LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN INDONESIA

REGULATORY OVERVIEW

Our business operations in Indonesia are subject to various laws and regulations. Please find below an overview of the key laws and regulations relating our business.

GENERAL INVESTMENT REQUIREMENTS

A foreign investor which intends to establish a business in Indonesia must comply with certain regulations related to the investment sector. In general, investment activities in Indonesia are regulated by Law No. 25 of 2007 on Investments which then was amended by the Job Creation Law (as amended, the "**Indonesian Investment Law**"). Currently, investment activities in Indonesia are coordinated and supervised by the Ministry of Investment/Indonesian Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*) – "**BKPM**" as the authorized agency in the investment field. The followings are the requirements related to conducting investment activities that must be complied by a business actor:

Indonesia Standard Industrial Classification (*Klasifikasi Baku Lapangan Usaha di Indonesia* – "KBLI")

In performing and monitoring the business sectors in Indonesia, the Indonesian Government has issued the Indonesia Standard Industrial Classification – or KBLI, which serves as a classification for the existing and regulated business lines. Currently, the applicable KBLI is as stipulated and regulated under Statistics Indonesia (*Badan Pusat Statistik* – "**BPS**") Regulation No. 2 of 2020 ("**KBLI 2020**"), which revoked the prior applicable KBLI that was regulated under Head of BPS Regulation No. 19 of 2017.

KBLI is also used to determine such company's minimum investment value, required licensing, and also foreign shareholder restrictions. Article 12 (1) of the Indonesian Investment Law states that all business sectors shall be opened to investment activities, except for business sectors that are declared to be closed to investment or activities that can only be carried out by the Indonesian central government.

After the implementation of the Indonesian Investment Law, the President of the Republic of Indonesia has issued the President Regulation No. 77 of 2007 dated July 3, 2007 which was last amended by the President Regulation No. 10 of 2021 regarding Investment Business Fields, which was partially amended by the Presidential Regulation No. 49 of 2021 on May 25, 2021 ("**PR 49/2021**"). Furthermore, Article 2 of PR 49/2021 (1a) states that the aforementioned open business sectors refer to the business sectors that are commercial in nature.

Capital Requirement and Certain Shares Ownership

Indonesian laws also regulate the capital requirement for companies in accordance with their sizes, i.e., micro, small, medium, or large-scale businesses.

As a further note, Article 12 of Guidelines and Procedures for Risk-Based Business Licensing Services and Investment Facilities ("**BKPM Regulation No. 4/2021**") stipulates that (every) business that is classified as a Foreign Direct Investment (*Penanaman Modal Asing*) Company shall be categorized as a large-scale business, which therefore must comply with the minimum investment value and capital requirement which shall be more than Indonesian Rupiah ("**IDR**") 10 billion for each line of business according to the KBLI codes (5 digits) and per project

location, unless specified otherwise by the laws and regulations. Every new Foreign Direct Investment made subsequent to the enactment of BKPM Regulation No. 4/2021 are also required to have a minimum issued and paid-up capital of at least IDR 10 billion.

In relation to the general investment requirements in Indonesia, Article 33 (1) of the Indonesian Investment Law stipulates that both domestic and foreign investors investing in the form of a limited liability company are prohibited from entering into an agreement and/or making a statement asserting that the ownership of shares in a limited liability is for and on behalf of another person. According to Article 33 (2) of the Indonesian Investment Law, violation of the abovementioned regulation will result in such agreement being declared as null and void.

Repatriation

The Indonesian Investment Law also regulates matters regarding repatriation, in which an investor may transfer the assets they own to any party the investors desire in accordance with the laws and regulations. Pursuant to Article 8 (3) of the Indonesian Investment Law, the investors shall be granted the right to perform transfer and repatriation in foreign currencies for a number of reasons as defined within the relevant regulations.

In relation to the above, Article 8 (5) of the Indonesian Investment Law further states that the existence of this repatriation right does not reduce the Indonesian Government's authority to (a) enforce the provisions of the laws and regulations which requires the reporting of such fund transfers; (b) impose tax on investments in accordance with the provisions of the laws and regulations; (c) enforce the laws protecting the rights of creditors; and (d) enforce the law in order to avoid losses to the state.

GENERAL COMPANY LICENSING REQUIREMENTS

General Company Licensing

The Government Regulation No. 5 of 2021 on the Implementation of Risk-Based Business Licensing ("**GR No. 5/2021**") stipulates that businesses are required to fulfill certain general requirements for business licensing and/or risk-based business licensing in order to conduct its business in the territory of Indonesia. Under Article 176 of the GR No. 5/2021, businesses shall obtain a business identification number ("**NIB**") as a business identity and legality of the business, which remains valid as long as the company still conducts its business activities. Furthermore, Article 12-14 of the GR No. 5/2021 regulates the business licensing obligations i.e. NIB, standard certificate, and business license depending on the level of risk of the relevant business activity. Pursuant to Article 212 (2) of GR No. 5/2021, a NIB can be revoked and terminated under certain circumstances.

Environmental Licenses

Article 40 (1) of Law No. 32 of 2009 on Environmental Protection and Management as partially amended by the Job Creation Law (as amended, "**Indonesian Environmental Law**"), stipulates that an environmental license is required to obtain a business license.

In general, the environmental license under the law of Indonesia is divided into three categories: (i) Environmental Impact Assessment (*analisis mengenai dampak lingkungan* – "**AMDAL**"); (ii) Environmental Management Efforts and Environmental Monitoring Efforts (*Upaya Pengelolaan Lingkungan – Upaya Pemantauan Lingkungan* – "**UKL-UPL**"); or (iii)

the Statement of Capability for Environmental Management and Monitoring (*Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup* – "**SPPL**"), depending on the environmental risk of each activity and/or business.

Based on Article 22 of Indonesian Environmental Law, should an activity and/or business be deemed as having significant impact on the environment, the relevant activity and/or business is mandated to obtain AMDAL. In addition, pursuant to Article 34 of Indonesian Environmental Law, every activity and/or business that does not have a significant impact on the environment and is not included in the mandatory AMDAL criteria must have UKL-UPL. Moreover, the activity and/or business that does not have a significant impact on the environment and is not included in the mandatory UKL-UPL criteria must have an SPPL.

Based on the Minister of the Environment Regulation No. 4 of 2021 on List of Businesses and/or Activities that Must Have Environmental Impact Assessment, Environmental Management Efforts and Environmental Monitoring Efforts, or the Statement of Capability for Environmental Management and Monitoring ("**MOER No. 4/2021**"), there are certain obligations to obtain environmental license in conducting construction activity, depending on the relevant built-up area.

Pursuant to Article 82A and Article 82C of Indonesian Environmental Law, if business actors conduct business activities without obtaining the valid licenses, administrative sanctions could be imposed in stages.

Business Licensing

Postal Service Regulation

In general, postal service activities in Indonesia could be classified into two categories: (i) Courier Activities; and (ii) Universal Postal Services, which are further elaborated below:

Courier Activities

In order to conduct business activities under KBLI 53201 (Courier Activities), a Postal Operator shall obtain a postal operator license issued by the Ministry of Communication and Information Technology ("**MOCI**").

Based on Article 5 of the Indonesian Postal Law, Article 3 of Government Regulation No. 46 of 2021 on Postal, Telecommunication and Broadcasting ("**GR No. 46/2021**") and Article 6 of MOCI Regulation No. 4 of 2021 on Postal Operation ("**MOCIR No. 4/2021**"), the services of Postal Operators include the following: (a) delivering written communications and/or electronic mail; (b) delivering packages; (c) logistic services; (d) facilitating financial transactions; and/or (e) provision of services as postal agent.

After obtaining the postal operator license, under the MOCIR No. 4/2021, a Postal Operator has to fulfil certain obligations including: (a) submitting an annual Postal Operation Report to MOCI; (b) payment of the Universal Postal Services (*Layanan Pos Universal*, "**LPU**") Implementation Contribution fees on an annual basis; and (c) submission of the LPU Implementation Contribution Payment supporting documentation.

Pursuant to Article 124 (1) and (3) of MOCIR No. 4/2021, failure to comply or fulfil the aforementioned obligations shall result in the company being subject to administrative sanctions. The imposition of administrative sanctions can be carried out in stages or independently for each type of administrative sanction.

Universal Postal Services

Based on Article 1.3 of MOCIR No. 4/2021, LPU includes certain types of postal services that are guaranteed by the government to reach the entire territory of the Republic of Indonesia which allow people to send and/or receive mail. In addition, under Article 57 of MOCIR No. 4/2021, the operator of LPU is assigned by MOCI and determined by Ministerial Decree.

The business activity of Universal Postal Activities is classified under KBLI 53100 (Postal Activities, or previously known as the Universal Postal Activities). In order to carry out business under KBLI 53100 (Postal Activities), the postal company would have to fulfil certain additional criteria including: (a) be appointed by MOCI; (b) has experience in conducting postal activities for a minimum of 25 (twenty-five) years; (c) owns and/or controls the postal network throughout the territory of Indonesia; and (d) has the capability and resources to deliver postal items worldwide.

Joint Venture Between Foreign Postal Operator and Indonesia Postal Operator

Article 113 of MOCIR No. 4/2021 states that Foreign Postal Operators would be allowed to conduct postal activities within the territory of the Republic of Indonesia subject to the following conditions: (a) the Foreign Postal Operator must enter into a joint venture with an Indonesian Postal Operator; and (b) the operational area will be limited to only the provincial capital.

Such Foreign Postal Operators can only conduct postal activities in Indonesia by establishing a new joint venture entity ("**new JV**") with an Indonesian Postal Operator. The new JV must be incorporated in Indonesia and the Foreign Postal Operator is allowed to subscribe for a certain percentage of shares during the establishment of the new JV.

Pursuant to the elucidation of Article 11 (1) (b) of Indonesian Postal Law, the Foreign Postal Operator refers to foreign business entities that provide postal services outside of Indonesia. According to our consultation with MOCI, the Foreign Postal Operator and any of its affiliates are different separate entities. As such, the operation of its affiliates will not be taken into consideration as the operations of the relevant Foreign Postal Operator (separate entities). In conclusion, if a parent company does not conduct the business of courier activities but the affiliates do, such parent company cannot be considered as a Postal Operator (and vice versa).

A Foreign Non-Postal Operator Cannot Subscribe for Shares in an Indonesian Postal Company

Based on Article 11 of the Indonesian Postal Law, an Indonesian Postal Operator could cooperate with a Foreign Non-Postal Operator. However, such cooperation between Indonesian Postal Operators and Foreign Non-Postal Operators expressly prohibits the Foreign Non-Postal Operator (or any holding entities it may control) from directly owning shares of the Indonesian Postal Operator. This position has been further confirmed by MOCI following a formal consultation.

Trade Activities Regulations

In Indonesia, trade activities are generally governed under the Law No. 7 of 2014 on Trade as partially amended by the Job Creation Law (as amended, "**Trade Law**"). Based on Article 24 Trade Law, a business that conducts trade activities shall obtain the relevant business licensing i.e., Trade Business License (*Surat Izin Usaha Perdagangan* – "**SIUP**").

Pursuant to Article 24 of the Trade Law, every business owner who carries out trading business activities but does not fulfill/obtain a business license is subject to administrative sanctions.

In addition, pursuant to Article 106 of Trade Law, business owners who carry out trading business activities without a business license for trade activities might face imprisonment of up to 4 (four) years and/or a maximum fine of IDR 10,000,000,000.

MANDATORY INVESTMENT REPORT (LAPORAN KEGIATAN PENANAMAN MODAL – "LKPM")

In relation to investment activities that are being conducted in Indonesia, BKPM has issued a set of regulations, which stipulate the need for companies to submit LKPM to the BKPM periodically. The obligation of submitting LKPM varies, depending on the size and capitalization of the company.

Pursuant to Article 47 of BKPM Regulation No. 5/2021, failure to comply or fulfil the aforementioned obligations shall result in the company being subject to administrative sanctions which will be imposed in stages.

EMPLOYMENT LICENSES, WORK SAFETY AND HEALTH REQUIREMENTS AND EMPLOYEE SOCIAL AND HEALTH INSURANCE

Employment Licenses

Law No. 13 of 2003 as partially amended by the Job Creation Law (as amended, the "**Employment Law**") governs employment related issues. Based on Article 42 of the Employment Law in conjunction with Article 6 of Government Regulation No. 34 of 2021 regarding the Recruitment of Foreign Workers ("**GR No. 34/2021**"), the employment of foreign workers necessitates a Foreign Workers Recruitment Plan (*Rencana Penggunaan Tenaga Kerja Asing* – "**RPTKA**") validated by the Ministry of Manpower. After obtaining the RPTKA, pursuant to Article 27 of GR No. 34/2021, the employer is required to obtain stay permits for their foreign workers residing in Indonesia, namely Limited Stay Permit (*Izin Tinggal Terbatas* – "**ITAS**"), which is further regulated by the Minister of Law and Human Rights Regulations No. 16 of 2018 on Visa and Stay Permit for Foreign Workers ("**MOLHR Regulation No. 16/2018**"). The GR No. 34/2021 further stipulates additional requirements whereby failure to comply shall result in the company being subject to administrative sanctions.

In addition, Law No. 7 of 1981 on the Mandatory Manpower Report in a Company (the "**Manpower Report Law**") states that every company in Indonesia must submit an annual report regarding its manpower (known as *Wajib Lapor Ketenagakerjaan di Perusahaan* – "**WLKP**") to the relevant authority. The consequences for not complying with the obligation to report WLKP pursuant to Article 10 of the Manpower Report Law include: (a) fine up to the maximum amount of IDR 1,000,000 or (b) detention for up to 3 (three) months if the employer has failed to comply with its obligations for the second time or more.

Pursuant to Article 108 of Employment Law, a company that employs at least 10 (ten) employees must have company regulations regulating: (a) the rights and obligations of the employees and employers; (b) working terms and conditions; (c) company procedure; and (d) the validity period of the company regulations.

Pursuant to Article 111 of Employment Law, company regulations will remain to be effective for the period of 2 (two) years. The company regulations will be effective after it has been ratified by the Ministry of Manpower.

Work Safety and Health Requirements

Indonesian laws and regulations protect every employee's right to safe working conditions, which is governed by the Law No. 1 of 1970 on Occupational Health and Safety ("**Occupational Health and Safety Law**"). The provisions set out in the Occupational Health and Safety Law cover all working places conducted in the territory of the Republic of Indonesia and stipulate the employers which would be required to implement Occupational Health and Safety Management Systems. Any violation of Article 87 of the Employment Law would result in administrative sanctions to be imposed in stages governed under Article 190 of Employment Law.

Employee Social and Health Insurance

Pursuant to Article 14 and 15 of Law No. 24 of 2011 on Agency of Employee Social Security (*Badan Penyelenggaraan Jaminan Sosial* – "**BPJS**") as partially amended by the Job Creation Law (as amended, "**BPJS Law**"), Indonesian employers are obliged to register themselves and their workers for BPJS. Pursuant to Article 14 of the BPJS Law, domestic and foreign employees who work for a minimum of 6 (six) months in Indonesian territory are obliged to obtain BPJS, which is registered by employers.

Pursuant to Article 6 of BPJS Regulation No. 6 of 2018 on Health Insurance Program Participation Administration as partially amended by BPJS Regulation No. 6 of 2019 on Amendment BPJS Regulation No. 6 of 2018 on Health Insurance Program Participation Administration ("**BPJS Regulation No. 6/2018**"), everyone is obliged to participate and contribute to the health insurance program.

According to Article 19 of BPJS Law, the employer is also obliged to contribute to the BPJS of its employees on a monthly basis. The contribution shall be collected from both the employer and the employee. Based on Article 17 of BPJS Law in conjunction with Article 5 (2) of the Government Regulation No. 86 of 2013 on the procedures for imposing administrative sanctions to employers other than state administrators and any persons, other than employers, employees, and assistance recipients in the administration of social security, the non-compliance of this obligation will be subject to administrative sanctions.

The sanctions will be given in stages in the forms of: (a) written warning; (b) fine payment; and/or (c) rejection to obtain public services. However, if the employer has been given a sanction in form of point (c) above, then the employer will be denied from applying any licenses related to its employee or its business. Therefore, it is crucial for the employer to register the BPJS.

Following the issuance of Government Regulation in Lieu of the Law No. 2 of 2022 on Job Creation, the Government has now issued Government Regulation No. 37 of 2021 on the Implementation of Loss of Job Security Program ("**GR No. 37/2021**") which sets out further

provisions on the organization of the unemployment insurance program (*jaminan kehilangan pekerjaan* – "**JKP**"), a program held by the Indonesian central government and BPJS employment that guarantees workers that have been laid off to obtain certain benefits.

