
REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN SINGAPORE

Key Government Regulations in Singapore

A summary of the key government regulations in Singapore that are applicable to our business are as follows:

Regulation of Imports and Exports Act

Under the Regulation of Imports and Exports Act 1995 of Singapore (“**RIEA**”), the Minister for Trade and Industry, may make regulations for the registration, regulation and control of all or any class of goods imported into, exported from, transhipped in or in transit through Singapore. The Regulation of Imports and Exports Regulations (“**RIER**”) was prescribed in 1999 to control the import, export or transshipment of certain goods through the requirement of permits. We currently do not have any permits under the RIER as we are not involved in the import, export or transshipment of the classes of controlled goods under the RIER. In addition, the importation and exportation of specific products into and out of Singapore may be subjected to certain registration requirements imposed by the relevant governmental authorities in Singapore.

Under the RIEA, any person who imports, exports or tranships any goods and either (i) applies or causes to be applied to the goods an incorrect trade description, or (ii) has in his possession for sale or for any purpose of trade any goods to which an incorrect trade description has been applied, shall be guilty of an offence and shall be liable on conviction to a fine and/or imprisonment. Trade descriptions mean any description, statement or indication which, directly or indirectly and by whatever means given, relates to the place of origin, manufacture or production of the goods.

Consumer Protection (Fair Trading) Act

The Consumer Protection (Fair Trading) Act 2003 of Singapore (“**CPFTA**”) is administered by the Competition and Consumer Commission of Singapore and was enacted to protect consumers against unfair practices and to give consumers additional rights in respect of goods that do not conform to the contract, and for matters connected therewith.

The CPFTA grants consumers additional rights and remedies against sellers for non-conforming goods. The CPFTA will apply to a contract of sale of goods if the buyer deals as consumer, and the goods do not conform to the applicable contract at any time within the period of six (6) months starting from the date on which the goods were delivered to the buyer, and if the contract was made on or after 1 September 2012. Goods do not conform to a contract of sale of goods if there is, in relation to the goods, a breach of (a) an express term of the contract, (b) the

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

implied condition that the goods will correspond with the description or samples provided by the seller to the buyer, or (c) the implied condition that the goods are of satisfactory quality or fitness for the purpose for which the goods were supplied.

Under the CPFTA, buyers will have a statutory right to demand the repair or replacement of non-conforming goods. The seller will have to repair or replace the non-conforming goods at its own costs, within a reasonable period of time and without causing significant inconvenience to the buyer. If the seller fails to do so or if repair or replacement is impossible or disproportionately costly, buyers may instead require the seller to reduce the price paid for the goods or may reject the goods altogether and obtain a refund.

Consumer Protection (Trade Descriptions and Safety Requirements) Act

The Consumer Protection (Trade Descriptions and Safety Requirements) Act 1975 of Singapore (“CPTSA”) prohibits the application of a false trade description to any goods and supply of goods which have a false trade description. A false trade description under the CPTSA includes a trade description which is false or likely to mislead in a material respect, whether from anything contained in or omitted from the description.

Under the CPTSA, the Minister for Trade and Industry may by regulations impose requirements for ensuring that, amongst others:

- (a) certain goods are marked with or accompanied by any information or instruction relating to the goods;
- (b) any description of advertisements of certain goods should contain or refer to any information relating to the goods, or of an indication of the means by which that information may be obtained; and
- (c) certain goods are subject to safety requirements relating to composition or contents, design, construction, finish or packing and marked with or accompanied by any information, warning or instruction.

Under the Consumer Protection (Safety Requirements) Regulations 2011 (“CPSRR”), no person shall, in the course of any trade or business, supply or advertise any controlled goods after 15 January 2018 unless these goods are registered controlled goods conforming to the safety requirements specified by with the Enterprise Singapore Board for those goods, and such controlled goods have affixed to them a Safety Mark. In the event of non-compliance, the Enterprise Singapore Board is empowered under the CPSRR to require any person to effect a recall of the controlled goods and keep the Enterprise Singapore Board informed of the progress of such

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

recall and take steps as may be necessary to inform users of the controlled goods of the potential dangers of such goods. A person who fails or neglects to effect a recall of the controlled goods required by the Enterprise Singapore Board shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$2,000 or to imprisonment for a term not exceeding 12 months or to both.

Employment of Foreign Manpower Act

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act 1990 of Singapore (“**EFMA**”) and regulated by the Ministry of Manpower (“**MOM**”).

In Singapore, under Section 5(1) of the EFMA, no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him in Singapore. Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

- (a) be liable on conviction to a fine of not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and
- (b) on a second or subsequent conviction:
 - (i) in the case of an individual, be punished with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or
 - (ii) in any other case, be punished with a fine of not less than S\$20,000 and not more than S\$60,000.

The availability of foreign workers to various sectors is also regulated by the MOM through the following policy instruments:

- (a) approved source countries or regions;
- (b) the imposition of security bonds and levies;
- (c) dependency ceilings based on the ratio of local to foreign workers; and
- (d) work permit conditions.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Before applying for work permits for its foreign workers, a company must first declare its business activity to the MOM using the MOM’s online service. After the company declares its business activity, the MOM will assign the company to the most relevant sector. Each sector has sector-specific rules in relation to the employment of foreign workers and the company’s sector will determine the number of work permit holders that it can employ. To declare its business activity, the company must have a CPF account, contribute CPF for its local workers for at least 1 month before declaring its business activity, and submit copies of the relevant licences to the MOM. After a company submits the online application to declare its business activity, the MOM may request for additional information and documents.

Apart from the EFMA, an employer of foreign workers is also subject to, amongst others, the provisions as set out in:

- (a) the Employment Act 1968 of Singapore, the requirements of which are set out below; and
- (b) the Immigration Act 1959 of Singapore (“**Immigration Act**”) and the regulations issued pursuant to the Immigration Act.

Employment Act

The Employment Act 1968 of Singapore, or the Singapore EA, sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees. With effect from 1 April 2019, the Singapore EA extends to all employees, including persons employed in managerial or executive positions, with certain exceptions.

The Singapore EA prescribes certain minimum conditions of service that employers are required to provide to their employees, including (i) minimum days of statutory annual and sick leave; (ii) paid public holidays; (iii) statutory protection against wrongful dismissal; (iv) provision of key employment terms in writing; and (v) statutory maternity leave and childcare leave benefits. In addition, certain statutory protections relating to overtime and hours of work are prescribed under the Singapore EA, but only apply to limited categories of employees, such as an employee (other than a workman) who is not employed in a managerial or executive position and who receives a salary of up to S\$2,600 a month (“**relevant employee**”). Section 38(8) of the Singapore EA provides that a relevant employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, section 38(5) of the Singapore EA limits the extent of overtime work that a relevant employee can perform, to 72 hours a month.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Other employment-related benefits which are prescribed by law include (i) contributions to be made by an employer to the Central Provident Fund, under the Central Provident Fund Act 1953 of Singapore in respect of each employee who is a citizen or permanent resident of Singapore; (ii) the provision of statutory maternity, paternity, childcare, adoption, unpaid infant care and shared parental leave benefits (in each case subject to the fulfillment of certain eligibility criteria) under the Child Development Co-savings Act 2001 of Singapore; (iii) statutory protections against dismissal on the grounds of age, and statutory requirements to offer re-employment to an employee who attains the prescribed minimum retirement age, under the Retirement and Re-employment Act 1993 of Singapore; and (iv) statutory requirements relating to work injury compensation, and workplace safety and health, under the Work Injury Compensation Act 2019 of Singapore and the Workplace Safety and Health Act 2006 of Singapore, respectively.

Personal Data Protection Act

The Personal Data Protection Act 2012 of Singapore (“**PDPA**”) establishes the baseline regime for the protection of personal data in Singapore. The PDPA applies to all organisations that collect, use, disclose, and/or process personal data. The PDPA is administered and enforced by the Personal Data Protection Commission (“**PDPC**”). In this regard, “personal data” as defined under the PDPA refers to data, whether true or not, about an individual who can be identified from that data or other information to which the organization has or is likely to have access to.

An organization is required to comply with, amongst other things, the data protection obligations prescribed by the PDPA, which may be summarized as follows:

- (a) *Consent obligation* — the consent of individuals must be obtained before collecting, using, disclosing and/or processing their personal data, unless an exception applies. Additionally, an organization must allow the withdrawal of consent by an individual which has been given or is deemed to have been given;
- (b) *Purpose limitation obligation* — personal data must be collected, used, disclosed, and/or processed only for purposes that a reasonable person would consider appropriate in the circumstances, and if applicable, have been notified to the individual concerned;
- (c) *Notification obligation* — individuals must be notified of the purposes for the collection, use, disclosure, and/or processing of their personal data, prior to such collection, use, disclosure, and/or processing;
- (d) *Access and correction obligations* — when requested by an individual and unless an exception applies, an organization must: (i) provide that individual with access to his personal data in the possession or under the control of the organization and information

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

about the ways in which his personal data may have been used or disclosed during the past year, and/or (ii) correct an error or omission in his personal data that is in the possession or under the control of the organization;

- (e) *Accuracy obligation* — an organization must make reasonable efforts to ensure that personal data collected by or on its behalf is accurate and complete if such data is likely to be used by the organization to make a decision affecting the individual to whom the personal data relates or if such data is likely to be disclosed to another organization;
- (f) *Protection obligation* — an organization must implement reasonable security arrangements to protect personal data in its possession or under its control from (i) unauthorized access, collection, use, disclosure, copying, modification, disposal or similar risks, and (ii) the loss of any storage medium or device on which personal data is stored;
- (g) *Retention limitation obligation* — an organization must anonymize or must not keep personal data for longer than it is necessary to fulfill; (i) the purposes for which it was collected, or (ii) a legal or business purpose;
- (h) *Transfer limitation obligation* — personal data must not be transferred out of Singapore except in accordance with the requirements prescribed under the PDPA. In this regard, an organization must ensure that the recipient of the personal data in that country outside Singapore is bound by legally enforceable obligations to provide the transferred personal data a standard of protection that is at least comparable to the protection under the PDPA;
- (i) *Accountability obligation* — an organization must implement the necessary policies and procedures in order to meet its obligations under the PDPA, communicate and inform its staff about these policies and procedures, as well as make information of such policies and procedures available on request. In addition, an organization must develop a process to receive and respond to data-related complaints, and must designate at least one individual as the data protection officer to oversee the organization’s compliance with the PDPA;
- (j) *Data breach notification obligation* — an organization must notify the PDPC and/or the affected individuals if it has suffered a data breach that meets the notification thresholds prescribed under the PDPA (i.e. the data breach is or is likely to be of significant scale, or has caused or is likely to cause significant harm to the affected individuals). The

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

organization is expected to expeditiously assess the severity of the breach, and the timeline to notify the PDPC is 3 calendar days of the organization assessing that a notification threshold has been met; and

- (k) *Data portability obligation* — the data portability obligation (which is not yet in force as at the date of this prospectus) grants individuals with an existing direct relationship with an organization the right to request for a copy of their personal data to be transmitted in a commonly used machine-readable format to another organization which has a business presence in Singapore. The exact scope and applicability of this right will be delineated by the relevant regulations and guidelines to be published by the PDPC.

