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**APPENDIX I: GOVERNING LAW, REGULATIONS AND ENVIRONMENTAL ISSUES**


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The relevant laws and regulations governing our Group in Malaysia, our core market, and which are material to our operations are summarised below. The following does not purport to be an exhaustive description of all relevant laws and regulations of which our business is subject to and is only intended to provide general information to investors. It is not intended to be a substitute for independent professional advice. Non-compliance with the relevant laws and regulations below may result in monetary and/or custodial penalties and/or any other orders being made.

**(a) Local Government Act 1976 (“LGA”), Trades Licensing Ordinance 1949 (“TLO”) of Sabah, and Local Authorities Ordinance 1996 (“LAO”), Businesses, Professions and Trades Licensing Ordinance 1958 (“BPTLO”) and Local Authorities (Advertisements) By-Laws 2012 (“LA(A)BL”) of Sarawak**

Under the LGA, local government authorities in Peninsular Malaysia may make by-laws enforceable within its jurisdiction, including in respect of business, trade and advertisement licences. Most local councils have a (Licensing of) Trades, Business and Industries By-Laws which stipulate that no person shall carry on any trade, business or industry in any place or premise within the respective local council unless he is licensed. The local authorities may prescribe for breach of any by-law, rule or regulation a fine not exceeding RM2,000 or a term of imprisonment not exceeding one year or to both and in the case of a continuing offence a sum not exceeding RM200 for each day during which such offence is continued after conviction. The punishment for breaching any by-law, rule or regulation will differ based on the by-laws of each local municipal council.

In Sabah, the TLO imposes on any persons who carries on any business without a valid trading licence, a fine of four times the amount of the licence fee and an additional fine of RM10 for each day or part of a day for continuing offences after conviction.

In Sarawak, the BPTLO imposes an absolute fine of RM1,000 on persons who are found guilty of carrying out business without a valid trading licence; and the LA(A)BL imposes a fine of not more than RM5,000 and imprisonment of not more than six months for not having a signboard licence for such non-compliance if found guilty, and in the case of a continuing offence, a further fine not exceeding RM200 for each day during which the offence continues.

Further, pursuant to the LGA, any person who fails to exhibit or produce his licences on the premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding six months or both. A similar penalty provision is also found in the LAO of Sarawak where an absolute fine of RM2,000 will be imposed on those who are found guilty of such offence.

**(b) Street, Drainage and Building Act 1974 (“SDBA”), Building By-Laws 1951 (“BBL”) Uniform Building By-Laws 2022 (“UBBL”) and Local Government Ordinance 1961 of Sabah (“Sabah Local Government Ordinance”), and the Building Bylaws contained in the Fourth Schedule of the Buildings Ordinance 1994 of Sarawak (“Sarawak Buildings Ordinance”)**

The SDBA provides uniformity of law and policy with regard to local government matters relating to street, drainage and buildings in Peninsular Malaysia. Pursuant to 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 ten years or to both.

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In respect of the state of Sabah, as adopted, the Uniform Building By-Laws 2022 (“UBBL”), which was issued pursuant to the Sabah Local Government Ordinance, provides that no person shall occupy or permit to be occupied any building or any part thereof unless a CCC or partial CCC, as the case may be, has been issued under the UBBL in respect of such building. Any person who contravenes any provision of the UBBL 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. Where the UBBL has not been adopted by the relevant local authorities, the BBL remains applicable and pursuant to which, no person shall occupy or permit to be occupied any building or any part thereof unless a CCC has been issued. Any person who contravenes this provision shall be guilty of an offence and shall on conviction be liable to a fine not exceeding RM500.

In respect of the state of Sarawak, the Sarawak Buildings Ordinance provides that no person shall occupy or permit to be occupied any building or any part thereof unless an occupation permit, a partial occupation permit or a temporary occupation permit (the equivalent of a CCC in Sarawak) has been issued under the Sarawak Building Bylaws of the Building Ordinance for such building and any failure to comply with this shall render such person guilty of an offence, the penalty of which is a fine not exceeding RM10,000 and, in the case of a continuing offence to a further fine not exceeding RM300 per day during which the offence is continued after notice to cease occupying the building has been issued on such person.

**(c) Consumer Protection Act 1999 (“CPA”)**

The CPA provides for the protection of consumers and applies in respect of all goods and services that are offer or supplied to one or more consumers in trade including any trade transaction conducted through electronic means. The provisions of the CPA shall have effect notwithstanding anything to the contrary in any agreement and every supplier and every manufacturer who purports to contract out of any provision of the CPA commits an offence.

