

ANNEXURE A: GOVERNING LAWS AND REGULATIONS

1. Malaysia

Our business is regulated by, and in some instances, we are required to be licensed under specific laws of Malaysia. The following is an overview of the relevant laws and regulations governing us and which are material to our operations, and it does not purport to be an exhaustive description of all relevant laws and regulations which our business is subject to. Non-compliance with the relevant laws and regulations below may result in monetary and/or custodial penalties and/or any other orders being made including those that may disrupt the business operation of our Group.

Governing laws and regulations relating to the industry

(i) MSO

The MSO is the principal legislation governing merchant shipping in Malaysia. The MSO provides for two types of ship registries, namely the Malaysia Ship Register and the Malaysia International Ship Register.

Registration under the Malaysian Ship Register

In order to be registered as a Malaysian ship under the Malaysia Ship Register, a ship needs to be owned by either (1) Malaysian citizens or (2) a corporation incorporated in Malaysia in which the majority of directors and shareholders are Malaysians with principal office in Malaysia and management of the corporation is carried out mainly in Malaysia. Prior to the registration, the shipowner shall obtain a certificate of measurement issued by the ship surveyor specifying the ship's tonnage and build and such other particulars descriptive of the identity of the ship. Upon being registered, the ship shall be issued with a certificate of registry. The registrar may issue in respect of any ship a provisional certificate of registry that shall be valid for a maximum period of one year from the date of its issue.

Registration under the Malaysian International Ship Register

If a ship is owned by a corporation which is incorporated in Malaysia and the principal office of such corporation is established in Malaysia, but the majority of the shareholding, including voting shares of such corporation are not held by Malaysians, the ship can still be registered as a Malaysian ship under the Malaysia International Ship Register irrespective of where the ship was built. This is subject to the requirement that the ship is self-propelled (mechanically propelled), has gross tonnage of not less than 1,600 tonnage and does not exceed the maximum age limit as may be prescribed under the MSO.

Licensing for domestic shipping

The Domestic Shipping Licensing Board was established pursuant to the MSO to regulate and control the licensing of ships engaged in domestic shipping. Under the MSO, domestic shipping refers to the use of ship to provide services, other than fishing, in Malaysian waters or the exclusive economic zone, or for the shipment of goods or the carriage of passengers from or to any port or place in Malaysia or from any port or place in Malaysia to any place in the exclusive economic zone or vice versa. The MSO also provides that no ship, other than a Malaysian ship, may engage in domestic shipping, and that a ship must have a licence to do so unless exempted under the MSO. A Malaysian ship of less than 15 net tonnage, among others, is exempted from having such DSL. The respective owners of vessels licensed with DSLs are subject to the requirements that they shall either be (1) Malaysian citizens, or (2) corporations incorporated in Malaysia in which a majority of their shareholdings are held by Malaysians and a majority of their directors are Malaysian.

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There are several types of DSLs, each governed by different requirements and conditions which, among others, include:

- (a) **Unconditional licence:** Applicable to Malaysian registered vessels that (i) meet at least 30% Bumiputera participation in directorship, equity ownership and office staff; (ii) employ at least 75% Malaysian crew; and (iii) the vessel's age is not more than 20 years; and
- (b) **Conditional licence:** Applicable to Malaysian registered vessels that do not meet any of the requirements imposed for the unconditional licence or to Malaysian-registered vessels that meet all the requirements of the unconditional licence but are more than 20 years old.

(Source: Guidelines on Application for Domestic Shipping License issued by the Ministry of Transport Malaysia and User Guide – e-Domestic Shipping Licence by Marine Department Malaysia)

Cabotage policy

The control of licensing of ships engaged in domestic shipping serves to implement the cabotage policy that was introduced in 1980. The cabotage policy aims to develop Malaysian ownership and local shipping by among others, minimising Malaysia's dependence on foreign vessels. Under cabotage regulations, foreign vessels are not allowed to carry out domestic shipping activities in Malaysia, unless exempted. For avoidance of doubt, the cabotage regulations do not apply to service routes between countries.

