OVERVIEW

During the Track Record Period, our Group had business operations in the PRC, Hong Kong and the UK and our customers were mainly located in the United States, the UK, Germany and Australia. A summary of the legal and regulatory frameworks that are applicable to our business operations are laid out in this section.

PRC LAWS AND REGULATIONS

Laws and regulations relating to establishment, operation and management of foreign-owned enterprises

Incorporation, Operation and Management of Wholly Foreign Owned Enterprises

The establishment, operation and management of corporate entities in the PRC are governed by the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) (the "**SCNPC**") on 29 December 1993, came into effect on 1 July 1994, and last amended on 26 October 2018. The PRC Company Law also governs foreign-invested limited liability companies and joint stock limited companies. According to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall apply.

Investment activities in the PRC by foreign investors were governed by the Catalog of Industries for Guiding Foreign Investment (revised in 2017)* (《外商投資產業指導目錄(2017年修訂)》) (the "**Foreign Investment Catalog 2017**"), promulgated jointly by the MOFCOM and the National Development and Reform Commission (國家發展和改革委員會) (the "**NDRC**") on 28 June 2017, which divides industries into three categories, "encouraged", "restricted" and "prohibited", and the restricted and prohibited categories were prescribed in Negative List* (負面清單). The encouraged, restricted and prohibited categories in the Foreign Investment Catalog 2017 was repealed and replaced by the Industry Guidelines on Encouraging Foreign Investment (2020)* (《鼓勵外商投資產業目錄》(2020年版)》) and Special Administrative Measures (Negative List) for Foreign Investment Access (2020) (《外商投資准入特別管理措施(負面清單)》(2020年版)). The Negative List has no restrictions on our business in the PRC, and our PRC subsidiary has been operating in the industries which are permitted.

On 15 March 2019, the National People's Congress promulgated the Foreign Investment Law (《外商投資法》), which came into effect on 1 January 2020 and replaced the Sino-foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》) and the Wholly Foreign-invested Enterprise Law (《外資企業法》), together with their implementation rules and ancillary regulations. The existing foreign-invested enterprises established prior to the effectiveness of the Foreign Investment Law, may keep their corporate forms within five years. The implementing

rules of the Foreign Investment Law, will be stipulated separately by State Council. Pursuant to the Foreign Investment Law, "foreign investors" means natural person, enterprise, or other organisation of a foreign country, "foreign-invested enterprises" (the "**FIEs**") means any enterprise established under PRC law that is wholly or partially invested by foreign investors and "foreign investment" means any foreign investor's direct or indirect investment in PRC.

The Foreign Investment Law stipulates, that China implements the management system of pre-establishment national treatment plus a negative list to foreign investment and the government generally will not expropriate foreign investment, except under special circumstances, in which case it will provide fair and reasonable compensation to foreign investors. When a licence is required to enter a certain industry, the government must treat the application as same as one by a domestic enterprise, except where laws or regulations provide otherwise.

The State Council issued the Regulations on Implementing the Foreign Investment Law of the PRC* (《中華人民共和國外商投資法實施條例》) on 26 December 2019, which came into effect on 1 January 2020. In the meanwhile, the MOFCOM and the State Administration for Market Regulation (國家市場監督管理總局) (the "**SAFMR**") issued the Measures for the Reporting of Foreign Investment Information* (《外商投資信息報告辦法》) on 30 December 2019, which came into effect on 1 January 2020. Since 1 January 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

Laws and regulations relating to production safety

Production Safety

Work Safety Law of the PRC (《中華人民共和國安全生產法》) (the "**Work Safety Law**") was promulgated by the SCNPC on 29 June 2002, came into effect on 1 November 2002 and last amended on 10 June 2021. According to the Work Safety Law, business entities shall meet the work safety conditions prescribed by relevant laws, administrative regulations, and national or industry standards, set aside and use work safety expenses exclusively for improving work safety conditions. Violations of the Work Safety Law may result in the imposition of fines and penalties, the suspension of operation, an order to cease operation, and/or criminal liability in severe cases. In addition, production and operation entities shall supply their employees with protective articles that meet national or industrial standards and instruct them to wear or use such articles as required.