The maximum financial penalty that can be imposed on organizations is S\$1 million, or 10% of the organization’s annual turnover in Singapore, whichever is higher. The severity of the penalties will be assessed based on, amongst other things, the amount of personal data involved, and the degree of harm caused to individuals.

Health Products Act

The Health Products Act 2007 of Singapore (“**HPA**”) regulates the manufacture, import, supply, presentation and advertisement of health products and of active ingredients used in the manufacture of health products and provides for matters connected therewith.

Sale of Cosmetic products

Under the First Schedule of the HPA, a ‘*cosmetic product*’ is defined as any substance or preparation that is intended by its manufacturer to be placed in contact with the various external parts of the human body or with the teeth or the mucous membranes of the oral cavity, with a view exclusively or mainly to: (a) cleaning them; (b) perfuming them; (c) changing their appearance; (d) correcting body odours; (e) protecting them; or (f) keeping them in good condition. A licence is not required for the manufacture, import or wholesale of a cosmetic product. There is also no requirement to register a cosmetic product.

Under the Health Products (Cosmetic Products — ASEAN Cosmetic Directive) Regulations 2007 (“**Cosmetics Regulations**”), a person responsible for placing a cosmetic product in the market is required to notify the Health Sciences Authority (“**HSA**”) prior to supplying or causing that cosmetic product to be supplied on his behalf in Singapore of his intention to do so. Any person who fails to notify the HSA (or to re-notify the HSA after the expiry of 1 year from the date of most recent notification) prior to supplying or causing a cosmetic product to be supplied on his behalf in Singapore shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding 12 months or to both.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

The Cosmetics Regulations also set out certain labelling requirements for cosmetic products and requires certain information to appear on the outer packaging of the cosmetic product, immediate container of the cosmetic product, or in a leaflet or display panel accompanying the cosmetic product. It is an offence under the HPA to supply any cosmetic product which contains any statement, trademark, picture or other sign (a) to the effect, whether directly or indirectly, that the supply or use of the cosmetic product is being promoted or endorsed by the HSA; or (b) that is likely to create an erroneous impression regarding the formulation, composition, quality or safety of the cosmetic product. It is also an offence to advertise any cosmetic product or cause any cosmetic product to be advertised (a) with any claim, whether expressly or by implication, that the cosmetic product has a therapeutic benefit or can be used for a therapeutic purpose; or (b) with any claim which is likely to create an erroneous impression regarding the formulation, composition, quality or safety of the cosmetic product.

Sale of health supplements

Health supplements do not currently fall within the ambit of health products under the HPA and the sale of health supplements in Singapore is not subject to any premarket approvals or licensing. Nonetheless, according to the “Health Supplements Guidelines” issued by the HSA, dealers (importers, manufacturers, wholesale dealers) and sellers have an obligation to ensure that their products are not harmful or unsafe and that they conform with the applicable safety and quality standards. They must ensure that (a) such products do not contain prohibited ingredients; (b) their product claims are consistent with its use to supplement a diet and to maintain, enhance and improve the healthy functions of the human body and do not purport to treat or prevent any specific medicinal purpose; and (c) their product labels are prominently displayed on the product, with adequate and truthful information on the product to enable consumers to make informed decisions and use the product correctly.

Sale of Food Act

The Sale of Food Act 1973 of Singapore (“SFA”) seeks to regulate food to ensure that food for sale is safe and suitable for human consumption and to promote public health, for ensuring the provision of information relating to food to enable consumers to make informed choices and for preventing misleading conduct in connection with the sale of food. The administration and enforcement of the SFA falls under the purview of the Singapore Food Agency. Under the SFA, it is an offence to, *inter alia*, sell any food which is unsafe or unsuitable.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Under the regulations enacted pursuant to the SFA (“**Food Regulations**”), it is an offence to import, sell, consign or deliver any prepacked food with an expired date mark. Further, no person shall import, advertise, manufacture, sell, consign or deliver any prepacked food if the package of prepacked food does not bear a label containing all the particulars required by the Food Regulations.

Singapore Code of Advertising Practice

The Singapore Code of Advertising Practice (“**SCAP**”) are guidelines issued by the Advertising Standards Authority of Singapore to regulate commercial advertising and seeks to promote a high standard of ethics in advertising through industry self-regulation. The basic premise of the SCAP is that all advertisements should be legal, decent, honest and truthful. In respect of cosmetic products, the SCAP provides, *inter alia*, that claims that a product contains ingredients with special properties should be supported by acceptable evidence that the ingredients are beneficial for the purpose referred to. Claims that a cosmetic product has a particular physiological effect should also be backed by evidence specifically directed at establishing this within the context of established scientific knowledge.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN INDONESIA

The regulatory overview provided below is limited to the core business of our Company and its subsidiaries, which includes the business activities of e-commerce, specifically in (i) retail trade business of various types of mixed goods and (ii) consultation computer programming activities. Aside from the specific regulations on the core business of the Company and its subsidiaries, there also are various laws and regulations in the industry and trade sectors applicable to the core business of our Company and its subsidiaries.

General Overview

In general, e-commerce activities in Indonesia are primarily subject to the regulations issued by the Ministry of Communications and Information Technology (“**MOCIT**”), whilst trade distribution activities are subject to regulations issued by the Ministry of Trade (“**MOT**”), while specifically for cosmetics products are subject to the regulations and policies issued by the Food Drug Supervisory Agency (“**FDSA**”).

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Trading Activities

Operational Licenses for Trading

Upon the enactment of Government Regulation No. 5 of 2021 on the Organization of Risk-Based Business Licensing (“**GR No. 5/2021**”), operational licenses that need to be obtained by business actors depend on the categorization within the risk-based business framework. Furthermore, MOT Regulation No. 26 of 2021 as lastly amended by MOT Regulation No. 21 of 2023 on the Amendment to MOT Regulation No. 26 of 2021 on Establishment of Business Activity and Product Standards in the Implementation of Risk-Based Business Licensing in the Trade Sector (“**MOT Regulation 26/2021**”) has also implemented risk-based business licensing for trading sector activity.

Previously, a company engaged in trading business activities in Indonesia must obtain a Trading Business License (*Surat Izin Usaha Perdagangan* or “**SIUP**”) issued by the MOT or regent/mayor pursuant to their respective authorities. However, under the current regulation, SIUP is only required for a certain high-risk business activities in the trading sector (e.g. direct selling activities). Meanwhile, as mentioned in the Foreign Direct Investment section below, any lower risk business activity is only required to obtain the general licenses, which are Business Identification Number (*Nomor Induk Berusaha* or “**NIB**”) and/or Standard Certificate.

E-Commerce

Trading through electronic system (also known as e-commerce) is defined as any transaction that is carried out through a series of electronic devices and procedures, which is regulated by (i) Government Regulation No. 80 of 2019 on Trading Through Electronic Systems (“**E-Commerce Regulation**”); and (ii) MOT Regulation No. 31 of 2023 on Business Licensing, Advertising, Development, and Supervision of Business Actors in Trading Through Electronic Systems (“**MOT Regulation 31/2023**”).

The E-Commerce Regulation and MOT Regulation 31/2023 govern the restrictions and requirements for e-commerce business actors (both domestic and foreign). Currently, e-commerce business actors are divided into the following categories: (i) e-commerce platform operators (*Penyelenggara Perdagangan Melalui Sistem Elektronik*), (ii) merchants, and (iii) intermediary service providers. Further, the E-Commerce Regulation also regulate, among others, electronic

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

contracts, online advertisements, quality standards for products and/or services, and personal data protection in the e-commerce sector. For instance, E-Commerce Regulation stipulates certain obligations to be fulfilled by e-commerce business actors, including:

- (a) compliance with the general requirement in the risk-based business licensing (e.g. obtain registration of electronic system provider certificate, as elaborated in the MOCIT Regulation section below);
- (b) provide and retain the valid proof of e-commerce transaction;
- (c) prohibition to display electronic advertisements that are contrary to the provisions of laws and regulations on its electronic facilities; and
- (d) prioritise domestic products in terms of trading and promoting activities.

Non-compliance with the provisions under the E-Commerce Regulation and MOT Regulation 31/2023 may subject the relevant company to various administrative sanctions in the form of written reprimand, enlistment in the supervision list, blacklisting, temporary suspension of services, and/or revocation of business license.

PDP Law and MOCIT Regulation

Personal Data Protection

The operation of online commerce businesses often involves the processing (e.g., collection, use, storage and disclosure) of personal data of the customers, employees, and/or other third parties. This activity falls under the purview of Law No. 27 of 2022 on Personal Data Protection (“**PDP Law**”), Indonesia’s primary data protection legislation.