Amongst others, the CPA (i) prohibits misleading and deceptive conduct, false representation and unfair practice in relation to the provision of goods and services, (ii) provides for the regulation of the safety of goods and services, (iii) regulates unfair contract terms, (iv) regulates credit sale transactions, (v) provides for the implied and express guarantees in respect of the supply of goods and services, (vi) provides for the rights against suppliers and manufacturers in respect of guarantees, and (vii) provides for the liability of defective products.

In the case of a body corporate, contravention of the provisions of the CPA may, depending on the offence, result in liability of a fine not exceeding RM250,000 and for a second or subsequent offence not exceeding RM500,000. In the case of a continuing offence, the offender may additionally be liable to a fine not exceeding RM2,000 for each day or part of a day during which the offence continues after conviction.

Further, the Consumer Protection (Electronic Trade Transactions) Regulations 2012 (“**Electronic Trade Regulations**”) had been made pursuant to the CPA, and provides that a person who operates a business for the purpose of supply of goods or serves through a website or in an online marketplace must make certain minimum disclosures in respect of, among others, the business operator, the goods or services, the price, method of payment, terms and conditions and estimated time of delivery.

A body corporate which fails to comply with the Electronic Trade Regulations commits an offence and shall, on conviction, be liable to a fine not exceeding RM100,000, and for a second or subsequent offence to a fine not exceeding RM200,000. In addition, the body corporate would be liable to a fine not exceeding RM1,000 for each day or part of a day during which the offence continues after conviction.

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**(d) Personal Data Protection Act 2010 (“PDPA”)**

The PDPA regulates the processing of personal data in the course of commercial transactions in Malaysia and is enforced by the Personal Data Protection Commissioner. Broadly, the Personal Data Protection Act 2010 sets out seven key data protection requirements 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 which includes (i) the requirement to obtain consent prior to processing an individual's personal data, the requirement to provide written notice to individuals in both English and the Malay language stating, among other things, the purposes for which the personal data will be processed, the classes of third parties to whom personal data will be disclosed, and the individual's right; and (ii) obligation to ensure that the personal data collected will be processed in a safe and secure manner. A data user who contravenes the data protection requirements commits an offence and shall, on conviction, be liable to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding two years or to both.

**(e) Employment Act 1955 (“EA”), Labour Ordinance 1950 of Sabah (“Sabah Labour Ordinance”) and Labour Ordinance 1958 of Sarawak (“Sarawak Labour Ordinance”), and the Industrial Relations Act 1967 (“IRA”)**

The EA governs the law on employment in Peninsular Malaysia while the Sabah Labour Ordinance and the Sarawak Labour Ordinance governs the labour laws in Sabah and Sarawak respectively. These Acts contain provisions relating to, among others, leave, overtime pay and termination notice periods. The IRA, which applies to the whole of Malaysia, provides for among others the regulation of the relations between employers and workmen. Under the IRA, no workman can be dismissed without just cause or excuse by his employer.

An independent contractor is neither an employee under the EA, Sabah Labour Ordinance and Sarawak Labour Ordinance nor considered a “workman” (which includes an employee) under the IRA. Therefore, the rights of an independent contractor are *prima facie* not protected by the aforesaid legislations. Notwithstanding this, in the event an employer exercises excessive control over an independent contractor, the Court may find that the independent contractor is in fact an employee. Examples where the Court has found an employer to be exercising excessive control over an independent contractor include where the employer (a) provides statutory contributions such as EPF, EIS and SOCSO contribution to the independent contractor, (b) provides paid annual leave, paid sick leave, overtime payment, retrenchment benefits, and medical insurance to the independent contractor, (c) takes disciplinary action against the independent contractor, (d) determines the tasks to be carried out by the independent contractor and the independent contractor has very little to no discretion in respect of the manner in performing the work/services, or (e) provides the independent contractor the tools and equipment, as well as personnel when performing the works/services.

**(f) Occupational Safety and Health Act 1994 (“OSHA”)**

The OSHA provides for, among others, provisions for securing the safety, health and welfare of persons at work, and for protecting others against risks to safety or health in connection with the activities of persons at work.

Under the OSHA, it is the duty of every employer to ensure, so far as is practicable, the safety, health and welfare to work of all his employees. Further, the OSHA also provides that it shall be the duty of every employer and every self-employed person to conduct his undertaking in such a manner as to ensure, so far as is practicable, that he and other persons, not being his employees, are not exposed to risks to their safety or health.

A person who contravenes the above shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding two years or to both.