Based on Article 2 of GR No. 37/2021, employers are required to register their workers as members of the JKP program if they are eligible.

Further, based on Article 37 of GR No. 37/2021, an employer's (with the exception of micro-scale employers) failure to register their workers under the JKP program will result in them having to provide the following benefits to workers if they are terminated: (a) cash payments, in accordance with the provisions elaborated upon in the above table; and (b) work training.

TRANSACTION REQUIREMENTS

Mandatory Use of Rupiah Currency

Bank of Indonesia ("**BI**"), as the authorized authority which supervises the monetary and the banking system of Indonesia, issued Bank Indonesia Regulation No. 17/3/PBI/2015 on Mandatory Use of Rupiah in the Territory of the Republic of Indonesia ("**BI Regulation No. 17/2015**") and Circular Letter of Bank Indonesia No. 17/11/DKSP of 2015 on Mandatory Use of Rupiah in the Territory of the Republic of Indonesia ("BI Circular Letter No. 17/2015"), in order to achieve and maintain the stability of Rupiah as the official currency of Indonesia.

Under Article 2 and 3 of BI Regulation No. 17/2015, BI provides the obligation for all parties (regardless of the nationality) to use Rupiah as the lawful currency of Indonesia in any transactions (both cash and non-cash) conducted within the territory of the Republic of Indonesia. The mandatory use of Rupiah is applicable to any transaction that is: (1) intended for payment purposes; (2) intended to fulfill obligations that must be performed by money; and (3) intended for other financial services transactions, such as the deposit of money into a bank account – whether it is conducted by Indonesian or non-Indonesian parties. Article 4 and 5 of BI Regulation No. 17/2015 further set out certain exemptions to the mandatory use of Rupiah.

Should a violation of BI No. 17/2015 be incurred, sanctions in the form of a maximum of a one-year imprisonment or fine of up to IDR 200,000,000 (two hundred million Indonesian Rupiah) could be imposed. Moreover, Articles 18 and 20 of BI No. 17/2015 also stipulate an administrative sanction should any party refuse to use Rupiah in any non-cash transactions.

PERSONAL DATA PROTECTION

Data security, cybersecurity and privacy in Indonesia are generally regulated under Law of Indonesia No. 27 of 2022 on Personal Data Protection ("**PDP Law**"), which came into force on October 17, 2022. According to PDP Law, there are two forms of subjects deemed to be involved in personal data processing, namely, individuals or entities who process personal data ("**Personal Data Processor**"), and individuals or entities who control and determine the objective of personal data processing are personal data controllers ("**Personal Data Controller**"). Under Article 18 of the PDP Law, two or more Personal Data Controllers may jointly carry out personal data processing, provided that there are: (i) an agreement between the Personal Data Controllers which contain the role, responsibility, and relation between the Personal Data Controllers; (ii) a jointly determined interrelated goals and methods of processing the personal data; and (iii) a jointly appointed contact person.

Pursuant to the PDP Law, in processing the personal data, Personal Data Controller and/or Personal Data Processors have the obligations to, among others:

(a) obtain the consent from owners of personal data;

(b) only carry out the processing of personal data on a limited and specific matter, lawful, and transparent in accordance with its purposes;

(c) ensure the accuracy, completeness, and consistency of personal data in accordance with the laws and regulations through verification;

(d) record all activities on the processing of personal data and provide access for its owner at the owner's request;

(e) restrict/deny access of personal data alteration if such alteration: (i) endangers the security, physical health, or mental health of the personal data owner and/or other persons; (ii) results in the disclosure of personal data of other people; and/or (iii) is against the interest of national defense and security;

(f) carry out risk assessment of personal data protection for high-risk data processing (e.g. high impact on the owner, large scale processing, new processing technology); and

(g) protect and ensure the security and confidentiality of the original and processed personal data, including supervision and control of the parties involved in the personal data processing, prevention and control against unlawful processing.

Additionally, based on Article 53 of the PDP Law, there are conditions where the Personal Data Processor and Personal Data Controller must appoint a Data Protection Officer, among others if it is a large-scaled Personal Data processing which requires regular and systematic monitoring or involving specific Personal Data. The PDP Law also stipulates the general provisions on removal and destruction of personal data as well failure of the personal data protection.

The Personal Data Controller, Personal Data Processor and other parties related to the processing of personal data must comply to the provisions of the PDP Law at the latest within 2 years as of the promulgation of the PDP Law, i.e. no later by October 17, 2024. After the lapse of such date, any non-compliances with the PDP Law shall result in the imposition of (a) administrative sanctions, which may be imposed in stages in the forms of written notification, temporary suspension on the personal data processing activities, removal and/or destruction of personal data, and/or administrative fines; or (b) criminal sanctions, which for corporation is in the form of fines up to IDR60 billion as well as other supplemental criminal sanctions which may be imposed.

The PDP Law also provided that further provisions on certain technical matters will be further regulated in the implementing regulation (government regulation) of the PDP Law, which could cover among others: (i) filing on the objection of automatic personal data processing; (ii) violation on personal data processing as well as its compensation procedures; (iii) rights of a personal data owner to use and circulate personal data; (iv) implementation of personal data processing; (v) notification procedures on the storing, transfer, deletion, or destruction of personal data; (vi) personal data protection officer; (vii) transfer of personal data; and (viii) administrative sanctions. However, until the Latest Practicable Date, the Indonesian Government has not issued any further government regulations to serve as the implementing regulations to the PDP Law.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN THE PHILIPPINES

REGULATORY OVERVIEW

Our business operations in Philippines are subject to various laws and regulations. Please find below an overview of the key laws and regulations relating to our business.

REGULATION OF PUBLIC UTILITIES, LAND OWNERSHIP, AND OTHER RELATED MATTERS

Foreign Ownership Restriction

The Philippine Constitution restricts the operation of a public utility to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. It also mandates that all the executive and managing officers of such public utility be citizens of the Philippines. Private express and/or messenger delivery service, as well as domestic airfreight forwarding, were previously considered to be public utilities.

The Philippine Constitution likewise restricts the ownership of land to Philippine nationals and to corporations at least 60% the capital of which is owned by citizens of the Philippines.

Republic Act No. 7042 (as amended, the ("**Foreign Investments Act**"), defines a Philippine national as, among others, a citizen of the Philippines or a corporation organized under the laws of the Philippines of which at least sixty percent (60%) of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines. Under Memorandum Circular No. 8, series of 2013 issued by the Philippine Securities and Exchange Commission (the "**PSEC**"), the minimum Filipino percentage of ownership applies to both (a) the total number of outstanding shares of stock entitled to vote in the election of directors, and (b) the total number of outstanding shares of stock, whether or not entitled to vote in the election of directors.

Commonwealth Act No. 108, known as the Anti-Dummy Law ("**ADL**"), imposes criminal liability upon, among others, (a) any entity exercising a right or franchise that is reserved for Philippine citizens or entities without complying with the required ownership by Philippine citizens, (b) any person who allows his name or citizenship to be used for the purpose of evading such ownership requirement, or (c) who falsely simulates the existence of the required minimum percentage of Philippine ownership. The ADL also penalizes persons, corporations or partnerships that allow foreigners to intervene in the management, control or administration of such entity and any person who knowingly aids, assists or abets in the planning, consummation or perpetration of such acts by imprisonment and/or fine. It also limits the participation of foreign shareholders in the governing body of corporations covered thereunder to the foreign shareholders' proportionate share in the corporation's capital, and mandates that the corporation's officers and employees be Filipino citizens, except for alien technical personnel specifically authorized by the Secretary of the Philippine Department of Justice ("**DOJ Secretary**").

Commonwealth Act No. 146, as amended (the "**Public Service Act**"), lists common carriers and freight service in the definition of the term "public service." On March 21, 2022, the President has signed into law Republic Act No. 11659 or an Act Amending Commonwealth Act No. 146, otherwise known as the Public Service Act, ("**PSA Amendment**"), which shall take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation. It was published in the online version of the Official Gazette on March 23, 2022

and in a newspaper of general circulation on March 25, 2022. Thus, it became effective on April 7, 2022. The implementing rules to the PSA Amendment was published on March 20, 2023 and took effect on April 4, 2023.

The PSA Amendment provides for an exclusive enumeration of what constitutes a public utility and states that "[n]o other person shall be deemed a public utility unless otherwise subsequently declared by law."

Under the PSA Amendment, private express and/or messenger delivery service, as well as domestic airfreight forwarding, are no longer considered public utilities and are therefore no longer subject to minimum 60% Filipino ownership.

REGULATIONS ON FREIGHT FORWARDING

Freight Forwarding by Air (Domestic and International)

Republic Act No. 776 or the Civil Aeronautics Act of the Philippines ("**Civil Aeronautics Act**") provides for the regulatory framework for freight forwarding by air. It defines an air freight forwarder as an indirect air carrier which, in the ordinary and usual course of its undertaking, assembles and consolidates or provides for assembling and consolidating such property or performs or provides for the performance of break-bulk and distributing operations with respect to consolidated shipments, and is responsible for the transportation of property from the point of receipt to point of destination and utilizes for the whole or any part of such transportation the services of a direct air carrier.

Pursuant to the provisions of the Civil Aeronautics Act, an entity may only be allowed to operate an as airfreight forwarder if it possesses a Certificate of Authority to engage in the business of an International and/or Domestic Freight Forwarder issued by the Civil Aeronautics Board ("**CAB**"). Permits for domestic freight forwarding may only be granted to citizens of the Philippines. For this purpose, "citizen of the Philippines" means (a) an individual who is a citizen of the Philippines; or (b) a partnership of which each member is such an individual; or (c) a corporation or association created or organized under the laws of the Philippines, of which the directing head and two-thirds (2/3) or more of the Board of Directors and other managing officers are citizens of the Philippines, and in which 60% of the voting interest is owned or controlled by persons who are citizens of the Philippines. The PSA Amendment has repealed this nationality restriction. No permit may be transferred without the prior approval of the CAB. Operating without an authorization by CAB is subject to administrative and criminal penalties.

Pursuant to its authority under the Civil Aeronautics Act, the CAB issued Economic Regulation No. 4 ("**ER-4**") or the Economic Regulation on Air Freight Forwarder and Off-line Carriers. Among other things, ER-4 requires securing (i) a letter of authority issued by the CAB before operating as an air freight forwarder and (ii) CAB approval before adopting a commercial or business name. Further, no air freight forwarder shall engage in the performance of transfer, collection or delivery services unless it files with the CAB a satisfactory certificate of insurance evidencing a properly endorsed insurance policy or surety bond, conditioned to pay any final judgment recovered against it on account of, among other things, loss of or damage to property, resulting from the negligent operation, maintenance or use of motor vehicle operation by or under its direction and control.

Freight Forwarding by Sea (Domestic and International)

Executive Order No. 514 ("**EO 514**") provides for the regulatory framework for freight forwarding by sea and grants to the Philippine Shippers' Bureau (the "**PSB**"), now, the Fair Trade Enforcement Bureau of the Department of Trade and Industry ("**FTEB**") the power to, among others, register and accredit non-vessel operating common carriers, freight forwarders, cargo consolidators and break-bulk agents in accordance with existing agreements and charge reasonable fees therefor.

Pursuant to the foregoing authority, the PSB issued the Revised Rules on Freight Forwarding (the "**PSB Rules**"), which the FTEB has adopted. The PSB Rules, defines an international freight forwarder as a local entity that acts as a cargo intermediary and facilitates transport of goods on behalf of its client without assuming the role of a carrier. An international freight forwarder can also perform other forwarding services, such as booking cargo space, negotiating freight rates, preparing documents, advancing freight payments, providing packing/crating, trucking and warehousing, engaging as an agent/representative of a foreign Non-Vessel Operating Common Carrier/cargo consolidator named in a master bill of lading as consignee of a consolidated shipment, and other related undertakings.

A domestic freight forwarder, on the other hand, is defined under the PSB Rules as an entity that facilitates and provides the transport of cargo and distribution of goods within the Philippines on behalf of its client.

The PSB Rules require international and/or domestic freight forwarders to secure a Certificate of Accreditation from the FTEB in order to conduct sea freight forwarding activities. The Certificate of Accreditation has a life span of two years unless sooner cancelled or revoked under the PSB Rules. The Certificate of Accreditation cannot be transferred, alienated, or inherited, in any manner.

A company must obtain the necessary certificate depending on its business. Moreover, every branch of an international and domestic freight forwarder must first be accredited before such branch can legally engage in the freight forwarding business. Violations of the PSB Rules may result in the imposition of fines and other administrative penalties.

Foreign Ownership Restriction in Freight Forwarding

Domestic freight forwarding was previously considered a "public utility" which is subject to a minimum of 60% Filipino ownership requirement. However, the PSA Amendment has taken out this activity from the definition of a "public utility" that is restricted to Filipinos and to corporations at least 60% of the capital of which is owned by Filipino citizens.

There was a divergence of opinion with regard to whether international freight forwarding may be foreign-owned. On the one hand, the PSEC, citing issuances of the Philippine Department of Justice ("**DOJ**"), has opined that corporations engaged exclusively in international freight forwarding are considered beyond the purview of the nationality requirement for the operation of public utilities and therefore, may be owned up to 100% by foreigners. On the other hand, a division of the Court of Appeals had ruled in *Merit Freight International, Inc. v. Federal Express Pacific, Inc.*, C.A.-G.R. SP No. 119658 and *Ace Logistics Inc., v. Federal Express Pacific, Inc.*, C.A.-G.R. SP. No. 121661, (consolidated) (January 23, 2013), which involved a complaint against the grant of provision and regular permit to Federal Express to operate as an international freight forwarder, that foreign corporations are disqualified from operating as international airfreight forwarders in the Philippines, being violative of the nationality restrictions under the Philippine Constitution. In this case, the Court of Appeals mentioned the

DOJ opinion which ruled that international airfreight forwarders are not covered by the nationality requirement, but nevertheless held that, while the DOJ opinion is persuasive, the court is not bound by the resolution of the DOJ Secretary. The case is pending appeal with the Supreme Court. In the meantime, however, the PSEC has issued opinions reiterating its view that international freight forwarding may be foreign-owned.

This issue is now rendered moot with the passage of the PSA Amendment as mentioned above. Thus, international freight forwarding activity is no longer considered nationalized – i.e., subject to the 40% foreign ownership restriction.

REGULATIONS ON PRIVATE EXPRESS AND/OR MESSENGER DELIVERY SERVICE ("PEMEDES")

Authority to Operate PEMEDES

Presidential Decree No. 240 issued on July 9, 1973 states that no express and/or messenger delivery service firm shall operate in the Philippines without possessing an "Authority to Operate and/or Messenger Delivery Service" to be issued by the Postmaster General (now the Department of Information and Communications Technology or the "**DICT**").

Under Republic Act No. 7354 or the Postal Service Act of 1992, the Department of Transportation and Communications ("**DOTC**") (whose functions relating to the operation and maintenance of a national postal system including delivery services are transferred to the DICT) was given the exclusive power and authority to regulate the postal delivery services industry or those engaged in domestic postal commerce, including the registration and prequalification of any natural or juridical person, other than freight forwarders, who engage in the business of letter and parcel messengerial services, door-to-door delivery, or the transporting of the property of others that are similar to mail or parcel.

"Mail" or "mail matters" refer to all matters authorized by the government to be delivered through the postal service and shall include letters, parcels, printed materials, and money orders. "Parcel" means a rectangular box, the dimension and weight of which is as specified by the Philippine Postal Corporation or the Government containing goods or some form of transportable property intended for delivery to an addressee prominently displayed on at least one of its sides.

Under DOTC Department Circular No. 2001-01 ("**DC 2001-01**"), which the DICT has adopted as stated in DICT Department Order No. 001, Series of 2017, an "Express and/or Messengerial Delivery Service Firm" is defined as those that own, operate, manage or control in the Philippines, for hire or compensation, with general or limited clientele, whether permanent, occasional or accidental, and for general business purposes, any service for the personal delivery to other persons, of written messages and any mail matter, except telegram.

The DICT has proposed revised rules in procedures for applications for issuance/grant/renewal of authority to operate PEMEDES, including the processing, hearing, and adjudicating applications thereof and the investigation of complaints in connection with the operation of such services.

DC 2001-01 provides that only citizens of the Philippines or entities at least 60% of whose capital stock is owned by citizens of the Philippines may apply to operate a PEMEDES. The DICT has not yet amended this notwithstanding the passage and effectivity of the PSA Amendment.