By operating a Malaysian ship and holding a DSL, a person is permitted to participate in domestic shipping operations that are subject to cabotage operations, whereby only Malaysian ships are allowed to transport cargo between domestic ports or places within Malaysia unless otherwise exempted. As at the LPD, the cabotage operations apply to domestic shipping operations, except for specified container transshipment routes (i) within Sabah, (ii) between Peninsular Malaysia and Sabah, (iii) between Peninsular Malaysia and Labuan, (iv) between Port of Tanjung Pelepas and Port of Pasir Gudang (for a period between 6 October 2023 and 5 October 2026) and (v) between Port of Tanjung Pelepas and Port of Kuantan (for a period between 6 October 2023 and 5 October 2026), which may be served by foreign-flagged vessels issued with valid DSLs ("**Container Transshipment Exemptions**").

The implementation of the cabotage policy has undergone several material modifications or adjustments (insofar as container liner shipping is concerned) since its introduction. In June 2017, the cabotage policy was partially lifted specifically for cargo transportation routes between Peninsular Malaysia and Sabah, Sarawak and Labuan respectively as well as for intra-Sabah and intra-Sarawak routes. In October 2023, the scope of relaxation was further extended to cover container transshipment routes between certain specified ports as detailed in items (iv) and (v) above. Subsequently, in June 2024, the cabotage policy was reinstated nationwide subject to the Container Transshipment Exemptions, with full cabotage restrictions being imposed in Sarawak.

(Source: Merchant Shipping Ordinance 1952 (Exemption Under Section 65U) [P.U. (B) 274/2017], Merchant Shipping Ordinance 1952 (Exemption Under Section 65U) [P.U. (B) 275/2017], Merchant Shipping Ordinance 1952 (Exemption Under Section 65U) [P.U. (B) 436/2023], Merchant Shipping Ordinance 1952 (Revocation of Exemption Under Section 65U) [P.U. (B) 197/2024], Merchant Shipping Ordinance 1952 (Revocation of Exemption Under Section 65U) [P.U. (B) 198/2024] and Merchant Shipping Ordinance 1952 (Exemption Under Section 65U) [P.U. (B) 200/2024])

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

- (a) International Ship Security Certificate;
- (b) Safety Management Certificate;
- (c) Cargo Ship Safety Equipment Certificate;
- (d) Cargo Ship Safety Radio Certificate;
- (e) Cargo Ship Safety Construction Certificate;
- (f) International Load Line Certificate; and
- (g) Maritime Labour Certificate.

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

In addition, the MSO also provides that any ship which is engaged or intends to engage in any other activity as determined by the Director General of the Malaysia Marine Department in Malaysia waters shall be required to notify the Director General of the Malaysia Marine Department. Pursuant to the Malaysia Shipping Notice (5/2014) issued by the Marine Department Malaysia, the activity of anchoring in a non-anchorage area has been prescribed as a form of activity requiring notification to be made to the Director General of the Malaysia Marine Department. The owner, master or agent of the ship or any person who fails to provide the requisite notification before engaging in the prescribed activities shall be guilty of an offence, and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding two years or both.

(ii) International conventions

Malaysia has acceded to and ratified a number of international conventions relating to maritime law. These international conventions have generally been incorporated into Malaysian law in 2 ways, either by way of legislations embodying, in their own words, provisions having the effect of the convention or by legislations embodying the original text of the convention itself, usually in a schedule with separate changes to be made under Malaysian law for the satisfactory operation of the convention.