Occupational Disease Prevention and Control

According to the Law of the PRC on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) promulgated by the SCNPC on 27 October 2001, became effective on 1 May 2002 and last amended on 29 December 2018. The employer shall create the working

environment and conditions that conform to the national norms for occupational health and requirements for public health, provide protection facilities. The employer shall establish and improve the occupational health management system, and regularly conduct inspection and evaluation of occupational disease hazards in the workplace in accordance with the regulations of the health administrative department of the State Council.

Fire Safety

The Fire Prevention Law of the PRC (《中華人民共和國消防法》), promulgated adopted on 29 April 1998, became effective on 1 September 1998 and last amended on 29 April 2021 by SCNPC, specifies fire prevention safety responsibilities that should be abided by enterprises, including without limiting the following matters: (i) implement the fire prevention safety responsibility system; (ii) formulate the fire safety regulations, operating rules and firefighting and emergency evacuation plans; (iii) deploy firefighting facilities and equipments; (iv) set up fire safety signs and organise inspection and maintenance at regular intervals to ensure their proper functioning; (v) conduct a comprehensive inspection of firefighting facilities at least once a year to ensure their proper functioning; (vi) the inspection records shall be complete and accurate and shall be archived for the supervision purpose; guarantee that evacuation passages, safety exits and fire truck passages are kept clear and fire and smoke compartmentation as well as fire separation distance meet the relevant fire protection technical standards; (vii) organise fire protection inspections in order to eliminate any potential fire risks in time; and (viii) organise target specific fire drills.

Laws and regulations relating to environmental protection

Environmental Protection

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated and effective on 26 December 1989 and last amended on 24 April 2014 by the SCNPC, the government shall implement the pollutant discharge licence administration system. Enterprises, institutions and other manufacturing operators subject to pollutant emission licence administration shall discharge pollutants in accordance with the requirements of the pollutant discharge permit. Any entity operating a facility that produces pollutants or other hazardous materials must adopt environmental protection measures in its operations, and establish an environmental protection responsibility management system. In the event that an entity discharges pollutants in violation of the pollutant discharge standards or volume control requirement, the entity would be subject to administrative penalties, including order to suspend business for rectification, and even order to terminate or close down business under severe circumstances.

Pursuant to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated on 28 October 2002 and last amended on 29 December 2018, prior to the commencement of construction of the relevant project, manufacturers must prepare environmental impact study report which set forth the impacts on the environment caused by the proposed construction project and measures for preventing or mitigating the impacts and obtain the approval in respect of the report from the government authority.

Pollutant Discharge Permit

According to the Regulations on the Administration of Pollutant Discharge Permits* (《排污許可管理條例》) promulgated on 24 January 2021 and implemented on 1 March 2021, enterprises, institutions and other producers and operators that implement the management of pollutant discharge permits in accordance with the law shall apply for pollutant discharge permits in accordance with the provisions of these regulations; no pollutant shall be discharged without obtaining a pollutant discharge permit. According to the amount of pollutants produced, discharged and the degree of impact on the environment and other factors, the pollutant discharge permit classification management is implemented for pollutant discharge units. Enterprises, institutions and other producers and operators with very small pollutant production, discharge and environmental impact procedures shall fill in the pollutant discharge registration form and do not need to apply for pollutant discharge permits.

Pursuant to the Administrative Measures for Pollutant Discharge Licensing (for Trial Implementation)* (《排污許可管理辦法(試行)》) promulgated on 10 January 2018 by Ministry of Environmental Protection (now known as Ministry of Ecology and Environment) and amended on 22 August 2019, the Ministry of Environmental Protection shall develop and issue a classification administration list of pollutant discharge permitting for fixed pollution sources and shall specify the scope under pollutant discharge permitting administration and the application time limit, and the enterprises, public institutions and other producers and operators on the list shall apply for and obtain a pollutant discharge permit according to the prescribed application time limit.