The PDP Law defines personal data as data regarding individuals who are identified or can be identified separately or in combination with other information, either directly or indirectly through an electronic or non-electronic system. It also establishes the obligations and prohibitions for personal data controllers and personal data processors, including the obligation to only process personal data with the appropriate lawful basis, provide information on the processing activity to the data subjects, and implement technical and organisational measures to ensure the security of the processing activity.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Non-compliance with the provisions of the PDP Law may subject the relevant company to various administrative sanctions, in the form of written reprimand, temporary suspension of personal data processing activities, erasure or removal of personal data, and/or an administrative fine of up to 2% of the annual revenue or sales.

Electronic Information and Transactions

The operation of electronic platforms and implementation of electronic transactions must adhere to Law No. 8 of 11 of 2008 on Electronic Information and Transaction (as amended) and its implementing regulations, which include the Government Regulation No. 71 of 2019 on the Organisation of Electronic Systems and Transactions and Ministry of Communication and Information Technology (“**MOCIT**”) Regulation No. 5 of 2020 of Electronic System Provider (as amended) (“**Electronic Platform Regulations**”).

The Electronic Platform Regulations outline the requirements for electronic platforms, including the requirement to have the platforms registered to the MOCIT, certain operational aspects of the electronic platform such as requirements on content moderation, security of the platform, and data privacy (which has since been superseded by the PDP Law). The Electronic Platform Regulations also govern certain criminal offenses conducted on an electronic platform, such as defamation and hate speech.

Non-compliance with the provisions under the Electronic Platform Regulations may subject the relevant Company to various administrative sanctions, in the form of written reprimand, administrative fine, temporary suspension of electronic platform, termination of access to the electronic platform, and/or exclusion of the electronic platform operator from the MOCIT’s registered platforms list.

Foreign Direct Investment

The Law No. 25 of 2007 on Capital Investment as lastly amended by Law No. 6 of 2023 on the Enactment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into Law (“**Investment Law**”) principally regulates direct investments in Indonesia, in the form of foreign capital investments (*Penanaman Modal Asing* or “**PMA**”) and domestic capital investment (*Penanaman Modal Dalam Negeri* or “**PMDN**”). In Indonesia, a foreign investor has to undertake its investment through an Indonesian legal entity in the form a foreign investment limited liability company (“**PMA company**”).

The Investment Law provides that all types of businesses are open for investment without restriction, except certain sectors which are fully closed to investment or allowed under certain conditions and for certain sectors which can only be carried out by the central Indonesian

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Government. Currently, these prohibited and restricted business activities are listed in the Presidential Regulation No. 10 of 2021 on the Investment Business Fields as lastly amended by Presidential Regulation No. 49 of 2021 on the Amendment of Presidential Regulation No.10 of 2021 on the Investment Business Fields (“**Presidential Regulation No. 10/2021**”). The types of business which are open for investment are partly or conditionally open based on a system of permitted ownership limits, reserved sectors and licensing requirements. Significantly, the Presidential Regulation No. 10/2021 provides that any sector not stated to be closed or partly closed will be fully open for investment without restriction. The list of business sectors on the Presidential Regulation No. 10/2021 is based on the comprehensive classification of sectors set out in the Head of Central Statistic Bureau Regulation No. 2 of 2020 on the Indonesian Business Sector Classification (*Klasifikasi Baku Lapangan Usaha Indonesia*) drawn up by the Central Statistics Bureau.

To encourage capital investment, the Indonesian Government provides several incentives to PMA and/or PMDN companies such as relief or reduction of tax and customs and convenience in obtaining immigration and import services and/or permits. Another important feature of the Investment Law is the Indonesian Government’s guarantee that it will not nationalize a PMA company, except where declared by law. In the event that the Indonesian Government nationalizes any PMA company, it must pay compensation as determined by the market price of the investment. This guarantee is accompanied by an assurance that the foreign investor will have the right to transfer and repatriate in foreign currency, profit, bank interest, dividends and other means of income.

Under Government Regulation No. 5 of 2021 on the Organization of Risk-Based Business Licensing (“**GR No. 5/2021**”), prior to commencing its business, a company must obtain NIB through the OSS portal, a regulatory portal that integrates the process of applying for multiple regulatory permission in one place. The NIB is used by companies to obtain business, commercial and operating licenses, and grants customs access (*akses kepabeanan*). Under the OSS system, business, commercial or operating licenses take effect only after the holder has fulfilled all commitments and obligations imposed as a condition for the issuance of such licenses. Fulfillment of such conditions will then be recorded in the OSS system, so that relevant government agencies are aware of the holder’s compliance. GR No. 5/2021 also divides business sectors into categories based on their risks level. The categories set out by GR No. 5/2021 are as follows:

- (a) low risk level;
- (b) medium risk level, which is divided into two categories:
 - (i) medium-low risk level;

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

- (ii) medium-high risk level;
- (c) high risk level,

The above risk level will be determined based on the potential impact of the business activity on health, safety, environment, and natural resources utilisation, as well as other hazard factors. Under GR No. 5/2021, business sectors which are categorized as having low risks level will only require NIB to legally conduct their business activities. Business sectors which are categorized as having medium-low risks level need to obtain NIB and Standard Certificates to legally conduct their business activities. Business sectors which are categorized as having medium-high risks level need to obtain NIB and Verified Standard Certificates to legally conduct their business activities. Business sectors which are categorized as having high risks level need NIB and Licenses to legally conduct their business activities.

Further, the Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* or “**BKPM**”) provides a set of important rules on investment licensing and other procedures, covering both PMDN companies and PMA companies. These rules are set out by virtue of Regulation of the Chairman of BKPM No. 4 of 2021 on the Guidelines and Procedures for Risk-Based Business Licensing Services and Investment Facilities and Regulation of the Chairman of BKPM No. 5 of 2021 on Guidelines and Procedures for the Supervision of Risk-Based Business Licensing which provides, amongst others, that business actors are required to submit Investment Activity Report (*Laporan Kegiatan Penanaman Modal* or “**LKPM**”) for each business sector and/or location via the OSS system. LKPM submissions should encompass data on business licensing, including any changes that are made to any data listed within the OSS system in accordance with the current period. For instance, business entity that is categorised as a medium and large scale business actors is obliged to submit the LKPM every 3 months to the BKPM, while small-scale business actors are obliged to submit the LKPM every 6 months during a single reporting year.

Labour

Labour or employment in Indonesia is primarily regulated by Law No. 21 of 2000 on Labour Union (“**Labour Union Law**”) and Law No. 13 of 2003 on Employment (“**Indonesian Labour Law**”) as amended by Law No. 6 of 2023 on the Enactment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into Law (“**Job Creation Law**”). Under the Indonesian Labour Law, an employee is any person working for a salary or other form of remuneration. On the other hand, an employer is any individual, entrepreneur, legal entity or other body employing manpower by paying a salary or other form of remuneration. The Indonesian Labour Law stipulates that a business entity as an employer is obliged to pay wages to employee in accordance with the agreement between the employer and employee. In this case, wage arrangements determined by

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

agreement between employers and employees may not be lower than the wage provisions stipulated in laws and regulations. In this case, pursuant to Government Regulation No. 36 of 2021 on Wages as lastly amended by Government Regulation No. 51 of 2023 on the Amendment to Regulation No. 36 of 2021 on Wages (“**GR No. 36 of 2021**”), the minimum wage comprises the provincial minimum wage (*upah minimum provinsi*) and the regency/city minimum wage (*upah minimum kabupaten/kota*) with certain requirements (e.g. in relation to economic growth or inflation within the relevant regency/city). Related to termination of employment, the employer is obliged to pay severance pay and/or long service pay and reimbursement of rights that should be received by the employee.

The reimbursement of rights that should be received includes (i) annual leave that has not been taken and has not been cancelled; (ii) the cost or return fare for the employee and his/her family to the place where the employee is accepted to work; and (iii) other matters stipulated in the work agreement, company regulation, or collective labour agreement.

The Indonesian Labour Law provides, that employees of a company with more than ten employees may form a labour union. Such labour union must be registered with the Ministry of Manpower (“**MOM**”). A registered labour union is entitled to (i) make a collective labour agreement, (ii) represent employees in solving industrial relations disputes, (iii) represent employees in various employment activities, and (iv) carry out activities that can improve employees’ welfare.

The Indonesian Labour Law provides that any employer that employs ten or more employees is required to maintain a company regulation which will come into force once registered with the MOM (or its regional offices). The company regulation contains, among others, the rights and obligations of the employer and the employee, term of works, and rules of the company. A company regulation is valid for two years as from the date it is registered with the MOM and must be renewed once expired. Failure to maintain a valid company regulation is subject to monetary sanctions ranging from IDR.5.0 million up to IDR.50.0 million.

Further Indonesian Labour Law stipulates that an employer must provide protection covering health and safety at work for its employees, specifically such employer must participate in the Government’s social security program. The Government’s employment and social security department consists of the Manpower Social Security Administrator (*Badan Penyelenggara Jaminan Sosial Ketenagakerjaan* — “**Manpower BPJS**”) and the Health Social Security Administrator (*Badan Penyelenggara Jaminan Kesehatan* — “**Health BPJS**”). The amount contributed to Manpower BPJS and Health BPJS are to cover the employee for general healthcare and in case of occupational accident, death and for an old age pension is calculated by reference to the amount an employee actually receives. Further, the Indonesian Labour Law also stipulates that every company must apply a management system for health and safety at work as further regulated

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

under Government Regulation No. 50 of 2012 on The Implementation of Management System for Health and Safety at Work. Failure to implement the management system for health and safety at work may result in administrative sanctions as set out under Indonesian Labour Law, in any form of warning up to revocation of license.