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**(g) National Land Code 1965 (Revised 2020) (“NLC”), Land Ordinance of Sabah (“Sabah Land Ordinance”) and Land Code of Sarawak (“Sarawak Land Code”)**

The NLC governs land matters within Peninsular Malaysia, and is an act which amends and consolidates the laws relating to land and land tenure, the registration of title to land and of dealings therewith and the collection of revenue therefrom Peninsular Malaysia while in the States of Sabah and Sarawak, the respective Sabah Land Ordinance and Sarawak Land Code apply.

**(h) Fire Services Act 1988 (“FSA”)**

Section 28 of the FSA provides that every designated premises requires a fire certificate confirming that the premises complies with the life safety, fire prevention, fire protection and firefighting requirements under the FSA.

Section 33 of the FSA provides that where there is no fire certificate in force in respect of any designated premises, the owner of the premises is guilty of an offence, and will, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding five years or to both.

**(i) Electricity Supply Act 1990 (“ESA”) and the Electricity Regulations 1994 (“Electricity Regulations”)**

Regulation 97(1) of the Electricity Regulations issued pursuant to the ESA provides that subject to the provisions of the Electricity Regulations, no person shall manufacture, import, display, sell or advertise (a) any domestic equipment, (b) any low voltage equipment which is usually sold directly to the general public, or (c) any low voltage equipment which does not require special skills in its operation, unless the equipment is approved by the Energy Commission (established under the Energy Commission Act 2011) (“EC”). This approval is given in the form of a “**Certificate of Approval**”. Further, regulation 97C(1) of the Electricity Regulations provides that any person who manufactures or imports any equipment under regulation 97 of the Electricity Regulations shall apply to be registered with the EC, in a manner that may be determined by the EC. Regulation 101A provides that for the purpose of efficient use of electricity, prior to an application for a Certificate of Approval under regulation 97, any person who manufactures, imports, sells or offers for sale or lease any equipment under that regulation, shall ensure that such equipment meets the energy performance testing standards, the minimum energy performance standards and the efficiency ratings as set out in the Electricity Regulations. In addition, the Guideline for Approval of Electrical Equipment issued by the EC (“**EC Approval Guidelines**”) provides for the types of equipment that are required to meet minimum energy performance standards and efficiency ratings, and this includes refrigerators, air-conditioners and washing machines. Upon complying with all the requirements, the equipment shall be affixed with an efficiency rating label. The EC Approval Guidelines further provides that electrical equipment that has been approved for import into Malaysia shall comply with the consignment test for each batch or participate in the product certification scheme by SIRIM, within the validity period of the Certificate of Approval.

Further, Regulation 98 of the Electricity Regulations provides that where an equipment has been approved for manufacture, import, display, sale or advertisement by the EC, the person to whom a Certificate of Approval has been issued under regulation 97 may be required by the EC to mark or label the equipment and he shall do so in the manner to be determined by the EC.

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Regulation 122 of the Electricity Regulations provides that, unless otherwise made an offence under the ESA, a person who contravenes or fails to comply with any of the provisions of the Electricity Regulations shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000 or imprisonment not exceeding one year or both. The ESA provides that a person who fails to comply with codes, guidelines, or directions of the EC issued under the ESA commits an offence and shall, on conviction, be liable to a fine not exceeding RM200,000 or imprisonment for a term of not exceeding two years or to both. Further, any person who, among others, imports or sells any equipment so as to cause or to be likely to cause danger to human life or limb or injury to any equipment or other property commits an offence and for each offence shall, on conviction, be liable to a fine not exceeding RM1,000,000 or to imprisonment for a term not exceeding ten years or to both.

**(j) Trade Descriptions Act 2011 (“TDA”)**

The TDA aims to facilitate good trade practices and protect the interest of consumers by eliminating false trade descriptions and false or misleading statements, conducts and practices in relation to the supply of goods and services.

By providing false trade descriptions, a company commits an offence and shall, on conviction, be liable to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

By providing misleading statements, a company commits an offence and shall, on conviction, be liable to a fine not exceeding RM500,000, and for a second or subsequent offence, to a fine not exceeding RM1,000,000.

Under the Trade Descriptions (Certification and Marking of Halal) Order 2011, all food and goods shall not be described as halal or indicated that it can be consumed or used by a Muslim unless it is certified as halal by the Department of Islamic Development Malaysia or in the case of imported foods and goods a recognised foreign halal certification body, and marked with the prescribed halal logo or the name of the recognised foreign halal certification body. Any non-compliance by a body corporate with such requirement shall be liable to a fine not exceeding RM200,000, and for a second or subsequent offence, shall be liable to a fine not exceeding RM500,000.