Pursuant to the classification Administration Catalog of Discharge Permits of Stationary Pollution Sources (2017 Version)* (《固定污染源排污許可分類管理名錄(2017年版)》), the implementation period of pollutant discharge permit for metal surface treatment and heat processing industry* (金屬表面處理及熱處理加工行業) would be 2020. And pursuant to the classification Administration Catalog of Discharge Permits of Stationary Pollution Sources (2019 Version)* (《固定污染源排污許可分類管理名錄(2019年版)》), all manufacturing companies will be reclassified and re-registered according to the amounts of pollutant emission and some companies with low pollutant emission will be exempted from the requirement of obtaining pollutant discharge permit. According to our PRC Legal Advisers, BHP Zhejiang has obtained stationary pollutant sources discharge registration receipt* (固定污染源排污登記回執) from Huzhou City Ecology and Environment Bureau, Deqing Branch* (湖州市生態環境局德清分局) on 8 July 2020.

Laws and regulations relating to production quality

Product Quality

Product quality supervision in the PRC is generally governed by the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the "**Product Quality Law**"), which was promulgated on 22 February 1993 and last amended on 29 December 2018. Producers and sellers shall be liable for product quality in accordance with the Product Quality Law. The State implement a system of supervision and inspection of product quality, based mainly on a random inspection of products. Producers and sellers must not refuse product quality supervision and inspection that is carried out in accordance with law. Under the Product Quality Law, consumers or other victims who suffer personal injury or property damage due to product defects may claim compensation from the producers as well as the sellers. In case of violations of the Product Quality Law, the responsible authorities have the right to impose fines on the violators, order them to suspend operation and revoke their business licences. In serious cases, even criminal liability may be incurred.

Right and Interests of Customers

The PRC Law on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》) of 1993, as last amended on 25 October 2013, or the Consumers Protection Law, provides further protection to the legal rights and interests of consumers in connection with the purchase or use of goods and services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. Under the last amendment, all business operators shall pay high attention to protect the customers' privacy and strictly keep it confidential any consumer information they obtain during the business operation. In addition, in extreme situations, pharmaceutical product manufacturers and operators may be subject to criminal liability if their goods or services lead to the death or injuries of customers or other third parties. Pursuant to the Consumers Protection Law, a consumers' association was established to handle consumers' complaints and assist consumers. The Consumers Protection Law also detailed the compensation consumers and certain third parties are entitled to when property damage or physical injury is incurred.

Tort Law

In addition, the PRC Tort Law (《中華人民共和國侵權責任法》) of 2010, or the Tort Law, establishes a separate chapter regarding product liability. Compared to other laws, rules and regulations in relation to product liability, the Tort Law expressly provides that, in the event of death or serious personal injuries caused by defective products, the entity that manufactures and distributes such defective products as to which such entity is clearly aware of the existence of such defects, such entity may be subject to punitive damages in addition to compensatory damages. The Civil Code of the People's Republic of China (《中華人民共和國民法典》), adopted by the

National People's Congress on May 28, 2020 and implemented on January 1, 2021, also makes the above-mentioned provisions on product liability infringement. After the implementation of the Civil Code of the People's Republic of China, the Tort Law shall be repealed at the same time.

Laws and regulations relating to import and export of goods

Foreign Trade

Pursuant to Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated on 12 May 1994 and last amended on 7 November 2016 as well as the Measures on Filing Registration on Foreign Trade Operators* (《對外貿易經營者備案登記辦法》) promulgated on 25 June 2004 and last amended on 10 May 2021, foreign trade operators engaged in the import and export of commodities or technologies shall be filed and registered with the competent department of foreign trade under the State Council or an institution entrusted by it, except those exemptions according to the laws, administrative regulations and rules of the competent department of foreign trade under the State Council. Foreign trade operators failing to go through relevant filing and registration formalities accordingly shall not be permitted to proceed to declaration and Clearance at the Customs.