Distribution of Cosmetics Regulation

Cosmetic Notification

Pursuant to the cosmetics notification regulations, namely MOH Regulation No. 1176/MENKES/PER/VIII/2010 dated 20 August 2010 on Cosmetic Notification (“**MOH Reg 1176/2010**”) and FDSA Regulation No. 21 of 2022 on Procedures for The Submission of Cosmetics Notification (“**FDSA Regulation 21/2022**”), any cosmetic product may only be distributed upon obtaining a Distribution License (*Izin Edar*) issued by OSS in the form of a notification prior to its distribution within Indonesia.

The notification has a validity period of three years and will be void if: (i) the Production License, Industrial Business License, or Importer’s Identification Number (*Angka Pengenal Importir/API*) becomes invalid; (ii) based on evaluation, the distributed cosmetic has not fulfilled necessary technical requirements; (iii) requested by the applicant; (iv) the cooperation agreement between the applicant and the licensor company and/or the appointment of an agent by the principal has ended; (v) the distributed cosmetic is not in accordance with the notification request; or (vi) the applicant of notification does not produce, import, or distribute the cosmetic product within 6 (six) months after the notification approval.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN MALAYSIA

Local Government Act 1976 (“LGA”)

Local authorities are established under the LGA and the respective state ordinances and by-laws. Each local authority is a separate legal entity from the federal or state government or other local authorities. They are responsible for the local affairs based on the powers set by the federal or state government. The LGA empowers every local authority to grant any licence or permit for any trade, occupation or premises and such licence shall be subject to such conditions and restrictions as the local authority may prescribe and shall be revocable by the local authority at any time without assigning any reason therefor. The LGA states that a licence shall be valid for a period not exceeding three (3) years.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Licensing of Trades, Businesses and Industries (Petaling Jaya City Council) By-Laws 2007 (“Petaling Jaya By-Laws”)

The LGA governs the Petaling Jaya By-Laws. The Petaling Jaya By-Laws regulate the licensing in relation to trading of businesses and industrial matters carried out in Petaling Jaya.

The Petaling Jaya By-Laws states that no person shall operate any activity of trade, business and industry or use any place or premise in the local area of Petaling Jaya Council for any activity of trade, business and industry without a licence issued by Petaling Jaya City Council.

The Petaling Jaya By-Laws further states that any person who contravenes any provisions of the Petaling Jaya By-Laws commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or imprisonment for a term not exceeding one (1) year or to both and in the case of a continuing offence to a fine not exceeding RM200 for each day during which such offence is continued after conviction.

Guidelines on Foreign Participation in Distributive Trade Services in Malaysia (“Guidelines”)

The Guidelines issued by the Ministry of Domestic Trade and Costs of Living (“**Ministry**”) provides that all foreign business operators engaged in distributive trade services in Malaysia are encouraged and recommended to obtain approval from the Ministry prior to commencing operation.

The Guidelines further (a) defines distributive trade as trade which comprises all linkage activities that channel goods and services from the supply chains to intermediaries for the purpose of resale or to the final buyers and the linkages may include real physical processes or electronic transactions; and (b) provides that the distributive traders include wholesalers, retailers, franchise practitioners, direct sellers, suppliers who channel their goods in the domestic market, online businesses and commission agents or other representatives including those of international trading companies.

The Guidelines are not created pursuant to any act of Parliament or any subsidiary legislation and does not have force of law. Further, the Guidelines do not impose any penalties for non-compliance. However, consequences of non-compliance with the Guidelines can come in the form of administrative sanctions.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Sale of Drugs Act 1952 (“SDA”) and Control of Drugs and Cosmetics Regulations 1984 (“CDCR”)

The SDA governs matters in relation to the sale of drugs in Malaysia. Under the provisions of the SDA, the SDA may be extended by regulations made under the SDA to apply to amongst others, cosmetics.

The CDCR is a regulation created under the powers of the SDA and states that no person shall manufacture, sell, supply, import, possess or administer any cosmetic unless, amongst others (a) the cosmetic is a cosmetic as specified in the notification note issued by the Director of Pharmaceutical Services (“**notified cosmetic**”), or (b) he is the person responsible for placing the notified cosmetic in the market or a person authorized in accordance with the notification note which is issued by the Director of Pharmaceutical Services. Paragraph (b) however does not apply to the administration, possession, and sale or supply of any notified cosmetic.

The CDCR provides that any person who contravenes the provisions mentioned above commits an offence. The SDA further provides that any body corporate who commits an offence against the SDA or the CDCR shall be liable on conviction to a fine not exceeding RM50,000, and for a second or subsequent offence it shall be liable on conviction to a fine not exceeding RM100,000.

Customs Act 1967 (“CA”)

The customs related matters in Malaysia are governed under the CA. The CA regulates amongst others the time and place of landing goods inwardly, whether by way of sea, air, rail or road where the Minister may, by order prohibit the importation into Malaysia or any part thereof, either absolutely or conditionally, or from or to any specified country, territory or place outside Malaysia. Under the CA, the Minister of Finance may, from time to time, by order published in the *Gazette*, fix the customs duties to be levied on any goods imported into Malaysia and to be paid by the importer.

The CA provides inter alia that any person concerned in importing uncustomed goods or any prohibited goods contrary to such prohibition shall be guilty of an offence and shall, on conviction:

- (a) in the case of prohibited goods appearing in an order by the Minister (i) be liable for the first offence to a fine of not less than 10 times the amount of the customs duty or RM50,000, whichever is the greater amount, and of not more than 20 times the amount of the customs duty or RM500,000, whichever is the greater amount, or to imprisonment for a term not exceeding 5 years or to both; and (ii) be liable for a second offence or

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

any subsequent offence to a fine of not less than 20 times the amount of the customs duty or RM100,000, whichever is the greater amount, and of not more than 40 times the amount of the customs duty or RM1,000,000, whichever is the greater amount, or to imprisonment for a term not exceeding 7 years or to both, provided that where the amount of the customs duty cannot be ascertained, the penalty may amount to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 5 years or to both; and

- (b) in the case of uncustomed goods, such goods not being dutiable or prohibited, be liable to a fine not exceeding twice the value of the goods or RM10,000 whichever is the greater amount, provided that where the value cannot be ascertained the penalty may amount to a fine not exceeding RM10,000.

Personal Data Protection Act 2010

The Personal Data Protection Act 2010 (“**Malaysian PDPA**”) regulates the processing of personal data in the course of commercial transactions in Malaysia and is enforced by the Personal Data Protection Commissioner. The Malaysian PDPA sets out seven (7) key data protection principles which must be adhered to by data users (being a person who either alone or jointly or in common with other persons processes any personal data or has control over or authorizes the processing of any personal data, but does not include a processor) in Malaysia when processing personal data. The seven (7) key data protection principles are summarised as follows:

- (a) *The general principle* — The general principle prohibits a data user from processing a data subject’s personal data without his consent unless such processing is necessary under the Malaysian PDPA.
- (b) *The notice and choice principle* — The Malaysian PDPA requires a data user to inform a data subject by written notice as soon as practicable, in both the national and English languages of the matters more specifically stated under the Malaysian PDPA;
- (c) *The disclosure principle* — Subject to exceptions under the Malaysian PDPA, the disclosure principle prohibits the disclosure of personal data without the data subject’s consent for (i) any purpose other than that for which the data was to be disclosed at the time of collection or a purpose directly related to it, or (ii) to any party other than a third party notified to the data user.
- (d) *The security principle* — The Malaysian PDPA imposes obligations on the data user to take steps to protect the personal data during its processing from any loss, misuse, modification, unauthorised or accidental access or disclosure, alteration or destruction.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

- (e) *The retention principle* — Personal data shall not be retained longer than is necessary for the fulfillment of the purpose for which it was processed. Once the purpose has been fulfilled, it is the duty of a data user to take reasonable steps to ensure that the personal data is destroyed or permanently deleted.
- (f) *The data integrity principle* — It is the responsibility of a data user to take reasonable steps to ensure that the personal data is accurate, complete, not misleading and kept-up-to-date, having regard to the purpose (and any directly related purpose) for which it was collected and processed.
- (g) *The access principle* — A data subject is given the right to access his personal data and to correct that personal data which is inaccurate, incomplete, misleading or not up-to-date, except where compliance with a request to such access or correction can be refused under the Malaysian PDPA.

Non-compliance by a data user of any of the above principles constitutes an offence under the Malaysian PDPA and the data user may be liable to a fine not exceeding RM300,000 or imprisonment for a term not exceeding two (2) years or both. Non-compliance with other provisions of the Malaysian PDPA may also lead to financial penalties, imprisonment terms or both. The Malaysian Personal Data Protection Commissioner also has broad powers to order the data user to comply with the provisions of the Malaysian PDPA.

Employment Act 1955 (“EA”)

The EA governs matters of employment in Peninsular Malaysia and Labuan and regulates all labour relations including contracts of service, payment of wages, employment of women, rest days, hours of work, flexible working arrangements, discrimination in employment, termination, lay-off and retirement benefits and keeping of registers of employees.

The scope of employees covered under the EA (“**EA Employees**”) covers any person who has entered into a contract of service and any person, irrespective of his wage, who is engaged in manual labour or in the operation and maintenance of any mechanically propelled vehicle operated for the transport of passengers or goods or for reward or for commercial purposes, or who supervises or oversees other employees engaged in manual labour employed by the same employer in and throughout the performance of their work, or who is engaged in any capacity in a vessel registered in Malaysia, or who is engaged as a domestic employee. Certain provisions in the EA with respect to payment for work on rest days and holidays, overtime pay, and termination, lay-off and retirement benefits are however not applicable to persons whose wages exceed RM4,000 a month.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Section 99A of the EA provides that any person who commits any offence under, or contravenes any provision of the EA, or any regulations, order, or other subsidiary legislation whatsoever made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM50,000.

Employees Provident Fund Act 1991 (“EPF Act”)

The EPF Act applies through Malaysia. The EPF Act regulates and requires employees and their employers to contribute towards their retirement savings, and allows workers to withdraw these savings at retirement or for specified purposes before then. Pursuant to Section 43(1) of the EPF Act, every employee and every employer of a person who is an employee within the meaning of the EPF Act shall be liable to pay monthly contributions on the amount of wages at the rate respectively set out in the Third Schedule of the EPF Act.