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Examples of some of these conventions are set out below:

(a) International conventions adopted by MSO

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

(1) International Convention for the Safety of Life at Sea, 1974 ("SOLAS")

SOLAS specifies among others, minimum safety standards for the construction, equipment and operation of ships. The convention includes regulations governing the survey of various types of ships and the issuing of documents signifying that the ships' compliance with the convention. SOLAS also stipulates requirements for stowage and securing of cargo or cargo units and structural requirements for bulk carriers. The International Ship and Port Facility Security Code ("**ISPS Code**") came into force under Chapter XI-2/3 of SOLAS. The ISPS Code constitutes the basis for a comprehensive mandatory security regime for international shipping. Mandatory Part A of the ISPS Code outlines detailed maritime and port security related requirements that SOLAS contracting governments, port authorities and shipping companies must adhere to. Part B of the ISPS Code provides a series of recommendatory guidelines on how to meet the requirements and obligations set out within the provisions of Part A.

The International Safety Management Code ("**ISM Code**") came into force under Chapter IX of SOLAS. The ISM Code sets out an international standard for the safe management and operation of ships and for pollution prevention. The ISM Code requires that companies responsible for ship operations to establish safety management systems and implement policies for achieving safety-management objectives under the ISM Code. The procedures required by the ISM Code should be documented and compiled in a Safety Management Manual, a copy of which should be kept on board.

In particular, pursuant to the Merchant Shipping (Manning, Hours of Work and Watchkeeping) Rules 1999 and the Regulation V/14 of the SOLAS, the owner of vessel shall ensure, among others, that a Safe Manning Document issued by the Marine Department of Malaysia is in force in respect of the vessel and the manning of the vessel.

(2) International Regulations for Preventing Collisions at Sea, 1972 ("COLREG")

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

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

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

Vessels shall obtain the following certificates issued pursuant to MARPOL for international shipping operations:

- (A) International Oil Pollution Prevention Certificate;
- (B) International Air Pollution Prevention Certificate;
- (C) International Sewage Pollution Prevention Certificate; and
- (D) International Energy Efficiency Certificate.

(4) International Convention on Tonnage Measurement of Ships, 1969 ("ICTM")

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

(5) International Convention on Load Lines, 1966 ("ICLL")

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

(6) Convention on Limitation of Liability for Maritime Claims, 1976 ("LLMC")

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

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

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(7) International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978 ("STCW")

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

(8) International Convention on Oil Pollution Preparedness, Response and Co-operation ("OPRC")

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

(9) Maritime Labour Convention, 2006 ("MLC")

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

(10) Nairobi International Convention on the Removal of Wrecks, 2007 ("WRC")

The WRC provides for the removal of wrecks which pose a hazard to the safety of navigation or to the marine and coastal environments. Wreck is defined as: (A) a sunken or stranded ship, (B) any part of or an object on a sunken or stranded ship, (C) any object that is lost at sea from a ship and is stranded, sunken or adrift; or (D) a ship that is about, or may reasonably be expected, to sink or to strand where effective measures to assist the ship or any property in danger are not already being taken.

The WRC places the onus to remove the wreck on the shipowners and renders shipowners financially liable for the costs of wreck removal. The shipowners are also required to maintain compulsory insurance or other financial security, such as a guarantee of a bank or similar institution to cover liability under the WRC.

ANNEXURE A: GOVERNING LAWS AND REGULATIONS (Cont'd)**(11) International Convention for the Control and Management of Ships' Ballast Water and Sediments ("BWM Convention")**

The BWM Convention provides that ships must manage their ballast water so that aquatic organisms and pathogens are removed and rendered harmless before the ballast water is released into a new location so as to prevent the spread of potentially harmful aquatic organisms and pathogens.

Ships in international traffic are required to manage their ballast water and sediments to a certain standard which is in accordance with the ship-specific ballast water management plan. The ships will have to carry a ballast water management plan, a ballast water record book and an international ballast water management certificate.

(12) International Convention on the Control of Harmful Anti-Fouling Systems on Ships, 2001 ("AFS")

The AFS prohibits the use of harmful anti-fouling systems on ships, particularly those containing organotin compounds such as organotin tributyltin, as they may slowly 'leach' into the sea, killing barnacles and other marine life and harming the environment.