A holder of a PEMEDES license must comply with certain terms and conditions, including that:

- any change in the composition of the stockholders/stockholdings, directors and officers must be submitted to the DICT for prior approval and/or notations;
- the grantee shall neither lease, transfer, sell or assign the authority and the rights and privileges appurtenant thereto to any person, firm, company, corporation or other legal entity nor merge with any other person, company or corporation organized for the same purpose, without the approval of the DICT;
- the grantee shall not allow other persons or entities to operate under its authority to operate PEMEDES under a contract of agency, on commission basis or other arrangements; and
- the grantee shall not open or operate a branch in authorized places without notifying the DICT within 10 days prior to actual operations; and
- Any violation of the conditions will be subject to corresponding penalties or ground for revocation or cancellation of such authority.

The DICT has recently issued Department Circular No. 001, Series of 2022 dated April 8, 2022 ("**DC 2022-001**") which rationalizes the registration, accreditation and monitoring of PEMEDES operators. Under DC 2022-001, the ICT Infrastructure and Services and Enabling Division ("**IISED**") (formerly the Postal Regulation Division) is created to expedite the application process for new entrants for the PEMEDES industry. The IISED is under the control and supervision of the DICT Office of the Undersecretary for Digital Philippines ("**OUDP**") and will handle the processing and evaluation for registration of, among others, PEMEDES operators and their subsequent monitoring and regulation. Under the DC 2022-001, the OUDP and IISED are tasked to ensure that all relevant processes are simplified through process reengineering and through the use of appropriate digital technologies. They are also authorized to impose and collect reasonable fees to cover the costs of administration and regulation over the PEMEDES operators, among others.

Messenger's Work License

Every operator of PEMEDES must also secure from the DICT a Messenger's Work License for every person it employs as a messenger. The Messenger's Work License will be valid for two years and may be renewed for the same period after the messenger concerned is ascertained to have no derogatory record. However, notwithstanding the requirement under the PEMEDES Rules obtain Messenger's Work Licenses, the DICT is not able to process applications for messenger's work licenses. Consequently, the DICT issued Department Circular No. 002 dated February 21, 2020, which requires PEMEDES operators to submit (i) a complete list of employees functioning as messengers/couriers, and (ii) their respective Messenger's Work License Number, if any.

REGULATIONS ON DATA PRIVACY

Republic Act No. 10173 (Data Privacy Act of 2012) (the "**DPA**"), its implementing rules and regulations, and the issuances of the National Privacy Commission ("**Philippine NPC**") govern the processing of all types of personal information "Personal Information" is defined as any information whether recorded in a material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual. The DPA applies to any natural and juridical person involved in personal information processing including those personal information controllers and processors who, although not found or established in the Philippines, use equipment that are located in the Philippines, or those who maintain an office, branch or agency in the Philippines, subject to certain exceptions.

The DPA expressly requires that before an entity can collate, process, and then use or share personal data, the personal information controller or processor must have a lawful criterion or basis for processing, such as consent (which is defined as any freely given, specific, informed indication of will, whereby the data subject agrees to the collection and processing of his or her personal data). Such entity must also register with the Philippine NPC and appoint a data protection officer.

The DPA and its implementing rules require personal information controllers and processors to have a data protection officer or compliance officer who shall be accountable for ensuring compliance with applicable laws and regulations for the protection of data privacy and security.

Personal information controllers ("**PICs**") and personal information processors ("**PIPs**") must also (i) conduct a privacy impact assessment as part of the organizational security measures pursuant to Philippine NPC Advisory No. 2017-03, and (ii) register its data processing system with the Philippine NPC if any of the following thresholds are met: (a) it employs at least 250 employees; (b) the processing it conducts is likely to pose a risk to the rights and freedoms of the data subjects; (c) it processes the sensitive personal information of at least 1,000 individuals; or (d) the processing involves automated decision making or profiling, pursuant to Philippine NPC Circular No. 2022-04. PICs and PIPs who do not fall under mandatory registration and do not undertake voluntary registration are required to submit a sworn declaration to the Philippine NPC stating, among other things, why they are not required to register.

PICs and PIPs are also required to constitute a data breach response team and proper documentation under Philippine NPC Circular No. 2016-03.

Data sharing arrangements (which involves the transfer of disclosure of personal information from one personal information to another personal information controller) and data outsourcing arrangements (which involve the transfer or disclosure of personal information from a personal information controller to a personal information processor) are also regulated under the DPA and its implementing rules and regulations.

Non-compliance with the DPA is subject to administrative and criminal penalties. On August 8, 2022, the Philippine NPC issued Philippine NPC Circular No. 2022-01 or the Guidelines on Administrative Fines. Philippine NPC Circular No. 2022-01 provides for the imposition of administrative fines for data privacy infractions committed by PICs and PIPs. Depending on whether the violation is grave or major, the Philippine NPC will impose administrative fines ranging from 0.5% to 3% and 0.25% to 2%, respectively, of the annual gross income of the PIC or PIP that committed the infraction. As for other violations, the PIC or PIP shall be subject

to an administrative fine of not less than Philippine Peso ("**PHP**") 50,000 but not exceeding PHP200,000 for either of the following: (1) failure to register the true identity or contact details of the PIC, the data processing system, or information on automated decision making; or (2) failure to provide updated information as to the identity or contact details of the PIC, the data processing system, or information on automated decision making. The failure to comply with any Order, Resolution, or Decision of the Philippine NPC, or of any of its duly authorized officers, will result to an administrative fine not exceeding PHP50,000 on top of the fine imposed for the original infraction. Philippine NPC Circular No. 2022-01 also enumerates the circumstances that will be taken into consideration in computing the fine. PICs or PIPs that refuse to pay the administrative fine may be subject to a Cease and Desist Order, other processes or reliefs as the Philippine NPC may be authorized to initiate pursuant to the DPA, and appropriate contempt proceedings under the Rules of Court. Philippine NPC Circular No. 2022-01 applies prospectively. Complaints already filed to the Philippine NPC are not affected by the said issuance.

REGULATIONS ON COMPETITION LAW

Republic Act No. 10667 (Philippine Competition Act) ("**PCA**") is the primary competition policy of the Philippines. It came into effect on August 8, 2015 and was enacted to provide free and fair competition in trade, industry and all commercial economic activities. The PCA prohibits practices that restrict market competition through anti-competitive agreements and abuse of a dominant position and requires parties to notify and obtain clearance for certain mergers and acquisitions. The PCA prescribes administrative and criminal penalties for violations of its provisions.

The PCA also requires compulsory notification for mergers and acquisitions which meet certain thresholds. Starting March 1, 2023, the thresholds are PHP7 billion for the Size of Party Test and PHP2.9 billion for the Size of Transaction Test. These thresholds are subject to annual adjustment based on the Gross Domestic Product of the Philippines.

REGULATIONS ON EMPLOYMENT

General Labor Standards

The Labor Code of the Philippines, as amended ("**Philippine Labor Code**") and various labor laws govern the employer's relationship with its employees and provide the minimum benefits the employer is required to provide to its employees. These laws include minimum wage requirements, mandatory leave benefits, mandatory health benefits, overtime compensation, retirement pay, separation pay, and other wage and benefit requirements. The non-payment of statutory benefits or the payment of benefits that are less than those required by law may expose an employer to (i) monetary claims subject to a three-year prescriptive period; (ii) issuance of compliance order or writ of execution during labor inspection audits of the Department of Labor and Employment ("**DOLE**"); and (iii) potential criminal liability in case of non-compliance with the compliance order. Further, if the employer is unconditionally and consistently providing benefits that are greater than what the law provides, it cannot unilaterally reduce, diminish, discontinue or withdraw such benefits without violating the principle of non-diminution of benefits.

Labor Unions

The Philippine Labor Code and Department Order No. 40, series of 2003, as amended, issued by the DOLE set out the guidelines for the formation of labor unions. In unionized establishments, the collective bargaining agreement ("**CBA**") entered into by the management

with the labor union governs the terms and conditions of employment of the union members. Labor unions in the Philippines that have been certified as sole and exclusive bargaining agents may request the management to enter into a CBA and negotiate the terms of their employment, including salaries and benefits, which may be higher than the minimum required by law. While a CBA is effective for five years, the union may renegotiate the economic terms (or those provisions affecting the salaries and benefits of the employees) not later than three years from the execution of the agreements, which may further result in periodic increase of costs for the employer.

Under the Philippine Labor Code, the management has the duty to enter into collective bargaining negotiations with a union in good faith. The management should be cautious not to perform any of the following unfair labor practices: (a) require as a condition of employment that a person or an employee shall not join a labor organization or shall withdraw from one to which he belongs; (b) contract out services or functions being performed by union members when such will interfere with, restrain, or coerce employees in the exercise of their right to self-organization; (c) discriminate as regards to wages, hours of work, and other terms and conditions of employment in order to encourage or discourage membership in any labor organization; and (d) dismiss, discharge, prejudice or discriminate against an employee for having given or being about to give testimony under the Philippine Labor Code. Unfair labor practices violate the constitutional right of workers and employees to self-organization, and are inimical to the legitimate interests of both labor and management. The commission of unfair labor practices exposes the employer to civil and criminal liabilities.

Prohibition on Engagement of Foreign Nationals in Partly Nationalized Business

Section 2-A of the ADL prohibits the participation of non-Philippine nationals in the management, operation, administration or control of a company in wholly or partly nationalized business, whether as an officer, employee or laborer therein with or without remuneration, except where: (i) the Secretary of Justice specifically authorizes the employment of alien technical personnel; and (ii) the foreign nationals are elected as members of the board of directors or governing body of corporations or associations in proportion to their allowable participation in the capital of such entities. In DOJ Opinion No. 239 dated November 12, 1976, the term "technical personnel" would generally include any person who has special extraordinary or practical knowledge, specially of a mechanical or scientific occupation. Violations of the ADL may be punished by a penalty of imprisonment for not less than five but not more than 15 years and by a fine of not less than the value of the right, franchise or privilege enjoyed or acquired in violation of the ADL, but in no case less than PHP5,000 (approximately US$100). If the violator is a corporation, the penalties would be imposed on the President, manager, and directors of the company in question and any person who knowingly aids, assists, or abets in the planning, consummation, or perpetration of the violation.

Occupational Safety and Health Standards

Rule 1020 of the Occupational Safety and Health Standards ("**OSHS**") requires every employer to register its business with the relevant Regional Office of the DOLE on a per location basis within 30 days before the start of operations. In addition, the OSHS and DOLE Department Order No. 198, series of 2018 require employers to engage health personnel and safety officers and provide health facilities depending on the number of employees per location and the company's risk classification. The willful failure or refusal of an employer to comply with the OSHS requirements shall make it liable for administrative fines. The failure or refusal to comply with OSHS shall be deemed willful when done voluntarily, deliberately and intentionally. The penalty shall be computed on a per day basis until full compliance reckoned from the date of the notice of violation or service of the compliance order to the employer.

Registration with Social Welfare Agencies

Under the Social Security Act of 2018, social security coverage is compulsory for all employees under 60 years of age. An employer is obligated to deduct and withhold from each employee's monthly salary, wage, compensation or earnings, the employee's contribution, and the employer, for its part, makes a counterpart contribution for the employee, and remits both amounts to the Social Security System ("**SSS**"). This enables the employees to claim their pension, death benefits, permanent disability benefits, funeral benefits, sickness benefits and maternity-leave benefits. The failure to register employees or deduct contributions from the employees' compensation and remit the same to the SSS is punishable by a fine of not less than PHP5,000 but not more than PHP20,000 (approximately US$100 to US$400) and imprisonment for not less than six years and one day but not more than 12 years, or both, at the discretion of the court.

The Universal Health Care Act requires every employer to report its employees to the Philippine Health Insurance Corporation ("**PhilHealth**"), and deduct and withhold the contributions from the employee's salary, wage or earnings, make a counterpart contribution for the employee, and remit both amounts to PhilHealth. An employer who fails or refuses to register its employees or timely and accurately deduct contributions from the employee's compensation shall be punished with a fine of PHP50,000 for (approximately US$1,000) every violation per affected employee, or imprisonment of not less than six months but not more than one year, or both.

The Home Development Fund Law created the Home Development Mutual Fund ("**HDMF**"), a national savings program as well as a fund to provide for affordable shelter financing to Filipino workers. Coverage under the HDMF is compulsory for all SSS members and their employers. Under the law, an employer must deduct and withhold 2% of the employee's monthly compensation, up to a maximum of PHP5,000 (approximately US$100), and likewise make a counterpart contribution of 2% of the employee's monthly compensation, and remit the contributions to the HDMF. The non-compliance with the obligations under the HDMF Law is punishable by a fine of not less than, but not more than, twice the amount involved or imprisonment of not more than six years or both fine and imprisonment. When the offender is a corporation, the penalty will be imposed upon the members of the governing board and the President or General Manager, without prejudice to the prosecution of related offenses under the Revised Penal Code and other laws, revocation and denial of operating rights and privileges in the Philippines, and deportation when the offender is a foreigner.

Independent Contractor

Job contracting or outsourcing of work is allowed in the Philippines, but it is heavily regulated by the Labor Code of the Philippines, as amended, and DOLE Department Order No. 174, series of 2017 ("**DOLE DO 174-17**"). There is legitimate or permissible contracting where the contractor (i) is engaged in a distinct and independent business and undertakes to perform the job or work on its own responsibility, according to its own manner and method; (ii) has substantial capital to carry out the job farmed out by the principal on his account, manner and method, and investment in the form of tools, equipment and supervision; (iii) is free from the control and/or direction of the principal in all matters connected with the performance of the work except as to the result thereof; and (iv) enters into a service agreement that ensures compliance with all the rights and benefits of all the employees of the contractor under the labor laws. On the other hand, DOLE DO 174-17 prohibits labor-only contracting, which is an arrangement where the contractor merely supplies workers to an employer and any of the following arrangements exists: (i) the contractor does not have substantial capital or investments to perform the job, and the employees recruited and placed by the contractor are

performing activities which are directly related to the main business operation of the principal; or (ii) the contractor does not exercise the right to control over the performance of the work of the employee. In case of a finding of labor-only contracting, the contractor shall be considered merely as an agent of the principal who shall be responsible to the workers in the same manner and extent as if the latter were directly employed by the principal.

DOLE DO 174-17 also requires all entities acting as job contractors to register with the DOLE Regional Office where they principally operate. Failure on the part of the contractor to register with the DOLE gives rise to the presumption that it is engaged in the prohibited labor-only contracting.

TAXATION

Tax on Dividends

Cash and property dividends received from a domestic corporation by individual shareholders who are either citizens or residents of the Philippines are subject to income tax at a final withholding tax rate of 10%, which shall be withheld by the Philippine company. Subject to the applicable preferential tax rates under income tax treaties executed between the Philippines and the country of residence or domicile of such non-resident alien individuals, cash and property dividends received by (a) non-resident alien individuals engaged in trade or business in the Philippines are subject to income tax at a 20% final withholding tax rate on the gross amount thereof, and (b) non-resident alien individuals not engaged in trade or business in the Philippines are subject to income tax at a final withholding tax rate of 25% of the gross amount.

Cash and property dividends received from a domestic corporation by another domestic corporation or by resident foreign corporations are not subject to income tax, while those received by non-resident foreign corporations are generally subject to income tax at a final withholding tax rate 25%. The 25% income tax rate for dividends paid to a non-resident foreign corporation may be reduced to a lower rate of 15% if tax sparing applies, which is when the country of domicile of the non-resident foreign corporation allows a 10% (*i.e.*, the difference between the regular income tax rate and 15% tax on dividends) credit equivalent for taxes deemed to have been paid in the Philippines. A non-resident foreign corporation availing of the tax sparing rate is required under Revenue Memorandum Order ("**RMO**") No. 46-20 (Guidelines and Procedures for the Availment of the Reduced Rate of 15% on Intercompany Dividends Paid by a Domestic Corporation to a Non-resident Foreign Corporation Pursuant to section 28 (B) (5) (b) of the National Internal Revenue Code of 1997, as Amended, dated December 23, 2020) to file an application with the BIR for a confirmatory ruling on its entitlement to the tax sparing rate.

The abovementioned tax rates are without prejudice to applicable preferential tax rates under income tax treaties in force between the Philippines and the country of domicile of the non-resident shareholder. Most tax treaties to which the Philippines is a party provide for a reduced tax rate of 10% or 15% in cases where the dividend arises in the Philippines and is paid to a resident of the other contracting state. Most income tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the dividend, who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant dividend-earning interest is effectively connected with such permanent establishment. Under RMO 14-2021 (Streamlining the Procedures and Documents for the Availment of Treaty Benefits dated March 31, 2021), as clarified by Revenue Memorandum Circular No. 077-21, there are two ways to avail of the preferential tax rates under tax treaties, i.e., through request for confirmation ("**RFC**") or through a tax treaty relief application ("**TTRA**"). Accordingly, an RFC is filed by the withholding tax agent (or its

duly authorized representative) when the preferential rate under the tax treaty is applied, while a TTRA is filed by the non-resident income recipient (or its duly authorized representative) when the regular income tax rate is applied. If the RFC or TTRA is approved, the Bureau of Internal Revenue will issue a Certificate of Entitlement to Treaty Benefit ("**COE**"). RMO 20-2022 has clarified that taxpayers who were issued with COEs containing tenor allowing the ruling to be applied to subsequent or future payments (i.e., for recurring transactions such as the payment of dividends) are no longer required to file an RFC or TTRA every time an income of similar nature is paid to the same nonresident, as long as the requisites mentioned in the COE are met.