Custom duties

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated on 22 January 1987 and last amended on 29 April 2021, consignees and consigners of import or export commodities may go through declaration formalities on their own or entrust an agent to do so for them on the condition that both the said consignees and consigners and agents entrusted with such declaration formalities have been legally registered with the Customs.

Pursuant to the Provisions on Administration of Registration of Customs Declaration Entities of the PRC* (《中華人民共和國海關報關單位註冊登記管理規定》) promulgated on 13 March 2014 and last amended on 29 May 2018, customs declaration entities shall be registered with the Customs in accordance with these provisions unless otherwise prescribed by laws, administrative regulations or customs rules. The registration of customs declaration entities includes the registration of customs declaration enterprises and the registration of the consignees or consignors of imported/exported goods. A customs declaration enterprise may not provide customs declaration services until it has obtained a registration licence from the local customs office directly under the General Administration of Customs or a subordinate customs office authorised by it. A consignee or consignor of imported/exported goods may directly go through the registration procedure at the local customs office. According to our PRC Legal Advisers, BHP Zhejiang has obtained the registration certificate of customs declaration unit.

Import and Export Commodity

Pursuant to the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) promulgated on 21 February 1989 and last amended on 29 April 2021, and the Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection* (《中華人民共和國進出口商品檢驗法實施條例》) promulgated on 23 October 1992 and last amended on 2 March 2019, the General Administration of Customs and its local inspection and quarantine branches are in charge of the inspection of imported and exported commodities nationwide and locally respectively.

Laws and regulations relating to labour and social security

Labour Law

Pursuant to the Labour Law of the PRC (《中華人民共和國勞動法》), promulgated on 5 July 1994 and last amended on 29 December 2018, employers should enter into labour contracts with their employees. The policy of the wages shall be paid according to the performance, equal pay for equal work. Lowest wage protection and special labour protection for female workers and juvenile workers shall be implemented. Employers are also required to pay for their employees' social insurance premiums. These payments are made to local administrative authorities and an employer who fails to contribute may be fined and be ordered to make up for the outstanding contributions.

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on 29 June 2007 and last amended on 28 December 2012, and the Implementation Rule of the Labour Contract Law of the PRC* (《中華人民共和國勞動合同法實施條例》) promulgated on 18 September 2008 both set out specific provisions in relation to the execution, the terms and the termination of an employment contract and the rights and obligations of the employees and employers. At the time of hiring, the employer shall truthfully inform the employee the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employee requests to be informed about.

Pursuant to the Interim Provisions on Labour Dispatch* (《劳務派遣暫行規定》) which came in to effect on 1 March 2014, if the number of despatched staff utilised by an employer exceeds 10% of the total number of its workers prior to the effective date of these Provisions, such employer shall develop a scheme for employment adjustments to reduce the proportion to the specified level within 2 years from the effective date of these Provisions. According to the Labour Contract Law of the PRC, an employer who violates any provisions of this Law on labour despatch and be ordered by the labour administrative department to make rectification within a prescribed time limit, if the employer fails to make rectification within the prescribed time limit, will be fined RMB5,000 up to RMB10,000 per employee exceeding the 10% statutory threshold.