(b) International conventions adopted by the Carriage of Goods by Sea Act, 1950 ("CGSA") and the Merchant Shipping Ordinance, 1960 (Sabah) and the Merchant Shipping Ordinance, 1960 (Sarawak) (collectively, the "MSO Sabah and Sarawak")

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

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

(c) International conventions adopted by the Merchant Shipping (Liability and Compensation for Oil and Bunker Oil Pollution) Act, 1994 ("MSLCA")

The International Convention on Civil Liability for Bunker Oil Pollution Damage 2001 ("**Bunkers Convention**") and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1992 ("**Fund Convention**") have been adopted by the MSLCA.

The MSLCA provides for the civil liability for, among other, bunker oil pollution by merchant ships in Malaysian waters and for matters connected therewith. There are provisions under the MSLCA for compulsory insurance against liability for bunker oil pollution. If the ships are registered in Malaysia, the Director of Marine will issue certificates confirming the existence of valid contracts of insurance or other financial security which fulfil the requirements of Article 7 of the Bunkers Convention.

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Under the MSLCA, the owner of a ship at the time of an incident, or where the incident consists of a series of occurrences having the same origin, at the time of the first occurrence, shall, except as otherwise provided for by the MSLCA, be liable for any pollution damage caused by the ship as a result of the incident in any area of Malaysia. The MSLCA also contains provisions in relation to the International Oil Pollution Compensation Fund established by the Fund Convention ("**Fund**"). The Fund will be used to compensate individuals or entities that suffered losses from oil pollution damage but are not able to obtain full compensation from the shipowner.

(iii) Communications and Multimedia Act, 1988 ("CMA")

The CMA provides for and regulates the converging communications and multimedia industries, including but not limited to the use of spectrum which is the continuous range of electromagnetic wave frequencies up to and including a frequency of 420 terahertz by any person to provide a network service on a ship station.

Section 157 of the CMA provides that no person shall intentionally use any part of the spectrum to provide a network service unless, among others, that the person holds an apparatus assignment issued by the Malaysian Communications and Multimedia Commission ("**MCMC**") under the CMA. An apparatus assignment issued under the CMA confers rights on a person to use the spectrum to operate a network facility of a specified kind at a specified frequency or in any specified frequency band or bands and may be subject to such conditions as the MCMC may impose. A person who contravenes the prohibition of using a spectrum including on a ship station without the requisite authorisation under the CMA commits an offence and shall, on conviction, be liable to a fine not exceeding RM1,000,000 or to imprisonment for a term not exceeding 10 years or to both and shall also be liable to a further fine of RM100,000 for every day or part of a day during which the offence is continued after conviction.

(iv) Customs Act, 1967 ("Customs Act")

The Customs Act regulates the custom-related matters in Malaysia and governs, among others, the approval of customs agent who undertakes any customs transactions on behalf of another person. A customs agent can be a shipping agent, forwarding agent or freight forwarder.

Section 90 of the Customs Act requires that any person who intends to act as a customs agent shall satisfy such requirements set out in the Customs Act and submit an application for approval to act as a customs agent in the form as may be determined by the Director General of Customs. The approval granted by the Director General of Customs may be made subject to such terms and conditions as the Director General of Customs thinks fit. Any person who acts as a customs agent when approval has not been granted to him or while such approval is cancelled or suspended, or who makes or causes to be made a declaration of any goods without being duly authorised for that purpose by the proprietor or consignee of such goods shall be guilty of an offence and shall, on conviction, be liable to imprisonment for a term not exceeding five years or to a fine not exceeding RM100,000 or to both.

Any customs agent who is approved as a shipping agent only not being a forwarding agent is not subject to any equity conditions pertaining to Bumiputera participation for shareholding, board of directors, management personnel and supporting staffs.

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

ANNEXURE A: GOVERNING LAWS AND REGULATIONS (Cont'd)**(v) LPTA**

The LPTA provides for and regulates land public transport and for matters incidental thereto, including those related to terminals. The LPTA applies only to the Peninsular Malaysia.