Transfer taxes (e.g., documentary stamp tax, local transfer tax) may also be payable in addition to income tax if the dividends declared are property dividends, depending on the type of property distributed as dividends. Stock dividends distributed pro rata to any holder of shares of stock outside of local stock exchange are generally not subject to Philippine income tax. However, the subsequent sale, exchange or disposition of shares in a domestic corporation that is not listed in the local exchange previously received as stock dividends by the shareholder is subject to capital gains tax and documentary stamp tax.

Corporate Income Tax

Generally, the Philippine Tax Code, as amended by the Corporate Recovery and Tax Incentives for Enterprises Act, imposes on a domestic corporation a tax of (i) 30% until June 30, 2020 and (ii) 25% starting July 1, 2020, on its taxable income from all sources within and outside the Philippines. If the corporation's net taxable income does not exceed PHP5,000,000 (approximately US$100,000) and its total assets do not exceed PHP100,000,000 (approximately US$2,000,000) (excluding land on which the corporation's office, plant and equipment are situated) during the taxable year for which the tax is imposed, the income tax rate will be further reduced to 20%. A minimum corporate income tax at the rate of 1% until June 30, 2023 and 2% thereafter of the gross income of the corporation as of the end of the taxable year, beginning on the fourth taxable year immediately following the year in which the corporation commenced its business operations, may be imposed in lieu of the ordinary income tax if the minimum corporate income tax is greater than the computed ordinary income tax for the taxable year. Certain passive incomes are subject to final tax rates different from the 25% rate imposed on ordinary income tax.

Aside from the corporate income tax, entities doing business in the Philippines are generally liable to pay other taxes, such as value-added tax, documentary stamp tax and local taxes.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN CHINA

REGULATORY OVERVIEW

Our business operations in China are subject to various laws and regulations. Please find below an overview of the key laws and regulations relating to our business.

REGULATIONS RELATING TO FOREIGN INVESTMENT

Investment activities in the PRC by foreign investors are principally governed by the Encouraging Catalog and the Negative List, which were promulgated and are amended from time to time by the MOFCOM and the NDRC. The Encouraging Catalog and the Negative List lay out the basic framework for foreign investment in the PRC, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted" and "prohibited". Industries not listed in the Encouraging Catalog and the Negative List are

generally deemed as falling into a fourth category "permitted". The NDRC and the MOFCOM promulgated the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the "**2022 Encouraging Catalog**"), on October 26, 2022, which became effective on January 1, 2023, and the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "**2021 Negative List**"), on December 27, 2021, to replace the previous encouraging catalog and negative list thereunder.

We are mainly engaged in express delivery services, which could not exclude the possibility of involving domestic express delivery services of letter in practices. According to the 2021 Negative List, foreign investments in domestic express delivery services of letter are prohibited. Therefore, we provide domestic express delivery services of letter through our Consolidated Affiliated Entities in China.

On March 15, 2019, the National People's Congress (the "**PRC NPC**") promulgated the PRC Foreign Investment Law (《中華人民共和國外商投資法》) (the "**FIL**"), which came into effect on January 1, 2020 and replaced the trio of laws regulating foreign investment in the PRC, namely, the PRC Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the PRC Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法》) and the PRC Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》). Its implementation rules promulgated by the State Council in December 2019 also came into effect on January 1, 2020. The FIL, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition.

According to the FIL, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list." The FIL provides that foreign invested enterprises operating in foreign "restricted" or "prohibited" industries will require entry clearance and other approvals. The FIL does not comment on the concept of "de facto control" or contractual arrangements with variable interest entities. However, it has a catch-all provision under definition of "foreign investment" to include investments made by foreign investors in China through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions to provide for contractual arrangements as a form of foreign investment. In addition, pursuant to the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect on January 1, 2020, a foreign investment information reporting system shall be established and foreign investors or foreign invested enterprises shall submit the investment information to competent departments for commerce through the enterprise registration system and the enterprise credit information publicity system.

Furthermore, the PRC FIL provides that foreign invested enterprises established according to the previous laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementation of the PRC FIL, which means that foreign invested enterprises may be required to adjust the structure and corporate governance in accordance with the current PRC Company Law (《中華人民共和國公司法》) and other laws and regulations governing the corporate governance.

On December 26, 2019, the State Council promulgated the Implementation Rules to the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》), which became effective on January 1, 2020. The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) which was promulgated by the NDRC and the MOFCOM on December 19, 2020 and became effective on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in.

REGULATIONS RELATING TO EXPRESS DELIVERY SERVICES

The PRC Postal Law (《中華人民共和國郵政法》), which was promulgated on December 2, 1986 and was most recently amended on April 24, 2015, sets out the fundamental rules on the establishment and operation of an express delivery company. Pursuant to the PRC Postal Law, an enterprise that operates and provides express delivery services must operate its express delivery business by obtaining a Courier Service Operation Permit. In order to apply for a Courier Service Operation Permit, a company must meet all the requirements as a corporate legal person and satisfy certain prerequisites with respect to its service capacity and management system, and its registered capital must be no less than RMB500,000 to operate within a province, autonomous region, or municipality directly under the central government, no less than RMB1,000,000 in the case of cross-provincial operation, and no less than RMB2,000,000 to operate international express delivery services.

Filing with the postal administrative department is required where an express delivery company sets up branches. The requirements for the establishment of a branch of express delivery company are specified in the Administrative Measures for Courier Service Market (《快遞市場管理辦法》) (the "**Courier Market Measures**"), which was announced by the Ministry of Transport in 2013. The Courier Market Measures stipulates that where any express delivery company establishes its branches or business departments, it must register with the local counterpart of the SAMR where such branches or business departments are located by submitting its Courier Service Operation Permit and a list of its branches and, such branches or business departments must, within 20 days after they obtain their relevant business licenses, file with the local postal administrative department. The PRC Postal Law stipulates that if an express delivery company fails to complete such required registration and/or filing with the relevant governmental authority, it may be ordered to rectify and to pay general fines of no more than RMB10,000. If the non-compliance situations are severe, a fine ranging from RMB10,000 to RMB50,000 can be imposed, and the offender may face suspension of its business operation before completing the rectification. State Postal Bureau and the Ministry of Transport publicly solicited opinions on Administrative Measures for Courier Service Market (Revised Draft For Comments) (《快遞市場管理辦法(修訂草案)》(徵求意見稿)》) in January 2022, which provides that an express delivery company must complete the registration with the local counterpart of SAMR within 20 days for its branches after it filed with the local postal administrative department for such branches, otherwise the filing with local postal administrative department will be revoked, while stipulating other operation requirements with respect to services standards, operation safety, and personal information protection, among others.

Pursuant to (i) the PRC Postal Law, (ii) the Courier Market Measures, (iii) the Administrative Measures on Courier Service Operation Permits(《快遞業務經營許可管理辦法》), which was promulgated on September 1, 2009 and was most recently amended on November 28, 2019, and (iv) the Interim Regulations on Express Delivery(《快遞暫行條例》), which was promulgated on March 2, 2018 and was mostly recently amended on March 2, 2019, any entity engaged in express delivery services must obtain a Courier Service Operation Permit from the State Post Bureau or its local counterpart and is subject to their supervision and regulation. If an entity operates express delivery services without obtaining a Courier Service Operation Permit in accordance with the above measures and regulations, it may be compelled to make corrections, subject to the confiscation of its earnings generated from its unlicensed operating express delivery services, imposed a fine ranging from RMB50,000 to RMB100,000 or where the circumstances are severe, ranging from RMB100,000 to RMB200,000, and/or ordered to suspend its business operation for rectification or even cancelation of its Courier Service Operation Permit. If a permit-holder who ceases its business operation for over six months within the effective period of the Courier Service Operation Permit, it will be ordered by the postal administration departments to return the Courier Service Operation Permit, and if it refuses or fails to do so on time, the postal administration departments shall publicly announce the annulment of the Courier Service Operation Permit.

Enterprises engaged in express delivery services other than China Post and their wholly owned and/or controlled enterprises that provide postal services ("**Postal Enterprise**") may not engage in post and mail delivery business which are exclusively operated by Postal Enterprise, and may not deliver any official documents of state-owned organizations. The express delivery business must operate within the permitted scope and under the valid terms of the Courier Service Operation Permit. The Courier Service Operation Permit is valid for 5 years upon its issuance and comes with an annual reporting obligation. The Circular on Implementing the Administrative Measures for the Courier Market and Strengthening the Administration of Courier Service Operations (《關於貫徹實施<快遞市場管理辦法>加強快遞業務經營活動管理的通知》), which was issued by the State Post Bureau in 2013, further clarifies that the postal administrative department must examine whether an entity operates express delivery service within the permitted business scope and geographic scope of its Courier Service Operation Permit, and the geographic examination must be carried out down to the level of cities that may be divided into districts. Pursuant to the Courier Market Measures, failure to conduct express delivery services within the permitted operation scopes would subject the express delivery company to a correction order by the postal administrative department and a fine ranging from RMB5,000 to RMB30,000. Moreover, in accordance with the Administrative Measures on Courier Service Operation Permits, an enterprise engaged in express delivery services must submit an annual report on its Courier Service Operation Permit with the postal administrative authority which issued its Courier Service Operation Permit prior to April 30, each year. Where an express delivery service company fails to submit its annual report to the relevant postal administrative authority in a timely manner, it may be ordered by the postal administrative authorities to make correction, and may be subject to a fine of up to RMB10,000. Where an express delivery service company conceals any facts or commits fraud in its annual report, such express delivery service company may be ordered by the postal administrative authorities to make correction and imposed a fine ranging from RMB10,000 to RMB30,000.

Pursuant to the Risk Assessment and Reporting for Major Operation and Management Issues of Courier Enterprise Headquarters (Trial) (《快遞企業總部重大經營管理事項風險評估和報告制度(試行)》), which was issued by the State Post Bureau on October 20, 2020, the headquarters of a courier enterprise must submit a report within 3 days after making a major decision on business that may cause an impact on the nationwide postal industry, including but not limited to nationwide price adjustment, capital reduction, dissolution and bankruptcy, to the State Post Bureau. Where it fails to submit the report to the postal administration authorities

in a timely manner, such courier enterprise may be ordered to make correction, and it may be subject to a fine ranging from RMB50,000 to RMB100,000 and ordered to suspend business operation until cancelation of its Courier Service Operation Permit.

In accordance with the Decision of the State Council on Issues concerning Canceling and Adjusting a Batch of Administrative Examination and Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) in February 2015, a company operating express delivery services must apply for and obtain the Courier Service Operation Permit prior to the application of its business license.

In accordance with the Courier Market Measures, if any express delivery service is carried out through franchise, both the franchisees and franchisors must obtain the Courier Service Operation Permit and any franchisee must run its franchise business within franchisors' licensed scopes; and the franchisees and franchisors must enter into written agreements providing the rights and obligations of both parties and the liabilities of both parties in case of any violation of the legal rights and interests of the users of express delivery services. Any franchisee or franchisor failing to obtain the Courier Service Operation Permit or any franchisee failing to run its franchise business within franchisors' licensed scopes would be subject to a correction order by the relevant postal administrative authority and a fine ranging from RMB5,000 to RMB30,000.

Companies engaged in express delivery service must establish and implement a system for the examination of parcels or articles received for delivery. Pursuant to the PRC Postal Law and Measures for the Supervision and Administration of Postal Security in the Postal Industry (《郵政業寄遞安全監督管理辦法》) issued by the Ministry of Transport on January 2, 2020, which became effective on February 15, 2020, express delivery companies must examine the postal articles so as to inspect whether the postal articles are prohibited or restricted from express delivery. Express delivery companies must also examine whether the names, nature and quantity of the postal articles are consistent with delivery form. According to the PRC Postal Law, any failure to establish or implement such inspection system, or any unlawful acceptance or delivery of prohibited or restricted parcels/articles may result in the sanctions to the in-charge persons bearing direct responsibility and other persons subject to direct liability of the express delivery companies and the suspension of the company's business operation for rectification or even cancelation of its Courier Service Operation Permit, being compelled to make corrections and being imposed a fine up to RMB5,000.

According to the Interim Regulations on Express Delivery, express delivery operators shall obtain the Courier Service Operation Permit for express delivery. Express delivery operators and their branches may open express delivery terminal outlets which are required to file with the local post administrations in the places where they are located for record within 20 days from the date of opening their express delivery terminal outlets. The delivery terminal outlets are not required to obtain a business license. Where an express delivery service operator fails to file with the local post administrations for opening their express delivery terminal outlets, such express delivery service company may be compelled to make corrections, imposed a fine up to RMB50,000 and/or ordered to suspend business for rectification. In case an express delivery service company intends to suspend operating express delivery services, it shall (i) make public announcement ten days in advance, (ii) submit a written notice to the postal administrative departments, (iii) return the Courier Service Operation Permit and (iv) make proper arrangement on undelivered express parcels. Failure to comply with such requirements may be compelled to make corrections, imposed a fine up to RMB50,000 and/or ordered to suspend business for rectification. According to the Interim Regulations on Express Delivery, express delivery operators shall also verify the identity of senders and register their identity information when receiving express parcels. Where senders refuse to furnish their identity

information or furnish false identity information, express delivery operators shall not receive their express parcels. According to the Interim Regulations on Express Delivery, the PRC Postal Law and the Anti-Terrorism Law (《反恐怖主義法》), if any express delivery operator fails to verify the identity of senders and registers their identity information, or identifies that the senders provide false identity information, but still receives the express parcels, such express delivery operator may be subject to a fine ranging from RMB100,000 to RMB500,000 or ordered to suspend business operation until cancelation of its Courier Service Operation Permit, and the personnel directly in charge and other persons directly liable may be subject to a fine ranging up to RMB100,000. The Interim Regulations on Express Delivery also indicates that two or more express delivery operator may use a unified trademark, corporate name or express waybill to conduct the express delivery business. The express delivery operators shall enter into a written agreement to define their respective rights and obligations, carry out unified management of service quality, safety guarantee and business process, and provide unified express mail tracking, inquiry and complaint handling services for clients. Where the legitimate rights and interests of any client have been jeopardized due to the delay, missing, damage or shortage of express parcels, the client may request the express delivery operator to which the trademark, corporate name or express waybill belongs to offer compensation, or request the actual express delivery provider to pay compensation.

Pursuant to the E-commerce Law of the PRC (《中華人民共和國電子商務法》) promulgated by Standing Committee of the National People's Congress (the "**SCNPC**"), which took effect on January 1, 2019, e-commerce businesses are subject to certain requirements, including but not limited to the following: while handing over commodities, express logistics service providers shall remind consignees to examine the commodities immediately on the spot; where the commodities are received by others for consignees, such providers shall obtain the consent of consignees. Express logistics service providers shall use environmental-friendly packaging materials in accordance with the relevant provisions in an effort to reduce the consumption of and recycle packaging materials. While offering express logistics services, the providers thereof may agree to be entrusted by e-commerce operators to collect payments for goods. The operation of our business is subject to E-commerce Law of the PRC. If our express delivery services are not in compliance with the law, we may be required to make certain rectifications.

In accordance with the Measures for Administration of Packaging of Mails and Express Mails (《郵件快件包裝管理辦法》), which was promulgated by the Ministry of Transport on February 8, 2021 and has come into effect on March 12, 2021, express delivery companies shall give priority to recyclable materials for packaging mails while optimizing the design of express packaging and reducing the use of filling materials, and may not use non-degradable plastic materials. Where an express delivery company uses packaging that is not in compliance with the law, or uses a toxic substance as filling material, it would be subject to a correction order by the postal administration authority; if the express delivery company fails to make corrections within a time limit, it would be fined from RMB5,000 to RMB10,000. Express delivery companies shall formulate and revise their own packaging operation regulations, and make filings in accordance with the regulations of the postal administration authorities of the State Council. If an express delivery company fails to formulate packaging operation regulations or to file with the State Council, such express delivery company may be compelled to make corrections with a time limit, and be imposed a fine ranging from RMB3,000 to RMB10,000.