Section 43(2) of the EPF Act states that any employer who fails to contribute to the EPF Board any contributions for which he is liable to pay under the EPF Act in respect of or on behalf of each of his employee shall be guilty of an offence and shall, on conviction, be liable to imprisonment for a term not exceeding three (3) years or to a fine not exceeding RM10,000 or both.

Employment Insurance System Act 2017 (“EIS Act”)

The EIS Act regulates and requires an employee as defined under the EIS Act and their employers to make mandatory monthly contributions to the Employee Insurance Scheme (“EIS”). The EIS seeks to provide temporary financial assistance and job search assistance to employees who are retrenched or have had some form of loss of income.

Section 16(1) of the EIS Act provides that all employees in industries to which the EIS Act applies, shall be registered and insured in the manner provided by the EIS Act. Any person who contravenes section 16(1) of the EIS Act commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding two (2) years or to both.

Pursuant to Section 18 of the EIS Act, the contributions payable under the EIS Act in respect of an employee shall comprise contribution payable by the employer and contribution payable by the employee and shall be paid to the Social Security Organisation. The contributions of the various categories shall be paid at the specified rates under the EIS Act based on the amount of the monthly wages of the employee insured under the EIS Act. Regulation 9(3) of the Employment Insurance System (Registration and Contribution) Regulations 2017 states that any employer who fails to contribute to the EIS any contributions which he is liable under the EIS Act to pay in

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

respect of or on behalf of any employee within the 15th day of the month immediately following the month in respect of which such contribution becomes due shall be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding two (2) years or to both.

Employees’ Social Security Act 1969 (“ESSA 1969”)

The ESSA 1969, which applies throughout Malaysia provides free medical treatment, facility for physical or vocational rehabilitation and financial assistance to employees if they have lost their abilities due to accidents or disease that have reduced their abilities to work or rendered them incapacitated.

Pursuant to Section 5(1) of the ESSA 1969, all employees in industries to which the ESSA 1969 applies, irrespective of the amount of wages, shall be insured in the manner provided by the ESSA 1969.

Pursuant to Section 6 of the ESSA 1969, both employees and employers are required to make compulsory monthly contributions to the Social Security Organisation.

Section 94 of the ESSA 1969 provides that if any person, among others, fails to pay any contribution or any part thereof which is payable by him under the ESSA 1969 or fails to pay within the time prescribed by regulations any interest payable, or is guilty of any contravention of or non-compliance with any of the requirements of the ESSA 1969 or the rules or the regulations in respect of which no special penalty is provided, he shall be punishable with imprisonment for a term which may extend to two (2) years, or with fine not exceeding RM10,000, or with both.

Pembangunan Sumber Manusia Berhad Act 2001 (“PSMB Act”)

The PSMB Act, which translates into *Human Resources Development Corporation Act 2001*, has the main objective of imposing and collecting human resources development levy for the purpose of promoting the training and development of employees, apprentices and trainees and the establishment and administration of the Human Resources Development Fund.

Under the PSMB Act, employers to whom the PSMB Act applies shall register with the Pembangunan Sumber Manusia Berhad (“**Corporation**”) within such time and in such manner as may be prescribed. Any employer who fails to do so commits an offence and shall on conviction be liable to a fine not exceeding RM10,000 or to imprisonment not exceeding one (1) year or both.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Further, the employer shall pay a human resources development levy in respect of each of his employees at the rate of 1% of the monthly wages of the employee. Any employer who fails to pay any levy due within such period as may be prescribed commits an offence and shall on conviction be liable to a fine not exceeding RM20,000 or to imprisonment for a term not exceeding two (2) years or to both.

Sales Tax Act 2018 (“Sales Tax Act”)

The Sales Tax Act regulates the sales tax chargeable and levied on all taxable goods:

- (a) manufactured in Malaysia by a registered manufacturer and sold, used or disposed of by him; or
- (b) imported into Malaysia by any person.

The various rates of sales tax to be charged and levied under the Sales Tax Act is fixed by the Minister of Finance and is an ad valorem tax.

Service Tax Act 2018 (“Service Tax Act”)

The Service Tax Act regulates the service tax chargeable and levied on any taxable services provided in Malaysia by a registered person in carrying on its business or any imported taxable service. The rate of service tax to be charged and levied on a taxable service other than relating to credit card or charge card services is presently 8.0% under the Service Tax (Rate of Tax) (Amendment) Order 2024. Any person who provides taxable services is liable to be registered under the Service Tax Act if the total value of his taxable services for a period of twelve (12) months exceeds or will exceed the prescribed value of taxable services under the Service Tax Act.

Corporate Income Tax

The Income Tax Act 1967 of Malaysia provides that a company is considered to be a tax resident in Malaysia if the management and control of its business or affairs are exercised in Malaysia. Generally, a resident company is subject to pay income tax on income accruing in or derived from Malaysia. The income tax rate payable by a resident company differs depending on the amount of its (and its related companies’) paid-up ordinary share capital at the beginning of the basis period for the year of assessment. For the year of the assessment 2024, the income tax rate payable by a resident company is as follows:

- (a) company with paid-up capital of more than RM2.5 million: 24%.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

- (b) company with paid-up capital of RM2.5 million or less and with gross income of not more than RM50 million are taxed at the following rates:
 - (i) 15% for every ringgit of the first RM150,000 of chargeable income;
 - (ii) 17% for every ringgit exceeding RM150,000 to RM600,000 of chargeable income;
 - (iii) 24% for every ringgit exceeding RM600,000 of chargeable income.

This excludes a company which is part of a group of companies where any of their related companies have a paid-up capital of more than RM2.5 million and, no more than 20% of its paid-up capital is owned (directly or indirectly) by companies incorporated outside Malaysia or non-Malaysian citizens.

Financial Services Act 2013 (“FSA”)

There are foreign exchange control policies in Malaysia that serve to monitor capital inflows and outflows into and out of the country. The relevant legislation governing foreign exchange controls in Malaysia is the FSA, which is administered by the Controller of Foreign Exchange under the Central Bank of Malaysia, Bank Negara Malaysia (“**Controller**”). The Controller has, pursuant to the FSA, issued foreign exchange policy notices (“**FEP Notices**”) which is applicable to both residents and non-residents of Malaysia.

The FEP Notices set out:-

- (a) approvals of the Controller for transactions which are otherwise prohibited under the FSA;
- (b) requirements, restrictions, and conditions of the approvals; and
- (c) directions of the Controller.

Pursuant to Part E of Notice 4 (Payment and Receipt) of the FEP Notices, a non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestment of Ringgit Asset (as defined in the FEP Notices), provided that the repatriation is made in foreign currency and the conversion of Ringgit Malaysia into foreign currency is undertaken in accordance with Part B of Notice 1 (Dealings in Currency, Gold and Other Precious Metals) of the FEP Notices.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Any person who is not in compliance with any requirement, restriction or condition imposed in granting of the approval by the Controller in relation to any transaction set out under the FEP Notices commits an offence under Section 214(9) of the FSA and shall, on conviction, be liable to imprisonment for a term not exceeding ten (10) years or to a fine not exceeding RM50,000,000 or to both.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN PHILIPPINES

Key Government Regulations in the Philippines

A summary of the key government regulations in the Philippines that are applicable to our business is as follows:

Retail Trade Liberalization Act

The Retail Trade Liberalization Act of 2000 (as amended by Republic Act No. 11595) (“**RTLA**”) allows for foreign participation in the Philippine retail sector. Previously, foreign equity participation in retail enterprises was subject to high minimum capitalization requirements. Under the recent amendments, foreign-owned corporations are allowed to engage in retail trade upon registration as a foreign retailer with the Securities and Exchange Commission (“**SEC**”) and compliance with both the reciprocity requirement (i.e., foreign retailer’s country of origin does not prohibit entry of Filipino retailers) and the reduced minimum paid-up capital requirement of PHP25,000,000.00. We were able to secure SEC’s approval for Synagie, Inc. to engage in retail activities through the Certificate of Filing of Amended Articles of Incorporation dated 24 May 2024 which indicated the following amendments to the articles of incorporation: (a) the addition of “retail” in the primary purpose, and (b) the increase of authorized capital stock to PHP25,000,000.00.

The implementing rules and regulations of the RTLA provide for the following compliance requirements for registered foreign retailers:

- (a) maintenance in the Philippines, at all times, of a paid-up capital of PhP25,000,000.00; and
- (b) for registered foreign retailers with more than one physical store (in the case of online retailing, the warehouse used for storage of goods is deemed a store), there is a minimum investment per store requirement of PhP10,000,000.00.

The paid-up capital can be used to comply with the investment requirement per store.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

As an attachment to the annual audited financial statements, corporations registered as foreign retailers are required to have a responsible officer submit a certification to SEC yearly on the following:

- (a) maintenance and actual use of the paid-up capital requirement;
- (b) number and location of stores, investment per store, and the status of operation of each store;
- (c) stock inventory of locally manufactured products, if applicable; and
- (d) such other reports as may be prescribed by the SEC.

Internet Transactions Act

The Internet Transactions Act of 2023 (“**ITA**”), which is administered by the Department of Trade and Industry (“**DTI**”), is a new legislation regulating electronic commerce (“**e-commerce**”) in the Philippines and covers all business-to-business (B2B) and business-to-consumer (B2C) sales or leases of digital or non-digital goods and services over the internet. Under the ITA, e-retailers and online merchants are obligated, among other things, to issue paper or electronic invoices or receipts for all sales and have in place accessible and efficient redress mechanisms for consumer complaints. The primary responsibility for indemnifying online consumers in civil actions or administrative complaints arising from the internet transaction rests with the e-retailer or online merchant.