Section 6 of the LPTA provides that no person shall operate any terminal unless he holds a licence issued under the LPTA. Under the LPTA and the relevant regulations made thereunder, a terminal includes a container depot for storage of containers used for import and export of goods in any area other than the area gazetted under the Port Authorities Act, 1963 or the Penang Port Commission Act, 1955. Any person who operates a terminal without the requisite licence commits an offence and shall, on conviction, be liable to a fine not exceeding RM1,000,000 or to imprisonment for a term not exceeding five years or to both.

A terminal licence shall set out the duration of the licence and the Director General of Land Public Transport may attach to the licence such conditions set out in the LPTA, including but not limited to the standards of performance to be complied with by the terminal licensee in the maintenance and operation of the terminal. Failure to comply with any of the conditions attached to the terminal licence is an offence which shall, on conviction, be liable to a fine of not less than RM1,000 but not more than RM500,000 or to imprisonment for a term not exceeding two years or to both.

Other relevant Malaysian laws and regulations**(vi) ITA**

The ITA provides for the imposition of income tax.

Under Section 54A of the ITA, 70% of the statutory income of a resident person who carries on the business of transporting passengers or cargo by sea on a Malaysian ship or letting out on charter a Malaysian ship owned by him on a voyage or time charter basis shall be exempted from tax. Under the ITA, a Malaysian ship means a sea-going ship registered as such under the MSO, other than a ferry, barge, tug-boat, supply vessel, crew boat, lighter, dredger, fishing boat or other similar vessels.

The Ministry of Finance has subsequently gazetted a series of five subsequent exemption orders, namely the Income Tax (Exemption) (No. 2) Order 2012 [P.U. (A) 167/2012], the Income Tax (Exemption) Order 2018 [P.U. (A) 38/2018], the Income Tax (Exemption) (No. 2) 2018 [P.U. (A) 48/2018], the Income Tax (Exemption) (No. 7) Order 2022 [P.U.(A) 312/2022] and the Income Tax (Exemption for Malaysian Ship) Order 2024 [P.U.(A) 184/2024] respectively, which continue to provide a 100% tax exemption to a resident person undertaking shipping business using Malaysian ships up to YA 2026. From YA 2021 onwards, the 100% tax exemption is subject to the Malaysian shipowner obtaining annual verification from the Ministry of Transport Malaysia on meeting the specified conditions in the exemption order.

Under the current exemption order, in order to avail to the 100% tax exemption, the resident person shall obtain an annual verification from the Ministry of Transport that:

- (a) the person incurs annual operating expenditure of at least RM250,000.00 for each Malaysian ship; and
- (b) the person has an adequate number of full-time employees in Malaysia for each Malaysian ship:

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- (i) in relation to shore employees, at least four of the following employees and majority of the employees shall be Malaysian citizens: a chief executive officer; an administrative and finance officer; an operating officer; and an officer having charge of the health, protection, safety and environmental affairs; and
- (ii) in relation to employees who are ship personnel under Part III of the MSO, the employees shall be subject to the minimum requirement as specified in the Safe-Manning Certificate issued by the Marine Department Malaysia.

(Source: Income Tax (Exemption) (No. 2) Order 2012 [P.U. (A) 167/2012], the Income Tax (Exemption) Order 2018 [P.U. (A) 38/2018], the Income Tax (Exemption) (No. 2) 2018 [P.U. (A) 48/2018], the Income Tax (Exemption) (No. 7) Order 2022 [P.U.(A) 312/2022] and the Income Tax (Exemption for Malaysian Ship) Order 2024 [P.U.(A) 184/2024])

(vii) CA 2010

The CA 2010 prohibits anti-competitive agreements and the abuse of dominant position in the market.

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

A horizontal agreement between enterprises which has the object to:

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

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

In the event the MyCC determines that there is an infringement of a prohibition under the CA 201, it:

- (a) shall require that the infringement to be ceased immediately;
- (b) may specify steps which are required to be taken by the infringing enterprise, which appear to MyCC to be appropriate for bringing the infringement to an end;
- (c) may impose a financial penalty; or
- (d) may give any other direction as it deems appropriate.