On August 6, 2021, nine PRC governmental and regulatory agencies, including the MOFCOM, the NDRC and the Ministry of Transport, jointly issued the Special Action Plan for the High-Quality Development of Commercial Courier (《商貿物流高質量發展專項行動計劃(2021-2025年)》) (the "**Plan**"). The Plan proposes to, among others, support and encourage qualified express delivery companies to optimize and expand its business scale through

mergers, reorganizations, listing and financing. It also calls for further developing courier industry through technological innovation and business model innovation. The Plan aims to build an efficient urban-rural distribution system and to promote the integration of regional express delivery companies during the five-year plan period.

ROAD TRANSPORTATION OPERATION PERMIT

Pursuant to the Regulations on Road Transportation of the PRC (《中華人民共和國道路運輸條例》) promulgated by the State Council in April 2004 and most recently amended in September 2022, and the Provisions on Administration of Road Freight Transportation and Stations (Sites) (《道路貨物運輸及站場管理規定》) issued by the Ministry of Transport in June 2005 and most recently amended in June 2019 (the "**Road Freight Provisions**"), the business operations of road freight transportation refer to commercial road freight transportation activities that provide public services. The road freight transportation includes general road freight transportation, special road freight transportation, road transportation of large articles, and road transportation of hazardous cargos. Special road freight transportation refers to freight transportation using special vehicles with containers, refrigeration equipment, or tank containers, etc. The Road Freight Provisions set forth detailed requirements with respect to vehicles and drivers.

Under the Road Freight Provisions, anyone engaged in the business of operating road freight transportation must obtain a Road Transportation Operation Permit from the local county-level road transportation administrative bureau, and each vehicle used for road freight transportation must have a Road Transportation Certificate from the same authority. The incorporation of a subsidiary of road freight transportation operator that intends to engage in road transportation business is subject to the same approval procedure. If it intends to establish a branch, it should file with the local road transportation administrative bureau where the branch is to be established. Pursuant to the Notice on the Cancelation of the Road Transportation Operation Permit and the Driver Qualification Certificate for Ordinary Freight Vehicles with a Total Mass of 4.5 Tons or Less (《交通運輸部辦公廳關於取消總質量4.5噸及以下普通貨運車輛道路運輸證和駕駛員從業資格證的通知》) promulgated by the Ministry of Transport, which took effect on January 1, 2019, local transportation management departments will no longer issue road transportation operation permit for ordinary freight vehicles with a total mass of 4.5 tons or less, and shall not impose administrative penalties on such vehicles and drivers for the reasons of operating without permits and driving freight transportation vehicles without corresponding qualification certificates.

Although the Road Transportation Operation Permits have no limitation with respect to geographical scope, several provincial governments in China, including Shanghai and Beijing, promulgated local rules on administration of road transportation, stipulating that permitted operators of road freight transportation registered in other provinces should also make record-filing with the local road transportation administrative bureau where they carry out its business.

REGULATIONS RELATING TO CARGO VEHICLES

Pursuant to the Administrative Provisions concerning the Running of Cargo Vehicles with Out-of-Gage Goods (《超限運輸車輛行駛公路管理規定》) promulgated by the PRC Ministry of Transport, which took effect on September 21, 2016 and was most recently amended on August 11, 2021, cargo vehicles running on public roads shall not carry cargo weighing more than the limits prescribed by this regulation and their dimensions shall not exceed those as set forth by the same regulation. Vehicle operators who violate this regulation may be subject to a fine of up to RMB30,000 for each violation. In the event of repeated violations, the regulatory

authority may suspend the operating license of the vehicle operator and/or revoke the business operation registration of the relevant vehicle. In the event more than 10% of the total vehicles of any road transportation enterprise are not in compliance with this regulation in any year, such road transportation enterprise shall suspend its business for rectification and its road transportation license may be revoked.

The operation of our truck fleet is subject to this regulation. If our trucks are not in compliance with this regulation, we may be required to modify such trucks to reduce their length or purchase new ones to replace them. Otherwise, we may be subject to penalties under this regulation if we continue to operate those trucks that exceed the limits set forth in the regulation. See "Risk Factors – Risks Related to Our Business and Industry – Our business and the business of our network partners are subject to a broad range of laws and regulations."

REGULATIONS RELATING TO INTERNATIONAL FREIGHT FORWARDING BUSINESS

Administrative Provisions on International Freight Forwarders of the PRC (《中華人民共和國國際貨物運輸代理業管理規定》) promulgated in 1995 and its detailed rules issued in 2004 regulate the business of international freight forwarding. According to the provisions and its detailed rules, the minimum amount of registered capital must be RMB5 million for an international freight forwarder by sea, RMB3 million for an international freight forwarder by air and RMB2 million for an international freight forwarder by land or for an entity operating international express delivery services. An international freight forwarder must, when each time applying for setting up a branch, increase its registered capital (or the excess amount over its minimum registered capital) by RMB500,000. Under the Measures on Filing of International Freight Forwarders (Interim) (《國際貨運代理企業備案(暫行)辦法》) announced in March 2005 and amended in August 2016, all international freight forwarders and their branches registered with the SAMR must be filed with the MOFCOM or its authorized organs.

REGULATIONS RELATING TO COMMERCIAL FRANCHISING

Pursuant to the Administrative Regulations on Commercial Franchising Operations (《商業特許經營管理條例》) promulgated by the State Council on February 6, 2007, which became effective on May 1, 2007, and the Administrative Measures on the Record Filing of Commercial Franchises (《商業特許經營備案管理辦法》) issued by MOFCOM on December 12, 2011, which became effective on February 1, 2012, collectively the Regulations and Provisions on Commercial Franchising, commercial franchising refers to the business activities where an enterprise that possesses the registered trademarks, enterprise logos, patents, proprietary technology or any other business resources allows such business resources to be used by another business operator through contract and the franchisee follows the uniform business model to conduct business operations and pay franchising fees to the franchisor according to the contract. We and our network partners are therefore subject to regulations on commercial franchising. Under the Regulations and Provisions on Commercial Franchising, within 15 days of the first conclusion of franchising contract, the franchisor must carry out record-filing with MOFCOM or its local counterparts and must report the status of its franchising contracts in the previous year in the first quarter of each year after record-filing. The MOFCOM announces the names of franchisors who have completed filing on the government website and makes prompt updates. If the franchisor fails to comply with these Regulations and Provisions on Commercial Franchising, the MOFCOM or its local counterparts have the discretion to take administrative measures against the franchisor, including fines and public announcements. The Regulations and Provisions on Commercial Franchising also sets forth requirements on the contents of franchising contracts. J&T Express China has signed franchising contracts under the Regulations and Provisions on Commercial

Franchising with its direct network partners. If we are deemed as a franchisor who fails to comply with the stipulations of filing with the competent commerce authority, a fine ranging from RMB10,000 to RMB100,000 may be imposed.

REGULATIONS RELATING TO PERSONAL INFORMATION SECURITY AND CONSUMER PROTECTION

The Administrative Provisions on the Security of Personal Information of Express Service Users (《寄遞服務用戶個人信息安全管理規定》), promulgated by the State Post Bureau on March 26, 2014 and amended on February 13, 2023, provides for the protection of the personal information of users of express or express delivery services, and the supervision on the express operations of postal enterprises and express delivery companies. In accordance with these provisions, the state postal administrative department and its local counterparts are the supervising and administering authority responsible for the security of the personal information of users of express or express delivery services, and postal enterprises and express delivery companies must establish and refine systems and measures for the security of such information. A user of express delivery services may further seek remedies by following the Measures on Settling the Complaints of the Postal Users (《郵政業用戶申訴處理辦法》) issued by State Post Bureau, which took effect on October 1, 2020. The Postal Users Complaints Settling Center implements the regime of mediation to handle the complaints from users on the quality of the express delivery services. According to the Interim Regulations on Express Delivery, an express delivery service company shall not sell, reveal or illegally provide any information of client during the provision of express services. In case the information of client is revealed or may be revealed, the express delivery service company shall take remedial measures immediately and report to the local post administrations. Failure to comply with such requirement may be subject to penalties including a fine ranging from RMB10,000 to RMB100,000, suspension of business for rectification or revoke of its Courier Service Operation Permit.

REGULATIONS RELATING TO DATA SECURITY

On July 1, 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》), which came into effect on the same day, pursuant to which the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

The Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), promulgated by the SCNCP on November 7, 2016 and became effective on June 1, 2017, requires network operators to abide by the principles of legality, appropriateness and necessity when collecting or using personal data. Network operators are prohibited from leaking, tampering with or damaging collected personal data, and they should adopt technical and other necessary measures to ensure security of personal data, safeguard against information leakage, damage or loss, improve information management with respect to data published by users and establish complaint and reporting mechanisms with respect to network data security.

On June 10, 2021, the SCNPC issued the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**"), which came into effect on September 1, 2021, to regulate data processing activities and security supervision in the PRC. The Data Security Law clarifies the scope of data to cover a wide range of information records generated from all aspects of production, operation and management of government affairs and enterprises in the

process of the gradual transformation of digitalization, and requires that data collection shall be conducted in a legitimate and proper manner, and theft or illegal collection of data is not permitted. Data processors shall establish and improve the whole-process data security management rules, organize and implement data security trainings as well as take appropriate technical measures and other necessary measures to protect data security. In addition, data processing activities shall be conducted on the basis of the graded protection system for cybersecurity. Monitoring of the data processing activities shall be strengthened, and remedial measures shall be taken immediately in case of discovery of risks regarding data security related defects or bugs. In case of data security incidents, responding measures shall be taken immediately, and disclosure to users and report to the competent authorities shall be made in a timely manner.

On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) (the "**PIPL**"), which came into effect on November 1, 2021. The PIPL further accentuates the importance of processors' obligations and responsibilities for personal information protection and sets out the basic rules for processing personal information. It stipulates an expanded definition of personal information, providing a long-arm jurisdiction in cross-border scenarios, emphasizing individual rights, and prohibiting rampant infringement of personal information. The information processor may process sensitive personal information only when the information processor has specific purpose and sufficient necessity, and under circumstances where strict protection measures are taken.

On November 14, 2021, the CAC publicly solicited opinions on the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Data Security Regulations**"). According to the Draft Data Security Regulations, data processors shall, in accordance with relevant state provisions, apply for cyber security review when carrying the following activities: (i) the merger, reorganization or separation of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security; (ii) data processors that handle the personal information of more than one million people intends to be listed abroad; (iii) the data processor intends to be listed in Hong Kong, which affects or may affect national security; and (iv) other data processing activities that affect or may affect national security. However, the Draft Data Security Regulations provides no further explanation or interpretation for "affects or may affect national security." In addition, the Draft Data Security Regulations also regulate other specific requirements in respect of the data processing activities conducted by data processors through internet in view of personal data protection, important data safety, data cross-broader safety management and obligations of internet platform operators.

On December 28, 2021, the CAC jointly with relevant authorities issued the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), which became effective on February 15, 2022. Pursuant to the Cybersecurity Review Measures, the member organizations of the working mechanism for cybersecurity review can initiate cybersecurity review if they consider national security is or may be affected by any network products or services, or data processing activities.

On July 7, 2022, the CAC promulgated the Data Outbound Transfer Security Assessment Measures (《數據出境安全評估辦法》) (the "**Security Assessment Measures**"), which became effective on September 1, 2022. The Security Assessment Measures provides that, among others, data processors who transfer important data abroad shall apply to competent authorities for security assessment where (1) a critical information infrastructure operator and personal information processor that has processed personal information of more than one million people, transferring personal information abroad; (2) a data processor who has

provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals to overseas recipients, in each case as calculated cumulatively, since January 1 of the last year; or (3) other circumstances where the security assessment of data cross-border transfer is required as prescribed by the CAC.

On February 24, 2023, the CAC published the Standard Contract Measures which became effective on June 1, 2023, with a built-in six-month grace period (i.e., up to December 1, 2023). Under the Standard Contract Measures, handlers of PI that do not meet the threshold requirements under the Security Assessment Measures and have not obtained a PI protection certification from a qualified certification institution designated by the CAC, but that nevertheless engage in the transfer of PI out of China based on contractual arrangements must (1) execute standard form contracts that strictly comply with the "Standard Contract" published by the CAC with the overseas recipients of the PI that the PI handlers transfer out of China; (2) complete PI protection impact assessments; and (3) file the relevant standard contracts and PI protection impact assessments to their provincial CAC branch within 10 business days of the taking effect of each standard contract.

REGULATIONS RELATING TO PRICING

In China, the prices of a few numbers of products and services are set by the government. According to Pricing Law of the PRC (《中華人民共和國價格法》) (the "**Pricing Law**") promulgated on December 29, 1997, which became effective on May 1, 1998, operators must indicate the service items, pricing structures and other related standards clearly. Operators may not charge any fees that are not explicitly indicated. Operators must not commit unlawful pricing activities, such as colluding with others to manipulate the market price, using false or misleading prices to deceive consumers, or conducting price discrimination against other business operators. Failure to comply with the Pricing Law may subject business operators to administrative sanctions such as warning, ceasing unlawful activities, requiring compensation, confiscating illegal gains, and fines. The business operators may be ordered to suspend business for rectification or having their business licenses revoked if the violations are severe.

REGULATIONS RELATING TO LEASING

We lease properties for our offices, sorting centers, pickup and delivery outlets and other facilities. Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) which took effect in January 1995 with the latest amendment on August 26, 2019, which became effective on January 1, 2020, lessors and lessees are required to enter into a written lease contract, containing such provisions as the term of the lease, the use of the premises, rental price, liability for repair, and other rights and obligations of both parties. Both lessor and lessee are also required to file for registration and record the lease contract with the real estate administration department. Pursuant to implementing rules stipulated by certain provinces or cities, if the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines.

According to the PRC Civil Code (《中華人民共和國民法典》) which took effect on January 1, 2021, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

Pursuant to the PRC Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right. According to the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020 version) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)》), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee's possession in accordance with the terms of the lease contract, and the leasee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee's realization of the mortgage right.

REGULATIONS RELATING TO FIRE SECURITY

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》) which was latest revised on April 29, 2021, and the Measure for Supervision on and Inspection of Fire Protection (《消防監督檢查規定》) amended in 2012, enterprises shall implement a fire safety accountability system, install firefighting facilities and equipment, conduct a yearly comprehensive inspection of firefighting facilities and keep the inspection records for future reference, and perform other fire safety measures as well as other fire safety and protection responsibilities. Pursuant to Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) ("**Interim Provisions Regarding Fire Protection**") effective on June 1, 2020, a special construction project as stipulated in the Interim Provisions Regarding Fire Protection shall be subject to fire protection design review before such project commenced construction and shall be subject to fire protection inspection before such project was put into use. Constructions projects other than a special construction project shall be subject to fire protection inspection recordation, and the competent department of housing and urban-rural development shall conduct a random fire protection inspection thereof. If the project fails to pass the random fire protection inspection, such project shall cease to be used.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

On March 16, 2007, the PRC NPC promulgated the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) which was latest amended on December 29, 2018, and the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax of the PRC (《中華人民共和國企業所得稅法實施條例》) which were latest amended on April 23, 2019 (collectively, the "**EIT Law**"). According to the EIT Law, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual or de facto control is administered from within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment

institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

Value-Added Tax

Pursuant to the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值税暫行條例》), which was promulgated by the State Council on December 13, 1993 and latest amended on November 19, 2017, and the Implementation Rules for the Provisional Regulations of the PRC on Value-Added Tax (《中華人民共和國增值税暫行條例實施細則》), which was promulgated by the MOFCOM on December 25, 1993 and latest as amended on October 28, 2011, and became effective on November 1, 2011, entities or individuals engaged in the services are required to pay a value-added tax ("**VAT**").

On March 20, 2019, the MOFCOM, the SAT and the General Administration of Customs jointly issued the Announcement on Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) (the "**Announcement 39**"), to further slash value-added tax rates. According to the Announcement 39, (i) for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (ii) for the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; (iii) for the agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (iv) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and (v) for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%. The Announcement 39 came into effect on April 1, 2019 and shall prevail in case of any conflict with existing provisions.

Dividend Withholding Tax

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise.

Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協定股息條款有關問題的通知》), if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Furthermore, the Administrative Measures for Non-Resident Taxpayer to Enjoy Treatments under Tax Treaties (《非居民納税人享受税收協定待遇管理辦法》) (the "**SAT Circular 60**"), which became effective in November 2015, requires that non-resident enterprises which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or

withholding declaration through a withholding agent, enjoy the tax treaty benefits, and be subject to ongoing administration by the tax authorities. In the case where the non-resident enterprises do not apply to the withholding agent to claim the tax treaty benefits, or the materials and the information stated in the relevant reports and statements provided to the withholding agent do not satisfy the criteria for entitlement to tax treaty benefits, the withholding agent should withhold tax pursuant to the provisions of the PRC tax laws. The SAT issued the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (國家税務總局關於發佈《非居民納税人享受協定待遇管理辦法》的公告) (the "**SAT Circular 35**") on October 14, 2019, which became effective on January 1, 2020. The SAT Circular 35 further simplified the procedures for enjoying treaty benefits and replaced the SAT Circular 60. According to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. According to the Circular of the State Administration of Taxation on Several Issues regarding the "Beneficial Owner" in Tax Treaties (《國家税務總局關於税收協定中"受益所有人"有關問題的公告》), which was issued on February 3, 2018 by the SAT, effective as of April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, patents, trademarks and domain names.