National Internal Revenue Code

The National Internal Revenue Code of 1997 (“**NIRC**”), as amended, serves as the primary legislation with respect to tax administration and enforcement in the Philippines including the imposition, assessment, and collection of national internal revenue taxes which consist of the following taxes, fees, and charges:

- (a) income tax;
- (b) estate and donor’s taxes;
- (c) value-added tax (“**VAT**”);
- (d) other percentage taxes;

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

- (e) excise taxes;
- (f) documentary stamp taxes; and
- (g) such other taxes as that the Bureau of Internal Revenue (“**BIR**”) may impose or collect in the future.

In general, domestic corporations are subject to a 25% income tax rate on the taxable income during the taxable year derived from all sources within and outside the Philippines. The sale of goods and services is generally subject to 12% VAT. Thus, the sale of cosmetics, perfumes, nutritional supplements, medical devices, and other food products by Synagie Philippines, whether wholesale or retail, is subject to 12% VAT on the gross selling price or gross value of the goods sold. Moreover, Synagie Philippines rendition of fulfillment and support services to its clients (such as management of clients’ e-commerce platform accounts) is likewise subject to 12% VAT based on gross receipts.

Under the NIRC, the Secretary of Finance, upon recommendation by the Commissioner of the BIR, has the authority to promulgate rules and regulations for the law’s enforcement. In line with this, *Revenue Regulations No. 16-2023* was issued which required electronic marketplace (“**e-marketplace**”) operators and digital financial services providers to withhold 1% income tax on ½ of the gross remittances to sellers or merchants which sold goods and services through their platforms. Merchants are required to provide a copy of their BIR-issued Certificate of Registration as part of the documentary requirements for onboarding requirements prior to use of the e-marketplace facility/platform.

Consumer Act of the Philippines

The Consumer Act of the Philippines (“**Consumer Act**”) serves as the main consumer protection legislation in the Philippines. With respect to foods, drugs, devices, and cosmetics, the Consumer Act prohibits and prescribes penalties for certain acts including, among others, the:

- (a) importation, sale, offering for sale, and distribution of adulterated or mislabelled foods, drug, devices or cosmetics;
- (b) importation, sale, offering for sale, and distribution of unregistered foods, drugs, devices or cosmetics;
- (c) importation, sale, offering for sale, and distribution of foods, drugs, devices or cosmetics without license from the Department of Health; and

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

- (d) sale or offering for sale of any drug or device beyond its expiry date.

The Consumer Act also regulates sales acts and practices. Deceptive sales acts or practices are among those proscribed. A seller may be deemed to engage in an act or practice that is deceptive if it induces a consumer into a sales transaction through concealment, false representation, or fraudulent manipulation.

Food and Drug Administration Act

The Food and Drug Administration Act of 2009 (“**FDA Act**”), which amended certain provisions of the Foods, Drugs and Devices, and Cosmetics Act (1963), mandates the Food and Drug Administration (“**FDA**”) of the Department of Health, to regulate, among others, the importation, distribution, sale, offer for sale, and promotion of health products. The definition of health products in the implementing rules and regulation of the FDA Act includes food, drugs, cosmetics, and devices.

The FDA established different Centres per major product category of the regulated health products, as follows: (a) Centre for Drug Regulation and Research, (b) Centre for Food Regulation and Research, (c) Centre for Cosmetics Regulation and Research, and (d) Centre for Device Regulation, Radiation Health, and Research. Each of these Centres have Licensing and Registration Divisions responsible for evaluation of health products and establishments for the purpose of issuance of authorizations for the manufacture, importation, exportation, sale, offer for sale, distribution, transfer, use, testing, promotion, advertising, or sponsorship of health products.

Similar to the CAP, the FDA Act prohibits the sale, offering for sale, distribution, and promotion of adulterated, unregistered, misbranded, or expired health products. It also prohibits the importation, sale, offering for sale, distribution, or retail of health products without the required FDA license to operate.

Customs Modernization and Tariff Act

The Customs Modernization and Tariff Act (“**CMTA**”) governs the customs and tariff administration in the Philippines. Subject to the approval of the Secretary of Finance, the Commissioner of the Bureau of Customs (“**BOC**”) has the power to promulgate rules and regulations for the enforcement of the CMTA.

In this regard, the BOC issued Customs Administrative Order No. 07-2022 on the accreditation of importers. This order specifies the documentary requirements and process for accreditation. Only accredited importers can transact with BOC’s automated cargo clearance system.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Data Privacy Act

The Data Privacy Act of 2012 (“**DPA**”), implemented and administered by the National Privacy Commission (“**NPC**”), is the primary framework for the protection of personal information in the Philippines.

The DPA provides for general data privacy principles and the lawful criteria for the processing of personal information. The processing of sensitive personal information and privileged information is generally prohibited, subject to certain exceptions. Sensitive Personal information refers to: (a) an individual’s race, ethnic origin, marital status, age, colour, and religious, philosophical or political affiliations, (b) an individual’s health, education, genetic or sexual life of a person, or to any proceeding for any offense committed by such person, and (c) information issued by government agencies peculiar to an individual (e.g. social security numbers, previous or current health records).

The DPA recognizes certain rights of the data subject. Under NPC Advisory No. 2021-01, personal information controllers (“**PIC**”) are required to establish policies and procedures allowing the exercise of the following data subject rights:

- (a) right to be informed;
- (b) right to object;
- (c) right to access;
- (d) right to rectification;
- (e) right to erasure or blocking;
- (f) right to data portability; and
- (g) right to damages.

Under the principle of accountability in the DPA, the PIC is responsible for personal information under its control or custody including those that have been transferred to a third party for processing whether domestically or internationally.

For the enforcement of the DPA, the NPC imposes certain registration and compliance requirements including the registration of personal data processing systems and submission of annual reports of the documented security incidents and personal data breaches. The NPC

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

mandates mandatory registration for PICs or personal information processors that meet any of the following criteria: (a) employ two hundred fifty (250) or more persons, (b) process sensitive personal information of one thousand (1,000) or more individuals, (c) process data that will likely pose a risk to the rights and freedoms of data subjects, or (d) process personal information or sensitive personal information involving automated decision-making or profiling.

Labour Code of the Philippines

The Department of Labour and Employment (“**DOLE**”) is the primary government agency mandated to administer and enforce the Labour Code of the Philippines (“**Labour Code**”). Specifically, the Labour Code provides for the different types of employment, security of tenure, grounds for termination of employment, and minimum standards on working conditions and employee benefits such as hours of work, overtime, meal periods, rest periods and holidays, wages, and service incentive leave. The Labour Code is complemented by other laws that grant special types of leave, including: (a) maternity leave, (b) paternity leave, (c) parental leave for solo parents, (d) leave for victims of violence against women and their children, and (e) special leave for women for surgeries caused by gynaecological disorders.

Under the Labour Code, the DOLE is responsible for the administration of occupational safety and health standards in all establishments. In relation to this, Rule 1020 of the Occupational Safety and Health Standards requires employers to register their business with the appropriate regional labour office.

Social Security Act

The Social Security Act of 2018 (“**SSA**”) is a key piece of employee welfare legislation in the Philippines. It aims to establish and promote a sound and viable tax-exempt social security system that will protect members and their beneficiaries and provides for certain monetary benefits in cases of disability, sickness, maternity, old age, death, and other contingencies.

Both employers and employees are compulsorily covered by the Social Security System (“**SSS**”). Employers are required to withhold a portion of their employees’ wages and remit it to the SSS. Employers are also obligated to contribute to the SSS on behalf of their employees. The respective shares of the employer and employee in the contributions is based on the schedule and rate of contributions determined by the SSS.

The SSA imposes penalties for, among other things, the failure to: (a) report employees for SSS coverage, and (b) remit both employee and employer contributions to the SSS.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

National Health Insurance Act

The National Health Insurance Act of 1995 (as amended by Republic Act No. 10606) (“**NHIA**”) provides for mandatory coverage of all Filipino citizens to the National Health Insurance Program for the provision of health insurance coverage and health care services to Filipinos. The NHIA’s implementing rules and regulations require employers to register with the Philippine Health Insurance Corporation (“**PhilHealth**”). Employers are also responsible for registering their employees and their qualified dependents with PhilHealth. The required premium contributions are divided equally between employer and employee. Employers are responsible for deducting the employee’s share from their salary and remitting both contributions to PhilHealth.

Failure to register or remit withheld premium contributions is an employer offense penalized under the NHIA.

Home Development Mutual Fund Law

The Home Development Mutual Fund Law of 2009 or Pag-IBIG (*Pagtutulungan sa kinabukasan: Ikaw, Bangko, Industriya at Gobyerno*) Fund (“**HDMF Law**”) was enacted into law for the purpose of establishing a sound and viable tax-exempt mutual provident savings system intended to address the housing needs of employed and other earning groups.

Employees covered by the SSS are within the mandatory coverage of the Pag-IBIG Fund. Employers and employees are required to contribute to the Pag-IBIG Fund based on the monthly compensation of the covered employee. Employers are responsible for remitting the contributions required under the HDMF Law.

The HDMF Law penalizes employers who fail to comply, including those who neglect to register employees, collect contributions, or remit them as required.

Local Government Code

Under the Local Government Code of 1991 (“**LGC**”), a city government is headed by a city mayor whose duties and functions include the issuance of licenses and permits (with corresponding authority to suspend or revoke the same for violation of conditions for which these were issued). This serves as the statutory basis for the city mayor to issue the annual business permits for the privilege of conducting business within the city’s territorial jurisdiction.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

The LGC also provides for the taxing powers of local government units such as cities and municipalities. In particular, the LGC empowers cities and municipalities to impose taxes on businesses. For instance, wholesalers and distributors with more than PhP2,000,000.00 gross sales or receipts for the prior calendar year may be assessed by the city or municipality with local business tax at a rate not exceeding 50% of 1% of such gross sales/receipts.