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(viii) SDBA, UBBL and UBBL of Sabah**(a) SDBA and UBBL**

The SDBA provides uniformity of law and policy to make laws with regard to local government matters relating to street, drainage, and buildings in Peninsular Malaysia.

Pursuant to Section 70(27)(f) of the SDBA, no person shall occupy or permit to be occupied any building or any part thereof unless a CCC has been issued, and any failure to comply shall be liable on conviction to a fine of up to RM250,000 or to imprisonment for a term not exceeding 10 years or to both. Under the UBBL which was issued pursuant to the SDBA, a CCC will only be issued by the local authority upon receipt of certification in relevant forms by a qualified person i.e. an architect, registered building draughtsman or engineer. A qualified person must be satisfied that, to their best knowledge: (i) the relevant building has been constructed in accordance with the UBBL; (ii) any conditions imposed by the local authority have been satisfied; (iii) all essential services have been provided; and (iv) responsibilities have been accepted for the portions that are being concerned with.

Section 79 of the SDBA provides that any person who erects or causes or permits to be erected in any building any partition, compartment, gallery, loft, roof, ceiling or other structure without having the prior written permission of the local authority shall be liable on conviction to a fine not exceeding RM500 and shall also be liable for a further fine not exceeding RM100 for every day during which the offence is continued after conviction.

Further, Section 80 of the SDBA provides that any person who erects or causes or permits to be erected, keeps or permits to be kept on his land or the land which he occupies any movable shed or movable structure intended to act as a roof without prior written permission of the local authority shall be guilty of an offence and shall on conviction be liable to a fine of RM1,000 and the Magistrate Court shall on application of the local authority, make a mandatory order requiring such person to remove such movable shed or structure.

(b) UBBL of Sabah

The UBBL of Sabah, which was issued pursuant to the Sabah Local Government Ordinance, 1961, governs the issuance of a CCC or its equivalent.

Pursuant to Sections 220, 233(f) and 235 of the UBBL of Sabah, any person who occupies or permits to be occupied any building or any part thereof without a CCC commits an offence and shall on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding one year or to both and in the case of a continuing offence, to a further fine not exceeding RM5,000 for every day during which the offence continues after conviction.

ANNEXURE A: GOVERNING LAWS AND REGULATIONS (Cont'd)**(ix) Environmental Quality Act, 1974 ("EQA")**

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

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

- (a) emit or discharge wastes into the atmosphere;
- (b) emit or cause or permit to be emitted any noise greater in volume, intensity or quality; or
- (c) emit, discharge or deposit any wastes into any inland waters,

in contravention of the acceptable conditions specified in the EQA.

It is prohibited under the EQA to discharge or spill any oil or mixture containing oil into Malaysian waters in contravention of certain conditions. There is also a prohibition on the discharge of environmentally hazardous substances, pollutants or wastes into the Malaysian waters. A licence granted by the Director General of Environmental Quality would be required for the discharge of such substances into Malaysian waters.

The EQA further provides for the prohibition against placing, deposit or disposition of any scheduled wastes on land or into Malaysian waters unless there is a prior written approval of the Director General of Environmental Quality.

The Department of Environment has the power under the EQA to specify the conditions for the emission, discharge or deposit of environmentally hazardous substances, pollutants or wastes or the emission of noise into any area, segment or element of the environment or set aside any area, segment or element of the environment whereby the emission, discharge or deposit is restricted. Among others, the regulations which have been issued includes the Environmental Quality (Scheduled Wastes) Regulations, 2005 ("**Scheduled Wastes Regulations**").

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

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

ANNEXURE A: GOVERNING LAWS AND REGULATIONS (Cont'd)**(x) Occupational Safety and Health Act, 1994 (“OSHA”) and Occupational Safety and Health (Plant Requiring Certificate of Fitness) Regulations 2024 (“OSH Regulations”)**

Since the repeal of the Factories and Machinery Act, 1967 with effect from 1 June 2024, the OSHA and the OSH Regulations are the main governing laws with respect to matters relating to, amongst other, the registration and inspection of plants (including machinery and equipment).