Copyright

Copyright in the PRC, including copyrighted computer software, is principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》), which was most recently amended on November 11, 2020 and became effective on June 1, 2021 (the "**Copyright Law**"), and its implementation rules. According to the Copyright Law, the term of protection for copyrighted computer software shall be 50 years. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, take remedial action, and offer an apology, pay damages, etc.

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, which was most recently amended on October 17, 2020 and became effective on June 1, 2021, provides for three types of patents, "invention", "utility" and "design". To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. The National Intellectual Property Administration is responsible for examining and approving patent applications.

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982 with the latest amendment being effective on November 1, 2019, and its implementation rules promulgated by the State Council on August 3, 2002 with the latest amendment being effective on May 1, 2014, protect registered trademarks. The Trademark Office of National Intellectual Property Administration is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. A registration application for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination may be rejected. Trademark registration is effective for a renewable ten-year period, unless otherwise revoked.

Domain Name

Domain names are protected under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017. The MIIT is the major regulatory body responsible for the administration of the PRC internet domain names, under supervision of which the China Internet Network Information Center (the "**CINIC**") is responsible for the daily administration of.cn domain names and Chinese domain names. CNNIC adopts the "first to file" principle with respect to the registration of domain names. In November 2017, the MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which became effective on January 1, 2018. Pursuant to the notice, the domain name used by an internet-based information service provider in providing internet-based information services must be registered and owned by such provider in accordance with the law. If the internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity's shareholders), or the entity's principal or senior manager.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996 and was latest amended on August 5, 2008. Pursuant to these regulations and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the SAFE or its local counterpart is obtained.

On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"). According to Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks. Furthermore, Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for payments beyond the business scope of the enterprises or payments as prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations; (iii) directly or indirectly used for granting entrust loans in Renminbi (unless permitted by the scope of business), repaying inter- enterprise borrowings (including advances by the third-party) or repaying the bank loans in Renminbi that have been sub-lent to third parties; or (iv) directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

The Circular of Further Simplifying and Improving Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**") which became effective on June 1, 2015 and was amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**"), was promulgated by SAFE on June 9, 2016. Pursuant to Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, the SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which, among other things, allows all foreign-invested enterprises to use Renminbi converted from foreign currency-denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. However, since this circular is newly promulgated, it is unclear how the SAFE and competent banks will carry it out in practice.

According to the Circular of the SAFE on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) (the "**SAFE Circular 8**") promulgated and effective on April 10, 2020 by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance and complying with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

Foreign Exchange Registration of Overseas Investment by PRC Residents

In 2014, SAFE issued the SAFE Circular on Issues Concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular 37**"). The SAFE Circular 37 regulates foreign exchange matters in relation to offshore investments and financing or round-trip investments of residents or entities by way of special purpose vehicles in China. Under the SAFE Circular 37, a "special purpose vehicle" refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investments, using legitimate onshore or offshore assets or interests, while "round-trip investment" refers to direct investments in China by PRC residents or entities through special purpose vehicles, namely, establishing foreign investment enterprises to obtain ownership, control rights and management rights. The SAFE Circular 37 provides that, before making a contribution into a special purpose vehicle, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch, and in the event of a change of basic information, such as the individual shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merger, spin-off or other amendment of material items, the PRC residents or entities shall complete a change of foreign exchange registration formality for offshore investments.

In 2015, SAFE promulgated the Notice on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment. This notice amended the SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks rather than SAFE or its local branches in relation to their establishment or control of offshore entities for the purpose of overseas investment or financing. PRC residents or entities who had contributed legitimate onshore or offshore interests or assets to special purpose vehicles but had not registered as required before the implementation of the SAFE Circular 37 must register their ownership interests or control in the special purpose vehicles with qualified banks. Amendments to the registration are required if there is any material change with respect to the registered special purpose vehicle, such as any change of basic information (including change of the PRC residents, name and operation term), increases or decreases in the investment amount, transfers or exchanges of shares, or mergers or divisions. Failure to comply with the

registration procedures as set forth in the SAFE Circular 37 and the subsequent notice, or making misrepresentations or failure to disclose the control of a foreign investment enterprise which is established through round-trip investments, may result in restrictions being imposed on the foreign exchange activities of the relevant foreign investment enterprise, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject relevant PRC residents or entities to penalties under PRC foreign exchange administration regulations.

Stock Incentive Plans

On February 15, 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**Stock Option Rules**"), replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, domestic individuals, which means PRC residents and non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, who participate in a stock incentive plan in an overseas publicly-listed company, are required to register with SAFE or its local branches and complete certain other procedures.

Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, the SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with SAFE or its local branches before exercising rights.

REGULATIONS RELATING TO LABOR

According to the Labor Law of the PRC (《中華人民共和國勞動法》) (the "**Labor Law**"), which was promulgated by the SCNPC in July 1994, effective on January 1, 1995, and most recently amended in December 2018, an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labor safety and health system, stringently implement national protocols and standards on labor safety and health, conduct labor safety and health education for workers, guard against labor accidents and reduce occupational hazards.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**"), which was promulgated by the SCNPC on June 29, 2007, effective on January 1, 2008, and most recently amended in December 2012, and the Implementation Regulations on Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), promulgated and became effective on September 18, 2008, regulate both parties to a labor contract, namely the employer and the employee, and contain specific provisions involving the terms of the labor contract. It is stipulated by the Labor Contract Law and the Implementation Regulations on Labor Contract Law that a labor contract must be made in writing. An employer and an employee may enter into a fixed-term labor contract, an unfixed term labor contract, or a labor contract that concludes upon the completion of certain work assignments, after reaching an agreement upon due negotiations. An employer may legally terminate a labor contract and dismiss its employees after reaching an agreement upon due negotiations with the employee or by fulfilling the statutory conditions. Labor contracts concluded prior to the enactment of the Labor Contract Law and subsisting within the validity period thereof shall continue to be honored. With respect to a circumstance where a labor relationship has already been established but no formal contract has been made, a written labor contract shall be entered into within one month from the effective date of the Labor Contract Law. In addition, the Labor Contract Law also imposes requirements on the use of employees of temp agencies, who are known in China as "dispatched workers". Dispatched workers are entitled to equal pay with fulltime employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. The Interim Provisions on Labor Dispatching (《勞務派遣暫行規定》), issued by the Ministry of Human Resources and Social Security of the PRC on January 24, 2014 and came into effect on March 1, 2014, requires the number of dispatched workers to not exceed 10% of the total number of employees.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), an employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% or 0.2% per day, as the case may be. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on Management of Housing Fund (《住房公積金管理條例》), an enterprise that fails to make housing fund contributions may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline, otherwise, an application may be made to a local court for compulsory enforcement.

On June 23, 2021, the State Post Bureau, the Ministry of Transport, the NDRC, the MOFCOM, the Ministry of Human Resources and Social Security, the SAMR, and the All-China Federation of Trade Unions jointly issued the Opinions on Protecting the Legal Rights and Benefits of the Couriers Group (《關於做好快遞員群體合法權益保障工作的意見》), which provides certain guidelines in respect of, among others, the Couriers' base salary, social security and insurance policy. See also "Risk Factors – Risks Related to Doing Business in Jurisdictions in Which We Operate – Our failure to fully comply with labor-related laws may expose us to potential penalties."

REGULATIONS RELATING TO OVERSEAS LISTING AND M&A

On August 8, 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, jointly promulgated the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**"), a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and revised on June 22, 2009. Foreign investors shall comply with the M&A rules when they purchase equity interests of a domestic company or subscribe for the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC for the purpose of purchasing the assets of a domestic company and operating the asset; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets, and operate the assets. The M&A rules, among other things, purports to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "**Trial Measures**") and five supporting guidelines, which came into effect on March 31, 2023. According to the Trial Measures, (i) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (ii) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (a) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (b) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (iii) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知), which, among others, clarifies that (i) the domestic companies that have already been listed overseas on or before the effective date of the Trial Measures (i.e. March 31, 2023) shall be deemed as existing applicants. Existing applicants are not required to complete the filling procedures immediately, and they shall be required to file with the CSRC when subsequent matters such as refinancing are involved; (ii) on or prior to the effective date of the Trial Measures, domestic companies that have already submitted valid applications for overseas offering and listing but fail to obtain an approval from overseas regulatory authorities or stock exchanges may

reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas offering and listing; (iii) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges, but have not completed the indirect overseas listing; if such domestic companies complete their overseas offering and listing within such six-month period (i.e., on or prior to September 30, 2023), they will be deemed as existing applicants. Within such six-month transition period, however, if such domestic companies need to reapply for offering and listing procedures to the overseas regulatory authority or securities exchanges, or if they fail to complete their indirect overseas issuance and listing, such domestic companies shall complete the filling procedures with the CSRC before completion of the overseas offering and listing; and (iv) the CSRC will solicit opinions from relevant regulatory authorities and complete the filing of the overseas listing of companies with contractual arrangements which duly meet the compliance requirements.

Furthermore, on February 24, 2022, the CSRC released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定), which became effective on March 31, 2023. It aims to expand the applicable scope of the regulation to indirect overseas offerings and listings by PRC domestic companies and emphasize the confidentiality and archive management duties of PRC domestic companies during the process of overseas offerings and listings.

REGULATIONS RELATING TO ANTI-MONOPOLY

The currently effective Anti-Monopoly Law of PRC (《中華人民共和國反壟斷法》) (the "**Anti-Monopoly Law**") was promulgated by SCNPC in 2007, and its latest revision became effective on August 1, 2022. On February 7, 2021, the Anti-Monopoly Committee of the State Council promulgated the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平台經濟領域的反壟斷指南》), which stipulates that any concentration of undertakings involving variable interest entities (VIE) shall fall within the scope of anti-monopoly review. Moreover, the Anti-Monopoly Law also provides that when a foreign investor participates in the concentration of undertakings by merging and acquiring a domestic enterprise or by any other means, the matter may also be subject to review on national security as is required by the relevant regulations.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

The principal regulations governing distribution of dividends of wholly foreign-owned enterprise, or WFOE, include the PRC Company Law, the FIL and the Implementation Rules of the PRC Foreign Investment Law. Under these regulations, wholly foreign-owned enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with the PRC accounting standards and regulations. In addition, foreign invested enterprises in the PRC are required to allocate at least 10% of their accumulated profits each year, if any, to fund certain reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN MALAYSIA

REGULATORY OVERVIEW

Our business operations in Malaysia are subject to various laws and regulations. Please find below an overview of the key laws and regulations relating our business.

REGULATIONS ON COURIER SERVICES OPERATORS

The primary legislation governing postal services in Malaysia is the Postal Services Act 2012 ("**PS Act**"), and is enforced by the Malaysian Communications and Multimedia Commission ("**MCMC**"). Under the PS Act, an operator of courier services is required to hold a non-universal service licence. There are three types of non-universal service licence under the licensing regime regulated by the PS Act: (i) licence A to provide for international inbound and outbound courier service and domestic courier service in Malaysia; (ii) licence B to provide for international inbound courier service and domestic courier service in Malaysia; and (iii) licence C to provide for intra-state domestic courier service in Malaysia. A person who provides postal services without a valid licence granted under the PS Act commits an offence and shall, on conviction, be liable to a fine not exceeding Malaysia Ringgit ("**RM**") 500,000 or to imprisonment for a term not exceeding five years or to both.

A non-universal service licensee is required to comply with the prescribed standard conditions of the licence stipulated under the Postal Services (Licensing) Regulations 2015 and any additional conditions imposed by the Minister of Communications and Multimedia as he thinks fit. Among some of the prescribed standard conditions are: (i) the licensee shall be a company incorporated in Malaysia and maintain a registered office in Malaysia; (ii) the licensee shall have sufficient working capital to enable it to carry out its services under the PS Act and the non-universal service licence; (iii) the licensee shall provide courier service in accordance with the type of the non-universal service licence and may provide for any other additional services related to courier service; and (iv) the licensee shall pay to the MCMC an annual licence fee as specified in the Postal Services (Licensing) Regulations 2015. A licensee who fails to comply with any condition of a licence commits an offence and shall, on conviction, be liable to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding three years or to both.

The board of directors and the chief executive officer of the licensee must also fulfil certain qualifications prescribed under the Postal Services (Licensing) Regulations 2015: (i) competent to carry out the role; (ii) is not an undischarged bankrupt; (iii) has never been issued an order of detention, supervision, restricted residence, banishment or deportation or imposed any form of restriction or supervision by bond or otherwise, under any written law relating to prevention of crime; and (iv) has not held the position of a director or been directly concerned in the management of any company which has been convicted of an offence in relation to dishonesty, incompetence or malpractice during the tenure of his office unless he proves to the MCMC that such offence was committed without his knowledge or consent and he was not in a position to prevent the offence.

REGULATIONS ON FRANCHISING BUSINESS

The primary legislation governing franchises in Malaysia is the Franchise Act 1998.

Under Section 6(1) of the Franchise Act 1998, a franchisor or a foreign person who has obtained an approval to sell a franchise in Malaysia or to any Malaysian citizen under Section 54 shall register his franchise with the Registrar before he can operate a franchise business or

make an offer to sell the franchise to any person. Penalties applicable to body corporates that fail to comply with Section 6 of the Franchise Act 1998 include a fine not exceeding RM250,000, and for a second or subsequent offence, a fine not exceeding RM500,000.

For completeness, under the Franchise Act 1998, "franchise" means a contract or an agreement, either expressed or implied, whether oral or written, between two or more persons by which (a) the franchisor grants to the franchisee the right to operate a business according to the franchise system as determined by the franchisor during a term to be determined by the franchisor; (b) the franchisor grants to the franchisee the right to use a mark, or a trade secret, or any confidential information or intellectual property, owned by the franchisor or relating to the franchisor, and includes a situation where the franchisor, who is the registered user of, or is licensed by another person to use, any intellectual property, grants such right that he possesses to permit the franchisee to use the intellectual property; (c) the franchisor possesses the right to administer continuous control during the franchise term over the franchisee's business operations in accordance with the franchise system; (d) (Deleted by Act A1442:s.3); (e) in return for the grant of rights, the franchisee may be required to pay a fee or other form of consideration; and (f)(Deleted by Act A1442:s.3)."Franchise agreement" means a contract or an agreement made between a franchisor and a franchisee in respect of a franchise in return for any form of consideration but does not include any contract or agreement made for the purpose of direct selling as provided by the Direct Sales Act 1993 (Act 500).

REGULATIONS ON BUSINESS AND ADVERTISEMENT LICENCE

In general, there is a requirement to obtain business premises and advertisement licenses from the relevant local councils and authorities in accordance with the Local Government Act 1976 and the relevant by-laws and regulations for operating business premises in Malaysia. Most local or district councils have licensing of trades, businesses and industries by-laws which stipulate, among others, that no person shall carry on any trade, business or industry in any place or premises within the local or district council unless he is licensed and such licence shall be subject to such conditions and restrictions as the local authority may prescribe. Each set of by-laws applies within the boundaries of each local or district council.

Pursuant to the Local Government Act 1976, any person who fails to exhibit or produce his licence on a business premises shall be liable to a fine not exceeding RM500 or imprisonment for a term not exceeding six months or both. Further, as a general penalty, the Local Government Act 1976 provides that a local authority may, by by-law, rule or regulation prescribe for the breach of any by-law, rule or regulation, a fine not exceeding RM2,000 or a term of imprisonment not exceeding 1 year or to both and in the case of a continuing offence a sum not exceeding RM200 for each day during which such offence is continued after conviction. The Local Authorities (Advertisements) By-Laws 2012 provides for a fine of not more than RM5,000 and imprisonment of not more than 6 months for not having a signboard licence.

REGULATIONS ON PERSONAL DATA PROTECTION

The Personal Data Protection Act 2010 regulates the processing of personal data in the course of commercial transactions in Malaysia, and is enforced by the Personal Data Protection Commissioner ("**PDP Commissioner**"). A licensee under the PS Act is required to submit an application for registration to the PDP Commissioner. If such person processes personal data without a certificate of registration issued by the PDP Commissioner, it shall, on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding three years or to both.