Social Insurance and Housing Provident Funds

The PRC social insurance system is mainly governed by the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on 28 October 2010, amended on 29 December 2018 and became effective on 29 December 2018, the Interim Regulation on the Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》), which was promulgated by the State Council on 22 January 1999 and last amended on 24 March 2019; the Decision of the State Council on Establishing a Unified System of the Basic Pension Insurance for Enterprise Employees* (《國務院關於建立統一的企業職工基本養老保險制度的決定》), which was promulgated and effective on 16 July 1997; the Circular on Relevant Issues concerning the Improvement of the Basic Pension Insurance Policy for Urban Employees* (《關於完善城鎮職工基本養老保險政策有關問題的通知》), which was promulgated and effective on 22 December 2001; the Regulation on Work-related Injury Insurance* (《工傷保險條例》), which was promulgated by the State Council on 27 April 2003 and amended on 20 December 2010; the Regulation on Unemployment Insurance* (《失業保險條例》), which was promulgated and effective on 22 January 1999; the Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees* (《國務院關於建立城鎮職工基本醫療保險制度的決定》), which was promulgated and effective on 14 December 1998; the Circular on the Issuance of Provisions on the Administration of Basic Medical Insurance for Urban Employees* (《勞動和社會保障部關於印發城鎮職工基本醫療保險業務管理規定的通知》), which was promulgated and effective on 5 January 2000, and the Notice on Issuing the Trial Measures on Maternity Insurance for Enterprise Employees* (關於發佈《企業職工生育保險試行辦法》的通知), which was promulgated on 14 December 1994 and effective on 1 January 1995.

Pursuant to the Regulations on Management of Housing Provident Fund* (《住房公積金管理條例》) which was promulgated by the State Council and came into effect on 3 April 1999 and was last amended on 24 March 2019, all business entities (including foreign invested enterprises) are required to register with the local housing provident funds management centre and then maintain housing fund accounts with designated banks and pay the related funds for their employees. In addition, for both employees and employers, the payment rate for housing provident fund shall not be less than 5% of the average monthly salary of the employees in the previous year. The payment rate may be raised if the employer so desires.

Laws and regulations relating to intellectual property rights

Patent Law

The Patent Law of the PRC (《中華人民共和國專利法》) was promulgated on 12 March 1984, became effective on 1 April 1985, and last amended on 17 October 2020 which came into effect on 1 June 2021. According to such law, "invention-creations" means inventions, utility models or

designs. An inventions or utility models for which a patent is to be granted shall be novel, inventive and practically applicable. Without permission of the patentee, no individual or entities may exploit the patent.

Trademark Law

The PRC Trademark Law (《中華人民共和國商標法》) was promulgated on 23 August 1982 and effective on 1 March 1983, last amended on 23 April 2019 by the SCNPC. The PRC Trademark Implementing Regulations* (《中華人民共和國商標法實施條例》) was promulgated by the State Council on 3 August 2002, became effective on 15 September 2002 and amended on 29 April 2014 respectively, registered trademarks are trademarks approved to be registered by the Trademark Office, including goods trademarks, service trademarks, collective marks, and certification marks. A trademark registrant shall have the right to exclusively use the registered trademark, which is protected by law. Any natural person, legal person, or other organisation needing to acquire the right to exclusively use a trademark on the goods or services thereof in the course of business operations shall apply to the Trademark Office for trademark registration.

Copyright Law

The Copyright Law of the PRC (《中華人民共和國著作權法》) (the "**Copyright Law**"), which was promulgated on 7 September 1990 and last amended on 11 November 2020, works of Chinese citizens, legal entities or other organisations, whether published or not, shall enjoy copyright in accordance with the Copyright Law. Works include computer software, works of fine art, drawings of engineering designs and product designs and other graphic works as well as model works. Except as otherwise provided in the Copyright Law, copying, distributing, performing, screening, broadcasting, compiling, or distributing through the information network the work to the public, without the permission of the copyright owner, constitutes an infringement of copyright."

Internet Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names* (《互聯網域名管理辦法》), which was promulgated by the Ministry of Industry and Information Technology on 24 August 2017 and effective on 1 November 2017. According to this regulation, the domain names used by those engaging in Internet information services shall comply with laws and regulations and the relevant provisions of telecommunications administrations, and no domain name could be used to commit any illegal act.