Section 27C of the OSHA provides that no person shall install or cause to be installed any prescribed plant unless the person ensures that the plant has fulfilled all the requirements prescribed by the minister and has obtained the written approval from the Director General of Occupational Safety and Health. Section 27D(1) of the OSHA further provides that no person shall operate or cause or permit to be operated any plant that has been installed under Section 27C of the OSHA unless the plant has a certificate of fitness issued by an officer or licenced person. Any person who contravenes Section 27C or Section 27D(1) shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding one year or to both.

Besides, the OSHA also sets out provisions for securing the safety, health and welfare of persons at work and for protecting others against risks to safety or health arising from work-related activities. Under the OSHA, our Group, as the employer, has a duty to ensure, so far as is practicable, the safety, health and welfare at work of all its employees. This duty includes, among others:

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

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

OSHA is applicable to all places of work throughout Malaysia. However, it does not apply to work carried out on board ships governed by the MSO and the MSO Sabah and Sarawak.

ANNEXURE A: GOVERNING LAWS AND REGULATIONS (Cont'd)

(xi) FSA

The FSA provides the effective and efficient functioning of the Fire Services Department, for the protection of persons and property from fire risks or emergencies.

Pursuant to Section 28(1) of the FSA, every designated premises shall require a fire certificate. Where there is no fire certificate in force in respect of any designated premises the owners of the premises shall be guilty of an offence under Section 33 of the FSA and shall, on conviction, be liable to a fine not exceeding RM50,000 or imprisonment for a term not exceeding five years or to both. Pursuant to Section 35A of the FSA, if the Director General of Fire Services is satisfied that, amongst others, any continued activity in any premises would constitute an immediate danger of fire prejudicial to the safety of life or property, he may, by order, direct the owner or occupier of the premises to cease such activity.

Section 57(1) of the FSA further prescribes that, where an offence under the FSA committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any director, manager, secretary, or other similar officer of the body corporate, or any person purporting to act in any such capacity, he as well as the body corporate shall be guilty of that offence.

Further, Section 27A of the FSA also requires the owner, occupier or person having the overall management of the designated premises to establish a fire safety organisation, failing which he shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding five years or to both.

2. Hong Kong

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

(i) Merchant Shipping Ordinance (Chapter 281 of the Laws of Hong Kong) ("HK MSO")

The HK MSO and its sub-legislations require every ship used for any commercial purpose in the waters of Hong Kong to comply with the requirements in respect of registration and licensing. The HK MSO also deals with the forfeiture of ships and detention of ships.

According to the HK MSO, every ship trading outwards from Hong Kong or being used for any commercial purposes in the waters of Hong Kong must be provided with a certificate of registry or a certificate of ownership or other documents granted in a place outside Hong Kong and similar or equivalent in effect to a certificate of registry or a certificate of provisional registry. Under the HK MSO, the Director of Marine may under certain conditions detain a ship pending satisfaction of legal provisions.

ANNEXURE A: GOVERNING LAWS AND REGULATIONS *(Cont'd)***(ii) Merchant Shipping (Registration) Ordinance (Chapter 415 of the Laws of Hong Kong) ("MSRO")**

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

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

- (a) an individual who holds a valid Hong Kong identity card and who is ordinarily resident in Hong Kong;
- (b) a body corporate incorporated in Hong Kong;
- (c) a re-domiciled company; and
- (d) a registered non-Hong Kong company under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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

(iii) Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("IRO")

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

The IRO gives the Inland Revenue Department ("IRD") wide powers to collect tax due from non-residents. The IRO provides, among other things, that persons (which include corporations, partnerships, trustees and bodies of persons) carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

The IRD may also make transfer pricing adjustments by disallowing expenses incurred by the Hong Kong resident under Sections 16(1), 17(1)(b) of the IRO and challenging the entire arrangement under general anti-avoidance provisions such as Sections 61 and 61A of the IRO.