The Personal Data Protection Act 2010 also sets out seven key data protection principles which must be adhered to by data users (i.e. a person who either alone or jointly or in common with other persons processes any personal data or has control over or authorises the processing of any personal data, but does not include a processor) in Malaysia. Broadly, these principles include: (i) the requirement to obtain consent prior to processing an individual's personal data, the requirement to provide written notice to individuals in both English and the Malay language stating, among others, the purposes for which the personal data will be processed, the classes of third parties to whom personal data will be disclosed, and the individual's rights under the Act; and (ii) the obligation to ensure that the personal data collected will be processed in a safe and secure manner. The Personal Data Protection Standard 2015 further prescribes the minimum requirement for data security in processing personal data.

REGULATIONS ON ANTI-COMPETITIVE PRACTICES

The PS Act stipulates that a licensee under the PS Act shall not engage in any conduct which has the purpose of substantially lessening competition in the postal market. It must not enter into any understanding, agreement or arrangement, whether legally enforceable or not, which provides for rate fixing, market sharing, or boycott of another competitor. Such licensee is also prohibited from making it a condition for the provision or supply of a product or service in the postal market that the person acquiring such product or service in the postal market is also required to acquire or not to acquire any other product or service either from himself or from another person.

If the MCMC determines that a licensee is in a dominant position in the postal market, the MCMC may direct to cease conduct in that postal market which has, or may have, the effect of substantially lessening competition in any postal market, and to implement appropriate remedies. A person who commits an offence in respect of competition practices under the PS Act shall, on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding five years or to both.

Apart from the anti-competitive practices regulated under PS Act described above, the Competition Act 2010 applies to all commercial activities which have an effect on competition in any market in Malaysia, whether such activities are carried out within or outside Malaysia, save for commercial activities regulated under specific legislation (such as the Communications and Multimedia Act 1998, the Energy Commission Act 2001 and the Malaysian Aviation Commission Act 2015). The Competition Act 2010 is generally enforced by the Malaysia Competition Commission. Infringements of the Competition Act 2010 may result in, among other things, the imposition of a financial penalty of up to 10% of the worldwide turnover of the enterprise for the period during which the infringement occurred. The Malaysia Competition Commission may also take other actions, including issuing cease and desist orders.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN THAILAND

REGULATORY OVERVIEW

Our business operations in Thailand are subject to various laws and regulations. Please find below an overview of the key laws and regulations relating our business.

The Foreign Business Act

The Foreign Business Act B.E. 2542 (1999) (the "**FBA**") provides a legal framework that regulates the carrying on of business in Thailand by a foreign person or legal entity considered a "foreigner" under the FBA (a "**Foreigner**"). Under the FBA, a Thai company in which half or more of its shares are held by a foreign person or foreign legal entity is considered a Foreigner. The FBA contains three lists (Annex 1, Annex 2, and Annex 3) which specify certain types of business that a Foreigner is prohibited from carrying on unless the Foreigner obtains permission from the Minister of Commerce, requiring prior approval from the Council of Ministers (in respect of Annex 2) or permission from the Director General of the Department of Business Development, the Ministry of Commerce, with the approval of the Foreign Business Commission (in respect of Annex 3). It is not possible to obtain permission to carry on the types of business specified in Annex 1 as a Foreigner.

Domestic land transport is one of the restricted business types related to Thai national security under Annex 2. Therefore, a Foreigner engaging in domestic land transport is required to obtain permission from the Minister of Commerce, with prior approval from the Council of Ministers. In addition, a service business that is not exempt under the FBA falls within the scope of Annex 3 of the FBA, where permission from the Director General of the Department of Business Development, the Ministry of Commerce, and the approval of the Foreign Business Commission must be obtained.

Under the FBA, it is also unlawful for a Thai national or legal entity to hold shares in a Thai company as a nominee for or on behalf of a Foreigner in order to circumvent or violate the foreign ownership restrictions of the FBA. In the case that there is a violation, such Thai nominee will be liable for criminal penalties, including imprisonment and fines. The Foreigner would be subject to the same penalties. In addition, the court is obliged to order the termination of the business if there are any nominees in the shareholding structure which are in breach of the provisions stipulated in the FBA. There are no clear official guidelines or criteria issued or by the Ministry of Commerce for determining whether or not a Thai national or entity is holding shares for or on behalf of a Foreigner.

The Land Transport Act

The Land Transport Act requires that service providers of (1) land transportation services and (2) transportation management services obtain licenses under the Land Transport Act.

The Land Transport Act generally regulates and controls transportation operations, including the licensing requirements for certain types of land transportation. The Land Transport Act provides that operators of fixed-route transport, non-fixed-route transport, small vehicle transport, and private transport are required to apply for licenses. Essentially, the Land Transport Act imposes, among other things, key qualifications concerning the shareholding structure and composition of the board of directors of an applicant, being a private limited company or public limited company, for obtaining a license to operate fixed-route transport, non-fixed-route transport, or transport by small vehicle, as follows:

(a) for a private limited company, not less than half of the directors of the operator must be Thai nationals, and not less than 51% of its registered capital must be held by natural persons of Thai nationality or by a registered ordinary partnership, limited partnership, private limited company, ministry, sub-ministry, department, local government, state enterprise under the law on budgetary procedure, or state organization under the law on establishment of government organizations, or other such laws; and

(b) for a public limited company, not less than half of the directors of the operator must be Thai nationals and not less than 50% of its total shares must be held by natural persons of Thai nationality.

In the case that a shareholder of the private company or public limited company is a registered ordinary partnership, limited partnership, private limited company, or a public limited company, such shareholder must also satisfy the requirements specified in (a) or (b) above, as applicable.

The license under the Land Transport Act is valid for five years from the date of license issuance for non-fixed-route transport, small vehicle transport, and private transport.

Under the Land Transport Act, the operator shall deposit securities with the registrar in the form of cash, Thai government bond, or both, or an insurance contract and policy from an insurance company approved by the registrar. In the case of an insurance contract and policy, the operator shall be the insured party, while the third party whose damage results from the transport operation of the licensee shall be the beneficiary for preliminary expenses in compensation for injury to the life or body of the third party which the operator is liable to pay on account of his transport operation, subject to the rules, procedures, and conditions prescribed in the Ministerial Regulations. Moreover, when a vehicle of an operator causes injury to the life or body of any person, the operator who is the owner of the vehicle causing such injury shall be liable for preliminary expenses to the injured person or an heir of the injured person in the case that the injured person is dead. The preliminary expenses to be paid to the injured person shall be determined commensurate with the seriousness of the case, subject to the rate prescribed in the Ministerial Regulations. Notwithstanding the foregoing, the compensation of preliminary expenses shall not prejudice the right of the injured person to claim compensation for damages resulting from tort under the Civil and Commercial Code.

The operator shall be required to comply with the conditions as described in the relevant licenses set out by the registrar in accordance with the rules prescribed by the Central Land Transport Control Board, e.g., the number of vehicles to be used in the transport operation, the nature, type and size of the vehicles, the sign of the transport operator – which is to be made apparent on every vehicle, the place for keeping, repairing, or maintaining the vehicles, etc. Furthermore, the operator shall comply with the Land Transport Act, such as the condition requiring the operator to have at least half of its directors be of Thai nationality as well as the requirements with regard to transportation safety as prescribed in the Ministerial Regulations. If the operator fails to do so, including failure to comply with the transportation liability requirements under the preceding paragraph, the registrar shall have the power to order the operator to rectify the matter within the period prescribed. If the operator still fails to do so, or it is apparent that the operator is unable to comply with such conditions or requirements, or if action by the operator would endanger the public or have a deleterious effect on the public welfare, the registrar, with the approval of the Central Land Transport Control Board, may revoke the license to operate non-fixed route transportation service.

Currently, a land transportation service using motorbikes is not regulated under the Land Transport Act.

In regard to the operation of transportation management services, Section 4(8) of the Land Transport Act defines "transportation management" as being engaged to gather persons, animals, or things, and organizing other persons with licenses to deliver such things from one place to another on behalf of the delivery organizer. Section 65 of the Land Transport Act specifies that no one is allowed to operate a transportation management service without a license. The requirements and procedures concerning the application for and the granting of a

license are set out in the Ministerial Regulations. As of the date of this Offering Circular, no Ministerial Regulations have been issued under section 65 to implement the transportation management license requirements and application process.

However, if Ministerial Regulations under section 65 of the Land Transport Act are issued in the future that impose requirements and establish a process for requesting and approving licenses for transportation management services, we shall apply for such licenses as required, within the specified timeframes, and shall comply with the applicable requirements of the Department of Land Transport. We continue to regularly monitor the status of and changes in the Ministerial Regulations under section 65 of the Land Transport Act, as well as other relevant regulations.

The Vehicle Act

The Vehicle Act B.E. 2522 (1979), as amended, (the "**Vehicle Act**") generally regulates and controls the use of vehicles not subject to the Land Transport Act as mentioned above, including motor-tricycles, motorcycles, public transport vehicles, and private vehicles that are not used in transport for remuneration. The Vehicle Act imposes requirements in relation to the use of vehicles, vehicle registration, annual tax payment, driving licenses, and other requirements concerning road safety. The Vehicle Act provides that no person shall use a vehicle for any purpose other than that which is specified under its registered category, subject to some exemptions for certain categories (i.e., personal use of vehicles that are registered for business services). Failure to comply with this requirement will result in the operator being subject to a fine of not more than Thai Baht ("**THB**") 2,000 per violation.

The Land Traffic Act

The Land Traffic Act B.E. 2522 (1979), as amended (the "**Traffic Act**"), allows a traffic officer to issue notifications or regulations with respect to traffic safety and traffic flow, including restrictions on the movements of all or some types of vehicles, the parking or stopping of vehicles, one-way systems, and other restrictions. There are regulations issued by the nationwide traffic officer under the Traffic Act which prohibit 4-wheel trucks and 6-wheel trucks from being driven in all areas of Bangkok from 6 a.m. to 9 a.m. and from 4 p.m. to 8 p.m. of every day, except official holidays. However, there are some exceptions with regard to certain principal streets where the restrictions are more stringent. For example, on certain main roads (such as Ladprao, Ramkhamhaeng, etc.), six-wheeled trucks are prohibited from being driven during the periods of 5 a.m. to 10 a.m. and 3 p.m. to 9 p.m. Failure to comply with a traffic officer's order will result in a fine of THB1,000 per violation.

The Personal Data Protection Act

The Personal Data Protection Act B.E. 2562 (the "**PDPA**") is the key regulation on personal data protection in Thailand. The PDPA has become effective on June 1, 2022.

The PDPA governs the collection, use, and disclosure of personal data by a data controller (i.e., a person or legal entity with decision-making power concerning the collection, use, or disclosure of personal data) or a data processor (i.e., a person or legal entity who operates in relation to the collection, use, or disclosure of personal data per the instructions of or on behalf of a data controller) dealing with personal data owners residing in Thailand, whether the collection, use, or disclosure is done in Thailand or not.

The data controller is generally prohibited from collecting, using, or disclosing personal data, unless consent from the owner of the personal data has been obtained or otherwise permitted by law. Amongst other requirements under the PDPA, the request for consent must clearly provide the purpose(s) of collection, use, or disclosure. Consent may be revoked at any time, but such revocation does not affect the collection, use, or disclosure of personal data carried out prior to the revocation. Consent obtained pursuant to a request that is not in compliance with the requirements under the PDPA is not binding on a personal data owner.

The PDPA also imposes certain obligations on data controllers and data processors, such as data security measures, maintenance of records of use and disclosure, data breach notification, appointment of data protection officer (as applicable), etc. Furthermore, transfer of personal data to a foreign country may be made, provided that that country or the international organization that receives the personal data has sufficient data protection standards in accordance with the personal data protection criteria promulgated under the PDPA or another legal exemption is obtained.

The PDPA provides owners of personal data with various rights, including the right to access personal data maintained by data controllers, the right to request the destruction of personal data, and the right to suspension of use of personal data under certain circumstances.

The PDPA provides for civil liability, criminal liability, and administrative penalties in connection with its violation. Civil liability under the PDPA includes compensation for damage and punitive damages in an amount not exceeding twice the amount of the actual damage. Criminal liability ranges from imprisonment of up to one year to a fine of up to THB1,000,000, or both, depending on the nature of the violation. Administrative penalties include an administrative fine of up to THB5,000,000, depending on the nature of the violation.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN VIETNAM

REGULATORY OVERVIEW

Our business operations in Vietnam are subject to various laws and regulations. Please find below an overview of the key laws and regulations relating our business.

VIETNAM INVESTMENT LAW

The Law on Investment No. 61/2020/QH14 adopted by the National Assembly of Vietnam on June 17, 2020, as amended (collectively, the "**Law on Investment 2020**") sets out a legal framework regulating, among others, the investment activities in Vietnam including foreign investment into Vietnam.

Foreign investment in Vietnam

Under the Law on Investment 2020 and Decree No. 31/2021/ND-CP dated March 26, 2021 of the Government guiding a number of articles of the Law on Investment 2020 ("**Decree 31**"), foreign investors are entitled to enjoy the market access conditions applicable to domestic investors unless the business activities which are intended by the foreign investors fall into the list of business activities that are conditional or not permitted for foreign investors' market access as specified under Annex 1 of Decree 31. There are a number of market access conditions applied to foreign investors.

In addition to foreign investors, an economic organization that falls within any of the following circumstances will be considered as a foreign investor equivalent entity ("**FIEE**") and required to fulfil conditions and carry out the relevant investment procedures applicable to foreign investors (including the above-mentioned market access conditions) when establishing new entity, contributing capital, purchasing shares or equity capital, and investing under a business cooperation contract in Vietnam:

(i) foreign investors hold more than 50% of the charter capital of the economic organization or majority of the partners of the economic organization in the form of partnerships are foreign individuals;

(ii) economic organizations referred to in point (i) above hold more than 50% of the charter capital of another economic organization; and

(iii) foreign investors and the economic organizations referred to in point (i) above jointly hold more than 50% of the charter capital of another economic organization.

Investment registration certificate

In order to invest in Vietnam in a form of establishment of an economic organization, a foreign investor or a FIEE is required at the Law on Investment 2020 to satisfy the applicable market access conditions, have the relevant investment project and obtain an investment registration certificate ("**IRC**") for such investment project from the competent authority except in cases of establishing small and medium sized innovative startup enterprises and innovative startup investment funds. On the other hand, the IRC is optional for the domestic investors. Any change to the contents of the IRC will trigger the application for amendment to the IRC.

M&A Approval

When a foreign investor or a FIEE acquires shares, capital contribution portion or makes capital contribution in a Vietnamese company, the foreign investor or FIEE is not required to obtain the IRC. Instead, the Law on Investment 2020 requires the foreign investor or FIEE to obtain an approval on registration of its capital contribution, acquisition of shares or capital contribution portion (the "**M&A Approval**") from the competent investment authority (normally the provincial Department of Planning and Investment or "**DPI**") in any of following cases:

(i) The transaction results in the increase in the foreign ownership in the Vietnamese target company, who has registered to implement any business lines for which the market access is conditional for foreign investors;

(ii) The transaction results in (A) the foreign ownership in the Vietnamese target company increasing from 50% or below 50% to more than 50%; or (B) the increase in the foreign ownership where the existing foreign ownership in the Vietnamese target company has already exceeded 50%; or

(iii) The Vietnamese company having land use right certificate in respect of land lots located in border areas, coastal areas, or areas affecting national defense or security.

VIETNAM ENTERPRISES LAW

The Law on Enterprises No. 59/2020/QH14 adopted by the National Assembly of Vietnam on June 17, 2020, as amended (collectively, the "**Law on Enterprises 2020**") regulates the establishment and operation of a company in Vietnam and, together with the Law on Investment 2020, improves the quality and efficiency of Vietnam's investment environment by providing conditions that are favorable for both domestic and foreign investors in implementation of their investment projects, establishment and operation of companies in Vietnam.

Enterprise Registration Certificate

Under the Law on Enterprises 2020, any company incorporated in Vietnam is required to obtain the enterprise registration certificate (the "**ERC**") from the Business Registration Office of the provincial DPI where the head office is located. The company is required to register with, or serve notification to, the Business Registration Office of the provincial DPI about any change to the content of the ERC within ten (10) days from occurrence of such change.

Corporate Governance Structure of a Single-member Limited Liability Company

Under the Law on Enterprises 2020, a company may be incorporated in the form of, among others, a single-member limited liability company (the "**Single-member LLC**"). Unlike a joint stock company in which its charter capital is divided into shares, charter capital of the Single-member LLC consists of capital contribution portions contributed by the owner that can be either an individual or an organization. The organizational structure of a Single-member LLC with owner being an organization could be in one of the following:

(i) The president and the (general) director; or

(ii) Members' council and the (general) director.

