocol.

As at the Latest Practicable Date, the Government of Malaysia has introduced a number of measures to support domestic businesses, including amongst others, wage subsidy, flexible work arrangement incentives, cost cutting measure, special relief facility for SME, deferment of loans or financing facilities, restructuring of loans or financing facilities, provision of additional policy stimulus and reduction of the corridor of overnight policy rate, automatic deferment of tax payments, rental relief and tax relief for covid-19 related expenses.

On 8 March 2022, the Government of Malaysia announced that as of 7 March 2022, 98.7% of the adults in the country have completed 2 doses of Covid vaccination and 64% of the adults have also taken Covid vaccination booster. Although with the rise of Covid cases in the country, the cases under Category 3, 4 and 5 are only 0.7%. After taking into several factors, the Government of Malaysia announced that the country will be transitioning from the “Recovery Phase” into the “Endemic Phase” starting from 1 April 2022 with some of the measures taken by the country will be loosened, where amongst others, operation hours for businesses will no longer be limited but wearing of face masks will remain mandatory.

Further, with the re-opening of the borders of Malaysia on 1 April 2022, whereby, amongst others, Malaysian will be able to enter or leave the country as usual with valid travel documents and at the same time visitors to Malaysia with valid travel documents can also enter and leave the country without applying for a pass.

The Malaysian government has further revised on the standard operating procedures in Malaysia where more relaxations are implemented and came into effect on 1 May 2022. In particular, all businesses are allowed to operate from 15 May 2022.

(B) Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) Act 2020

The Temporary Measures for Reducing the Impact Of Coronavirus Disease 2019 (COVID-19) Act 2020 (“**COVID-19 Act 2020**”) was published on 23 October 2020 (“**Publication Date**”) and provides for the temporary measures to reduce the impact of COVID-19 including to modify the relevant provision of the laws and regulations in Malaysia.

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The temporary measures stipulated under the COVID-19 Act 2020 includes amongst others, relief for inability to perform contractual obligations between 18 March 2020 to 31 December 2020, which has subsequently been extended pursuant to the Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) (Extension of Operation) Order 2020 for the period from 1 January 2021 to 31 March 2021, and extended for a second time pursuant to Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) (Extension of Operation) Order 2021 for the period from 1 April 2021 to 30 June 2021. Further extension was granted by virtue of the Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) (Extension of Operation) (No.2) Order 2021 for the period from 1 July 2021 until 31 December 2021.

The Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) (Extension of Time) Order 2021 which was published on 3 February 2021 is deemed to have come into operation on 18 March 2020. It grants an extension of time until 31 March 2021 for the authorities to perform their statutory duties and obligations under the Customs Act 1967, Excise Act 1976, Goods Vehicle Levy Act 1983, Free Zones Act 1990, Countervailing and Anti-Dumping Duties Act 1993, Windfall Profit Levy Act 1998, Safeguards Act 2006, Tourism Tax Act 2017, Sales Tax Act 2018, Service Tax Act 2018, Departure Levy Act 2019 and any subsidiary legislation made that could not be performed from 18 March 2020 to 9 June 2020 due to the measures prescribed, made or taken under the Prevention and Control of Infectious Diseases Act 1988.