LAWS AND REGULATIONS IN RELATION TO OUR BUSINESS IN VIETNAM

Key Government Regulations in Vietnam

A summary of the key government regulations in Vietnam that are applicable to the business of Synagie (Vietnam) Company Limited is as follows:

Foreign Investment

Foreign investment activities are primarily governed by the Law on Investment (Law No. 61/2020/QH14, as amended), and, where applicable, the Law on Enterprises (Law No. 59/2020/QH14, as amended) and specialized laws which regulate the sectors in which foreign investors invest.

Before the establishment of an economic organization, foreign investors must have an investment project and must notably apply for an investment registration certificate from the relevant Vietnamese licensing authority of the location where the investment project will be based. After obtaining the investment registration certificate (“**IRC**”), the foreign investor (owner) of the foreign-invested company shall apply for an enterprise registration certificate in order to incorporate the foreign-invested company.

Foreign investors may also invest in Vietnam through capital contribution or equity acquisition in existing entities. Under this method, the foreign investors shall be required to obtain an approval for the capital contribution or equity acquisition (commonly referred to as “**M&A Approval**”) in the following cases: (i) the capital contribution or acquisition results in an increase in the foreign ownership percentage in the target company that operates business lines with market access conditions for foreign investors; (ii) the capital contribution or acquisition results in an increase in the foreign ownership percentage in the target company from 50% or less to more than 50%, or it increases an existing foreign ownership percentage that is already more than 50%; or (iii) the capital contribution or acquisition is made in a target company that holds a land use right certificate for land located on an island, or in a coastal and border commune or town, or in another area that affects national defence and security.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Under Vietnamese laws, certain business lines have market access conditions for foreign investors. When applying for the IRC or M&A Approval, the local licensing authority shall assess and determine whether the foreign investors satisfy the applicable market access conditions.

Lastly, unlike the M&A Approval, the foreign investors must ensure that the IRC is kept up to date. This means that, upon any changes to their investment (e.g., total investment capital, operation objectives and scale, etc.), the foreign investors must apply to amend the IRC to reflect such changes.

Profit Distribution and Remittance

Under Law on Enterprises (Law No. 59/2020/QH14, as amended) in principle, after a single-member limited liability company (which, in this specific context, is the enterprise form of Synagie (Vietnam) Company Limited) has completed its tax obligation and other financial obligations, it may distribute the profits back to its owner.

Note that if a single-member limited liability company is owned by a foreign investor, this is considered as a form of direct investment activity under the regulations on foreign exchange management. Accordingly, remittance of profit and capital of the foreign investors obtained from direct investment activities shall be made via the direct investment capital account of the relevant company as required by Circular No. 06/2019/TT-NHNN dated 26 June 2019 of the State Bank of Vietnam.

Under Circular No.186/2010/TT-BTC dated 18 November 2010 of the Ministry of Finance, foreign investors can transfer profits abroad either annually or at the end of investment activities in Vietnam. However, most notably, foreign investors are not allowed to transfer abroad the profits distributed or obtained from direct investment activities in Vietnam for the year in which the profits are generated if, according to the financial statements of the enterprise in which the foreign investor has invested, there are still accumulated losses after carrying forward the losses in accordance with corporate income tax laws. At least seven (7) business days prior to the remittance of profit offshore, a foreign investor is required to either directly serve a notice, or authorize the company to serve a notice, on offshore remittance of profits to the competent tax authority.

Regulation in relation to Purchase and Sale of Goods of Foreign-Invested Companies

Under Decree No.09/2018/ND-CP dated 15 January 2018 of the Government, when engaging in the purchase and sale of goods activities, a foreign-invested enterprise must apply for a business license granted by the provincial Department of Industry and Trade where its head-office is located, except when the enterprise only conduct import right, export right or wholesale distribution of goods other than lubricants.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

Furthermore, certain business activities directly related to the purchase and sale of goods (e.g., commercial intermediary services, logistics services that have not been committed for market access by Vietnam under international treaties, etc.) shall also warrant the need for the foreign-invested enterprises to obtain the business license under the aforementioned legislation.

Lastly, should a foreign-invested enterprise engage in retail distribution via the establishment of retail outlets, it is required to obtain a retail outlet establishment license for each outlet. It is further noted that, from the second retail outlet onwards, when applying for the retail outlet establishment license, the relevant licensing authorities will conduct the economic need test (ENT), save for the case where the relevant retail outlet is located in a commercial centre with an area of less than 500m² and is not set up as a convenience store or mini supermarket. In all cases, when setting up a retail outlet, the foreign-invested enterprise must (i) have a suitable financial plan for such outlet, (ii) have no overdue tax obligation in case such enterprise has been established for at least one year, and (iii) ensure that the retail outlet is in line with the local planning. However, this establishment license is currently applicable to physical outlet only, not online retail stores on platforms such as Lazada.

Law on Consumers’ Rights Protection

The Law on Consumer Rights Protection (Law No. 19/2023/QH15) adopted by the National Assembly of Vietnam on 20 June 2023 (“**LCRP 2023**”), is set to be effective from 01 July 2024. This law sets out the principles and policies for protecting consumer rights; the rights and obligations of consumers; the responsibilities of traders towards consumers; the activities of agencies and organizations in protecting consumer rights; the resolution of disputes between consumers and traders; and the state management of consumer rights protection.

Under the LCRP 2023, traders must ensure the safety, measurement, quantity, weight, quality, and functionality of products, goods, and services sold or provided to consumers in accordance with the registered, announced, published, listed, advertised, introduced, contracted, committed content, or as required by law, and issue warnings about products, goods, and services that may pose safety risks or negatively impact the lives, health, and property of consumers, and inform them of preventive measures as required by law. Traders are also required to carry out recalls when their goods are found to be defective and to notify relevant authorities before and after a recall. If there are multiple traders (including, among others, manufacturers, importers, commercial intermediaries and direct suppliers) that cause harm to the consumers, these traders will be jointly liable for compensation. Such traders are also required to publicly announce the defective products and the recall of such goods for at least five (5) consecutive issues or for five (5) consecutive days on radio, television, print, and electronic newspapers at the central government or locality where the defective goods are circulated.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

It is highlighted that save for certain cases by law, traders are responsible for compensating for damages where defective products or goods cause damage to the lives, health, or property of consumers, even if the traders do not know or are not at fault in causing the defects.

Additionally, the LCRP 2023 imposes new obligations on traders conducting “remote transactions” — i.e., a transaction conducted over the internet, electronic means, or other means where consumers do not have the opportunity to inspect or directly interact with the products, goods, or services before participating in the transaction. This definition broadly includes transactions conducted via online/digital platform (e.g., e-commerce trading floor). Accordingly, when conducting remote transactions, traders are required to provide accurate and sufficient information as required by law (e.g., information on traders, products or services provided, rights of consumers, instructions for use and warranty for the product, good or service, procedures for exchanging or returning products/services or terminating contracts, and procedures for handling consumers’ complaints), and to establish tools and undertake security measures in order for consumers to review information and contracts before execution, to discuss and confirm the execution of contracts and allow customers to review and download the contract bearing their signatures.

Law on Advertising

The Law on Advertising (Law No. 16/2012/QH13) adopted by the National Assembly of Vietnam on 21 June 2012 (“**Law on Advertising 2012**”) sets out a legal framework on advertising activities, rights and obligations of organizations and individuals participating in advertising activities, and State management of advertising activities. The Government and other relevant Ministries have also issued a number of decrees and circulars to implement the Law on Advertising 2012.

Generally, the advertisers are obliged to, among others, (i) ensure the quality of products, goods and services in accordance with advertising content; (ii) be responsible for the advertisement or be jointly responsible for the advertisement in case of engaging service providers, and (iii) provide the documents related to the advertisements at the request from the advertisement receiver or state agencies. For advertisement publishers or service providers, they are required to, among others, (i) examine the documents related to the advertising conditions of the advertised organizations, individuals, products, goods and services; (ii) provide the documents related to the advertisements at the request from the advertisement receiver or state agencies; and (iii) be directly responsible for the advertisements that are conducted by them or placed on their platforms.

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

With regard to the advertising of cosmetic products, such products are considered special products for which their advertisement will be subject to additional regulatory requirements. As such, advertisements of cosmetic products would need to comply with the following material conditions: (i) the contents of the advertisement must conform with the declaration of cosmetic products as prescribed in pharmacy laws and documents proving the safety and effects of the cosmetics, instructions on announcement on effects of cosmetics given by an international association (if any); (ii) the advertisement must contain compulsory contents under law (e.g., product name, features and uses of cosmetics, name and address of the trader responsible for bringing the product into circulation, and warnings as prescribed by international treaties); (iii) the advertisement must not be conducted in the manner that causes confusion between the cosmetics and medicines; and (iv) the content of the advertisement must be certified by the competent authorities prior to being advertised.

With regard to the advertising of foods and food additives, the law requires advertisements for such products to satisfy the following content requirements: (i) contents must be consistent with the relevant product declaration or certificate of conformity of food safety (as the case may be), (ii) advertisements must contain the name of food products and the name and address of the organization responsible for circulating the product in the market; and (iii) the content of the advertisement must be certified by the competent authorities prior to being advertised. For advertisement of functional foods, in addition to the aforementioned requirements, the advertisements must further contain (i) primary and secondary effects (if any); and (ii) a text or announcement declaring “*this product is not a medicine and is not a substitute for medicines*”. It is prohibited to advertise functional foods in a manner that misleads them into being medicines.

Labour Code

The Labour Code (Code No. 45/2019/QH14) sets out a legal framework on the majority of labour-related matters. The Government and the Ministry of Labour, War Invalids and Social Affairs have also issued a number of decrees and circulars to implement the Labour Code. The Labour Code extends to all employees, trainees, apprentices and other workers without labour relations, together with foreign employees who work in Vietnam.