From January 1, 2021, the Single-member LLC is no longer required to have an inspector (or inspection committee) in its corporate governance as so required previously under old enterprise laws.

Under the Law on Enterprises 2020, a company must have at least one legal representative being an individual resides in Vietnam who (A) represents the company to exercise the company's rights and obligations arising from its transactions, (B) represents the company in the capacity of a party requesting settlement of civil cases, plaintiff, respondent or person with related interests or obligation before arbitration or court, and (C) has other rights and obligations under the Vietnamese law. A Single-member LLC must have at least one legal representative who is the chairman of members' council (applicable for the Single-member LLC having three (3) authorized representatives or more from its owner), the president (applicable for the Single-member LLC having only one (1) authorized representative from its owner) or the (general) director.

PROFIT DISTRIBUTIONS AND OVERSEAS REMITTANCE

Under the Law on Enterprises 2020, the owner of a Single-member LLC is not allowed to be distributed profits by the Single-member LLC when the company has not yet paid in full its debts and other financial obligations which become due. Pursuant to Circular No. 05/2014/TT-NHNN dated March 12, 2014 of the State Bank of Vietnam guiding the opening and use of indirect investment capital accounts ("**IICA**") for implementation of foreign indirect investment activities in Vietnam and Circular No. 06/2019/TT-NHNN dated June 26, 2019 of the State Bank of Vietnam guiding the foreign exchange management for the foreign direct investment in Vietnam ("**Circular 06/2019**"), remittance of profit from a company incorporated in Vietnam to foreign investors must be made through either (A) a direct investment capital account ("**DICA**") of the company if such company is required by the Vietnamese law to open and maintain DICA at a licensed bank in Vietnam; or (B) an IICA of the foreign investor if the DICA is not required for the company.

At least seven (7) business days prior to the remittance of profit offshore, a foreign investor is required to directly or authorize the company to serve a notice on offshore remittance of profits to the competent tax authority. Circular 186/2010/TT-BTC dated November 18, 2010 of the Ministry of Finance guiding the overseas remittance of profits earned by foreign organizations and individuals from their direct investment in Vietnam under the investment law provides that the annual profit to be remitted offshore is equivalent to the amount of profit distributable to investors for that fiscal year determined based on the audited financial statement and declaration on tax finalization of the company plus (+) other profit amount (if any) such as undistributed profit accrued from previous year(s) minus (-) amounts used or undertaken to use by foreign investor to reinvest in Vietnam or used for payment of expenditures of the foreign investors in Vietnam.

POSTAL AND FREIGHT ROAD TRANSPORT SERVICES

Postal Services

Postal License

The Postal Law No. 49/2010/QH12 adopted by the National Assembly of Vietnam on June 17, 2010 (the "**Vietnamese Postal Law**") provides regulations on, among others, investment in and provision of postal services. A company providing courier services of mails and documents having recipient address with unit weight of up to two (2) kilograms is required to obtain the postal license with a term of no more than ten (10) years from the provincial Department of Information and Communications ("**Provincial DIC**") (if courier services are provided within a province only) or from the Ministry of Information and Communications ("**MIC**") (if courier services are provided nationwide and/or internationally) upon satisfaction of certain conditions.

Written Certification of Notification of Postal Service Activities

In addition, under the Vietnamese Postal Law, a postal service provider is also required to notify the Provincial DIC or MIC (where applicable) about provision of any of the following postal services:

(i) letter services with unattended recipient weighing up to two (2) kilograms;

(ii) letter services with unit weight of up to two kilograms;

(iii) parcel services:

(iv) acting as an agent for a foreign postal service provider;

(v) receiving a commercial franchise in the postal sector from abroad into Vietnam;

(vi) acting as a representative for a foreign postal service provider;

(vii) acting as a branch or representative office of a postal service provider established under the Vietnamese law; and

(viii) acting as a representative office of a foreign postal service provider.

Upon receipt of the notification application dossier of the company, either Provincial DIC or MIC (where applicable) will issue the Written Certification of Notification of Postal Service Activities.

Notice and reporting obligations of a postal service provider

Decree No. 47/2011/ND-CP dated June 17, 2011 of the Government guiding in details certain articles of the Vietnamese Postal Law, as amended, further provides that the postal service provider is required to service a written notice to the competent authorities issuing the postal license and the written certification of notification of postal service activities within seven (7) business days from occurrence of any of the following changes:

(i) change in the legal representative, or contacting phone number of the legal representative, or charter capital of the postal service provider;

(ii) change in price of postal service; or

(iii) change in service quality criteria, or templates of contract on supplying or using postal service, or complaint handling and compensation rules in relation to postal services of the postal service provider.

Besides, the postal service provider is obliged to submit (A) bi-annual and annual reports on the business and provision of postal services in forms as prescribed under Circular No. 35/2016/TT-BTTTT dated December 26, 2016 of the MIC regulating postal reports to the Provincial DIC and the MIC; and (B) quarterly reports on, among others, revenue, volume of the postal services and contribution amount made to the State budget in forms as prescribed under Circular No. 04/2022/TTBTTTT dated June 22, 2022 of the MIC regulating statistics reporting scheme in information and communication sector.

Freight Road Transport Services

Under the Law on Road Traffic No. 23/2008/QH12 adopted by the National Assembly of Vietnam on November 13, 2008, as amended, the freight transportation by automobile services comprise of (A) ordinary freight transportation, (B) freight transportation by taxi truck, (C) transportation of oversized and overweight cargoes, and (D) transportation of dangerous cargoes. A freight transport service provider is required to obtain the Automobile Transportation License issued by the provincial Department of Transport.

Furthermore, a freight transport company must comply with a number of requirements applicable to freight road transport business provided under Decree No. 10/2020/ND-CP of the Government dated January 17, 2020 guiding transport by automobiles business and conditions for transport by automobiles business, as amended ("**Decree 10/2020**") and Circular No. 12/2020/TT-BGTVT dated May 29, 2020 of the Ministry of Transport guiding organization and management of auto transport operations and auxiliary services of road transport as amended ("**Circular 12/2020**") including, among others, requirements on transporting automobiles, management of drivers and training, transport documents, road transport safety, information storage, information system and technical equipment. The freight transport company is also required to submit monthly reports in the form prescribed under Circular 12/2020 to the provincial Department of Transport.

FRANCHISING ACTIVITIES

Unlike inward franchising activities into Vietnam which is subject to the registration requirement with the Ministry of Industry and Trade under Decree 35/2006/ND-CP of the Government dated March 31, 2006 providing detailed guidance the Law on Commerce in franchising activities as amended ("**Decree 35/2006**"), parties carrying out domestic franchising activities are required to report to the provincial Department of Industry and Trade about their franchising activities (Article 17a.2 of Decree 35/2006).

LABOR, SOCIAL INSURANCE AND EMPLOYMENT-RELATED HYGIENE AND SAFETY REGULATIONS

Labor Code and Labor Contracts

The Labor Code No. 45/2019/QH14 adopted by the National Assembly of Vietnam on November 20, 2019 (the "**Labor Code 2019**") sets out legal framework on labor-related matters. The Government and the Ministry of Labor, War Invalids and Social Affairs have also issued a number of decrees and circulars to implement the Labor Code 2019.

Under the Labor Code 2019, any labor contract must be made in writing or in permitted electronic form and signed by and between employee and the authorized representatives of the employer, except for those with a term of less than one month. A labor contract must include a number of mandatory provisions.

The term of a labor contract could be indefinite or a fixed term for a duration of up to thirty-six (36) months and the wages paid to the employee shall not be lower than the minimum amount provided by the Government based on categories of geographical regions in Vietnam.

Internal Labor Rules

Under the Labor Code 2019, a company incorporated in Vietnam with more than ten (10) employees must prepare and approve the internal labor rules ("**ILR**") which contains a number of mandatory principle contents and, within ten (10) days from the issuance, register such ILR with the relevant Department of Labor, Invalids and Social Affairs ("**DOLISA**") of the city or province where the company has registered for its business operations.

Foreign employees

A foreign employee working in Vietnam is required to obtain a work permit, except for certain exemption cases under the Labor Code 2019 including, among others, foreign employees being the owner or member/investor of a limited liability company having the charter capital of

Vietnamese Dong ("**VND**") three (3) billion or more, internal transfer in sectors permitted by the Government, foreign employees entering into Vietnam for less than three (3) months for introduction of services or handling of complicated technical and technological incidents. In such exemption cases, the employer must obtain confirmation on work permit exemption from the competent labor authorities. In addition, pursuant to Decree 152/2020/ND-CP dated December 30, 2020 of the Government providing details guidance on the implementation of the Labor Code 2019 on foreign employees working in Vietnam, as amended, the employer having foreign employees is required to submit bi-annual reports on employment status of its foreign employees to the provincial DOLISA.

Compulsory insurances

Under the Law on Social Insurance No. 58/2014/QH13 adopted by the National Assembly of Vietnam on November 20, 2014, the Law on Health Insurance No. 25/2008/QH12 adopted by the National Assembly of Vietnam on November 14, 2008 (as amended), the Law on Employment No. 38/2013/QH13 adopted by the National Assembly of Vietnam on November 16, 2013 and the Law on Labor Safety and Hygiene No. 84/2015/QH13 adopted by the National Assembly of Vietnam on June 25, 2015 (as amended), employees and employers are required to make contributions to the social insurance schemes which include social, health, occupational accidents and diseases and unemployment insurances in Vietnam in favor of Vietnamese employees (and certain categories of foreign employees). The contributions are calculated based on the employee's wage or salary specified under the labor contract and made by both employee and employer in specific percentage set forth by laws.

Occupational training for drivers

Under Decree 10/2020 and Circular 12/2020, a freight transport company is required to organize transportation profession and safety trainings for its drivers every three (3) years. Upon completion of the trainings, the drivers will be issued with the training certificates by the relevant training service provider.

ENVIRONMENT AND FIREFIGHTING AND FIRE PREVENTION

Firefighting and fire prevention

The Law on Fire Fighting and Prevention No. 27/2001/QH10 adopted by the National Assembly of Vietnam on June 29, 2001, as amended (collectively, the "**Law on Fire Fighting and Prevention**") imposes various rules on fire-fighting and prevention that a company must comply.

In particular, owners of construction works that are listed under Annex III of Decree No. 136/2020/ND-CP dated November 24, 2020 of the Government providing guidance on certain articles of the Law on Fire Fighting and Prevention ("**Decree 136/2020**") are required to comply with a number of firefighting and prevention requirements.

Compulsory fire and explosive insurance

Pursuant to Decree No. 23/2018/ND-CP dated February 23, 2018 of the Government providing compulsory fire and explosion insurance and Decree 136/2020, any facility which falls within the list of facilities at fire and explosion risk under Annex II of Decree 130/2020 is required to purchase compulsory insurance including warehouses for storing flammable goods or non-flammable goods in flammable packaging with total volume of 5,000 cube meter and above.

DATA PRIVACY

In Vietnam, there is not a single comprehensive data protection law. Instead, regulations on data protection and privacy can be found in various legal instruments. The Civil Code No. 91/2015/QH13 adopted by the National Assembly of Vietnam on November 24, 2015 provides an individual with the fundamental right in privacy, personal and family secrecy and requires any collection, storage, use and disclosure of an individual's personal information must be subject to his/her consent. Currently, the key regulations on data privacy in Vietnam are the Law on Cyber Security No. 24/2018/QH14 (the "**Law on Cyber Security**") adopted by the National Assembly of Vietnam on June 12, 2018 and the Law on Cyber Information Security No. 86/2015/QH13 (the "**Law on Cyber Information Security**") adopted by the National Assembly of Vietnam on November 19, 2015.

Under the Law on Cyber Information Security, any organization and individual who processes personal information (the "**Information Processing Entities**") has the following responsibilities:

(i) Collecting personal information only after obtaining the consents from the relevant individual regarding the scope and purpose of collection and use of such information;

(ii) Using the collected information for purposes other than the initial one only after obtaining the consent from the relevant individual; and

(iii) Refraining from providing, sharing or spreading collected personal information to a third party, unless otherwise agreed by the relevant individual or at request of the competent authorities.

Upon receiving the request of the individual for updating, altering or removing his/her personal information or stopping the information sharing with third parties, the Information Processing Entities are required to:

(i) Perform requests of the individual and notifying him/her about the fulfillment of the requests or granting the individual with the access right to update, alter or remove information by his/her self; and

(ii) Take appropriate measures to protect personal information and notify the individual owning such information in case of being unable to fulfil his/her request due to technical or other reasons.

In addition, under the Vietnamese Postal Law, the postal service provider also has obligations to not disclose information of the service users including personal information except for the security reason.

Vietnam's data and privacy protection regime continues to evolve. The recent Decree No. 13/2023/ND-CP on Personal Data Protection dated April 17, 2023 (taking effect from July 1, 2023) ("**Decree 13/2023**") is similar to other data privacy and protection laws enacted around the globe. It codifies and tightens personal data protection regulations in Vietnam. In particular, a data owner's consent to disclose, process, use for advertising purposes and transfer personal data must be in printable/copyable or verifiable form, and such consent may be withdrawn at any time and at the discretion of the data owner. Silence or non-response is not deemed to be consent from the data owner. In addition, any processing of personal data or cross-border transfer of personal data out of Vietnam is subject to the assessment by the Department of Cybersecurity and High-tech Crime Prevention and Control, the supervisory

authority of personal data protection in Vietnam. Failure to comply with personal data protection regulations will result in administrative fines, having licenses required to process personal data being revoked or suspended or in extreme cases, criminal liability.

Vietnam has also passed laws which stipulated that individuals and companies must implement measures to assure data security. For example, entities providing information technology services must comply with regulations on data localization and storage, and are required to apply blocking and handling measures upon receipt of a notice that sending such information is illegal and implement measures to allow recipients to refuse the receipt of information.

INTELLECTUAL PROPERTY

In order to provide the legal framework for the use of intellectual properties in Vietnam, the National Assembly of Vietnam adopted the Law on Intellectual Property No. 50/2005/QH11 on November 29, 2005 and subsequently amended in June 19, 2009 and June 14, 2019 and June 16, 2022 (collectively, the "**Law on Intellectual Property**") under which the main subject matters of intellectual property rights are, among others, industrial property rights including, but not limited to, industrial designs, trade secrets, trademarks and trade names.

An organization or an individual has the right to register the intellectual property right for goods that such organization or individual produces and services that such organization or individual provides. The trademark registration certificate takes effect from the issuance date and expires after ten (10) years from the submission of the registration application and can be renewed for multiple consecutive 10-year terms.

The industrial property owner (including trademark owner) may transfer the ownership of or license the rights to use the industrial property to another organization or individual. Under the Law on Intellectual Property, the industrial property right transfer agreement must be made in writing and may only come into force upon completion of the registration of such transfer agreement with the competent industrial property authority while the industrial property right license agreement will be effective as agreed between the parties.

COMPETITION LAW

The Law on Competition No. 23/2018/QH14 adopted by the National Assembly of Vietnam on June 12, 2018 (the "**Law on Competition 2018**"), together with its implementing decrees issued by the Government, including Decree No. 75/2019/ND-CP of the Government dated September 26, 2019 on administrative sanctions in competition sector ("**Decree 75/2019**") and Decree No. 35/2020/ND-CP of the Government dated March 24, 2020 guiding the implementation of a number of articles of the Law on Competition 2018 ("**Decree 35/2020**"), set out a legal framework for competition law of Vietnam.

Agreements on competition restraint

The Law on Competition 2018 provides the list of anti-competition agreements which are subject to prohibition or restriction, categorized in horizontal agreements and vertical agreements, along with regime for possible exemption for certain types of anti-competition agreements subject to discretion of the competition authority.

Economic concentration

In addition, the Viet Nam Competition Commission supervises merger control in Vietnam. Any transaction regarded as an economic concentration that reaches certain reportable thresholds based on the size of transaction (applicable to onshore transactions only), total assets in Vietnam, total sales (or total purchase volume) in Vietnam or market share in the relevant market, is subject to a notification of economic concentration and regulatory consent before the transaction is conducted. The Vietnam competition law provides a two-phase appraisal process of a merger filing: preliminary appraisal (taking up to 30 days) and official appraisal (taking between 90 and 150 days). The official appraisal will only be conducted if the conclusion of the preliminary appraisal is that it is required.

Any party committing violation of the Vietnam competition law will, depending on the nature and seriousness of relevant violations, be subject to discipline measures, administrative sanctions or criminal liabilities. In case of causing damages to the interests of the State, legitimate rights and interests of organizations and individuals, the violating party will be subject to compensation responsibility for such damages.