Internal labour rules

The Labour Code prescribes certain minimum workplace conditions that employers are required to provide to their employees, such as a minimum number of statutory annual and sick leaves, paid public holidays or statutory protection for employees. A company incorporated in Vietnam with more than ten (10) employees must issue the formal internal labour rules (“**ILR**”) comprising the mandatory contents as required by laws, including (i) working hours and rest periods; (ii) order at the workplace; (iii) occupational safety and health; (iv) actions against sexual

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

harassment in the workplace; (v) protection of the assets and technological and business secrets and intellectual property of the employer; (vi) cases in which reassignment of employees are permitted; (vii) violations against labour regulations and disciplinary measures; (viii) material responsibility; and (ix) the person having the competence to take disciplinary measures. Note that the ILR can provide for regulations which are more favourable for the employees than those provided under the Labour Code but cannot restrict the employees’ minimal rights as provided in this legislation. Lastly, within ten (10) days from the issuance, the employer has to register the ILR with the relevant Department of Labour, Invalids and Social Affairs where it has operation (e.g., head office, branches, etc.).

Labour contract

Under the Labour Code, there are two types of labour contracts: (i) an indefinite-term labour contract and (ii) a fixed-term labour contract (for a duration of up to 36 months from the date of execution). Labour contracts must be made in writing or in permitted electronic form and signed by and between the employee and the authorized representatives of the employer, except for those with a term of less than one month. A labour contract must include the mandatory provisions as required under the Labour Code.

Foreign employees

Employers may only enter into labour contracts with foreign employees for the position of managers, executive directors, experts and technical workers having the professional requirements which cannot be met by Vietnamese employees.

A foreign employee working in Vietnam is required to obtain a work permit, except for certain exemption cases under the Labour Code including, among others, (i) foreign employees entering Vietnam for less than three (3) months for the introduction of services or handling of complicated technical and technological incidents or (ii) foreign employees entering into Vietnam to hold the position of a manager, executive, expert or technical worker for a period of work of less than 30 days and up to 3 times a year. In cases where a work permit is exempted, depending on the specific case, the employer may still need to obtain confirmation on work permit exemption from the competent labour authorities for the relevant employees.

In addition, pursuant to Decree No. 152/2020/ND-CP dated 30 December 2020 of the Government (as amended), in order to obtain the work permit or confirmation on work permit exemption for foreign employees, the employer must conduct a determination of demand for foreign employees. In particular, at least 30 days in advance from the expected date of employing

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

foreigners, the employer must determine the demand for foreign workers for every job position for which Vietnamese workers are underqualified and send a corresponding report to the competent authority for their approval.

Labour-related insurances/contributions

Under the Law on Social Insurance (Law No.58/2014/QH13, as amended), the Law on Health Insurance (Law No.25/2008/QH12, as amended), the Law on Employment (Law No.38/2013/QH13), the Law on Labour Safety and Hygiene (Law No. 84/2015/QH13), employees and employers are required to make contributions to the mandatory 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 labour contract and made by both employee and employer in specific percentages set forth by laws.

In addition, under the Law on Trade Unions (Law No.12/2012/QH13), employers are required to pay trade union dues regardless of whether the employers have established a trade union or not with the contribution made based on a percentage of the salary fund. Meanwhile, employees are entitled to choose whether to join the trade union or not. If they choose to join the trade union, employees must pay trade union fees based on a percentage of their salary up to a capped amount set out by laws.

Data Privacy

Vietnam does not have a centralized/omnibus data protection and privacy law. Regulations on the subject are specified under numerous legislations and as such, the legal test for the application of such laws would be specific for each of such laws, notably including (i) Civil Code (Code No.91/2015/QH13), (ii) Law on Cyberinformation Security (Law No. 86/2015/QH13), (iii) Law on Information Technology (Law No.67/2006/QH11), (iv) Law on Cybersecurity (Law No.24/2018/QH14), (v) Law on Consumer Rights Protection (Law No.19/2023/QH15), and (vi) Decree No.13/2023/ND-CP on personal data protection dated 17 April 2023 (*collectively referred to as “PDP Laws”*).

Generally, the PDP Laws have extraterritorial application as they regulate both Vietnamese and foreign agencies, organizations and individuals. Furthermore, the scope of “personal data processing” is broadly defined, covering generally activities that affect personal data, such as: collection, recording, analysis, confirmation, storage, correction, disclosure, combination, access, retrieval, recovery, encryption, decryption, copying, sharing, transmission, provision, transfer, deletion and/or destruction of personal data or other related actions.

REGULATIONS APPLICABLE TO THE TARGET GROUP'S BUSINESS AND OPERATIONS

Key implications for entities involved in personal data activities are summarized as follows:

- (a) *Consent obligation*: Consent is the main basis for collecting and processing personal data. Unless there is a statutory exception, consents must be obtained from data subjects prior to undertaking any data processing activity. Consent will only be valid if the data subject voluntarily and has clear knowledge of the following: (i) the type of personal data to be processed; (ii) purpose of processing personal data; (iii) organizations and individuals are allowed to process personal data; and the rights and obligations of data subjects. The PDP Laws require express consent, where the data subjects express clearly, in writing, by voice, by ticking the consent box, by texting consent syntax, by selecting consent technical settings or by other actions expressing such consent. It must also be expressed in a format that can be printed or reproduced in writing, including in electronic or verifiable formats. Consent is not deemed to be given by silence or non-response. Data subjects can withdraw their consent.
- (b) *Purpose limitation obligation*: personal data must be processed only for purposes having been registered, declared with competent authority and having been notified to the data subjects.
- (c) *Notifications obligation*: Before processing personal data, notification needs to be given once to the data subjects in a format that can be printed and reproduced in writing, including in electronic or verifiable format.
- (d) *Access and correction obligation*: Unless otherwise regulated by law, an organization must (i) provide the data subjects with their personal data or (ii) modify the data subjects' personal data within 72 hours upon data subjects' requests.
- (e) *Retention, deletion and destruction obligations*: Personal data can only be retained for such period that is appropriate for the processing purposes, unless otherwise prescribed by the law. Additionally, unless otherwise regulated by law, an organization must delete all personal data collected within 72 hours upon the data subjects' request. The collected personal data must be irrevocably destroyed when (i) the personal data is processed for unintended purposes, or they have accomplished their processing purposes under the consent of the data subject; (ii) the storage of personal data is no longer necessary for their operations or (iii) the organization is dissolved or no longer operate or declare bankruptcy or terminate their business activities in accordance with the law.
- (f) *Personal Data Protection Impact Assessment (PDPIA)*: Data controllers, data controller-processors and data processors are required to prepare a PDPIA from the time that it commences the processing of personal data. This PDPIA must always be available

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

for inspection and assessment by the Ministry of Public Security (“MPS”). Furthermore, one original copy of the PDPIA must be sent to the Department of Cybersecurity and High-Tech Crime Prevention (“A05 Department”) of MPS within 60 days from the date of processing of personal data.

- (g) *Cross-border Transfer Impact Assessment (“TIA”)*: Upon cross-border transfer of personal data, the data transferor will need to prepare and store a TIA including mandatory contents from the date on which it starts processing the personal data. This TIA must always be available for inspection and assessment by MPS. Furthermore, one original copy of the TIA must be sent to the A05 Department of MPS within 60 days from the date of processing of personal data.
- (h) *Data breach notification obligations*: Data controllers, data controller-processors must notify A05 of MPS within 72 hours after they detect a violation against regulations on the protection of personal data. If the notification is given after 72 hours, the reason for the late notification must be provided. Data processors must notify data controllers, data controller-processors as soon as possible upon detecting a sign of violation.
- (i) *DPO obligations*: as a measure for protecting sensitive personal data, those involved in processing personal data must designate a department that has the function of personal data protection and appoint personnel in charge of personal data protection and to exchange information on the matter with the relevant agencies (e.g., a DPO).
- (j) *Accountability and Governance*: both data controllers and data processor are responsible for implementing organizational and technical measures and appropriate safety and security measures to prove that data processing activities have been carried out in accordance with the law. The PDP Laws prescribe the following protection measures for personal data: (i) management and technical measures taken by organisations and individuals related to personal data processing, (ii) measures taken by competent state management agencies in accordance with the PDP Laws, (iii) investigation and procedural measures taken by competent state agencies, and (iv) other measures as prescribed by law. Additionally, data controllers and data controller-processors must comply with the principles of implementing data security and protection measures and bear the burden of proving their compliance with such principles. For governance, the PDP Laws also require relevant entities to specify mandatory contents (e.g., data storage, processing purposes, entities that can access personal data, etc.).

REGULATIONS APPLICABLE TO THE TARGET GROUP’S BUSINESS AND OPERATIONS

- (k) *Data localisation obligations*: the PDP Laws require (i) data related to personal information of service users in Vietnam, (ii) data created by service users in Vietnam and (iii) data on the relationship of service users in Vietnam to be stored in Vietnam. All domestic entities must store the data in Vietnam, with an indefinite duration of time.

For offshore entities, data localisation requirements apply only if the following criteria are met:

- (i) Offshore entities conduct business activities in Vietnam in one of the following business sectors: telecoms; data sharing or storage on cyberspace; provision of national or international domain names to service users in Vietnam; e-commerce; online payment services; intermediary payment service; online transportation connection service; social network and communications; online games; services for provision, management or operation of other information on cyberspace in form of text messages, voice calls, video calls, emails and online games (“**Regulated Services**”);
- (ii) the Regulated Services were used to commit a violation of cybersecurity law;
- (iii) the A05 Department of the MPS has informed such violation and has provided a written request to offshore entities to cooperate, prevent, investigate and/or handle such violation; and
- (iv) offshore entities have failed to comply or fully comply with the A05 Department’s requests for collaboration, prevention, investigation and handling of the violation or have prevented, restricted, invalidated or neutralized cyber security measures that the specialized forces for cyber security have applied. In case offshore entities are unable to implement Vietnamese requirements on cybersecurity protection (e.g., the required cooperation and compliance) due to a force majeure event, such offshore entities must notify the A05 Department within 3 working days to check and verify the force majeure event. In cases in which force majeure events occur, offshore entities would have a period of 30 working days to find and apply remedy measures.