Laws and regulations relating to overseas investment

Enterprise Oversea Investment

Pursuant to the Administration Measures of Overseas Investment* (《境外投資管理辦法》), promulgated by the MOFCOM on 16 March 2009, last amended on 6 September 2014 and became effective on 6 October 2014, overseas investments refer to the ownership of non-financial enterprises abroad or acquisition of the ownership of, control over, business management right of, or other rights and interests of existing overseas non-financial enterprises by enterprises established in the PRC through new establishment or mergers and acquisitions or other methods. Other than the overseas investments involving sensitive countries, regions or sensitive industries which are subject to approval, all other overseas investments are subject to filing administration.

Pursuant to the Administrative Measures for the Outbound Investment by Enterprises* (《企業境外投資管理辦法》) promulgated by the NDRC on 26 December 2017 and became effective on 1 March 2018, projects subject to filing are non-sensitive projects directly carried out by investors, namely the non-sensitive projects involving the direct investment of assets and equities or the provision of financing or guarantees. For a project requiring filing, the authority in charge of filing is (i) the NDRC, if the investor is a centrally administered enterprise (a centrally administered financial enterprise or an enterprise directly subordinate to the administration by the State Council or its subordinate organ, the same below); (ii) the NDRC, if the investor is a local enterprise and the amount of Chinese investment is USD 0.3 billion or above; and (iii) the provincial development and reform authority at the place where the investor is registered, if the investor is a local enterprise and the amount of Chinese investment is less than USD 0.3 billion.

Laws and regulations relating to foreign exchange

Foreign Exchange

Foreign exchange control in the PRC is mainly regulated by the Regulations of the PRC on the Management of Foreign Exchange* (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on 29 January 1996, came into effect on 1 April 1996, and last amended on 5 August 2008. According to the aforesaid regulations, RMB can be freely exchanged into foreign currency for payments under current accounts (such as foreign exchange transactions in relation to trade and service and dividends payment), but approval from the relevant foreign exchange administration shall be obtained before the exchange of RMB into foreign currency under capital accounts (such as direct investment, loan or stock investment outside the PRC).

SAFE Circulars

Pursuant to the Circular 19, foreign-invested enterprises in the PRC may, according to their business demands, settle with a bank the portion of the foreign exchange capital in their capital accounts for which the local foreign exchange bureau has confirmed capital contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution), and the portion allowed to be settled by a foreign-invested enterprise is tentatively 100%. Furthermore, where foreign-invested enterprises are engaging in equity investment in the PRC, they shall comply with the regulations on reinvestment within the territory of the PRC.

On 4 July 2014, the SAFE promulgated the Circular 37. According to the Circular 37, PRC domestic residents, including both PRC domestic institutions and PRC domestic individual residents, shall register with their local SAFE branch before establishing or acquiring control of an overseas special purpose company with the domestic or overseas assets or equity they legally hold for the purpose of investment and financing and conducting round-trip investment in the PRC. The foreign-invested enterprise established as a result of round-trip investment shall go through relevant foreign exchange registration pursuant to the prevailing provisions on the foreign exchange administration of foreign direct investment, and truthfully disclose the actual controllers of its shareholders and other relevant information.

On 19 November 2012, the SAFE promulgated the Circular 59. SAFE Circular 59 substantially amends and simplifies the current foreign exchange procedure, that approval is not required for the opening of an account or deposit for foreign exchange accounts under direct investment. Reinvestment of lawful incomes derived by foreign investors in the PRC (e.g. profit, proceeds of equity transfer, capital reduction, liquidation and early repatriation of investment) no longer requires SAFE's approval or verification, and purchase and remittance of foreign exchange as a result of capital reduction, liquidation, early repatriation or share transfer in a foreign-invested enterprise no longer requires SAFE's approval.

Laws and regulations relating to tax

Enterprise income tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "**EIT Law**"), promulgated by the SCNPC on 16 March 2007, became effective on 1 January 2008 and last amended on 29 December 2018, the income tax rate for resident enterprises is 25% commencing from 1 January 2008 (with certain exceptions for qualified enterprises). In order to clarify certain provisions in the EIT Law, the State Council promulgated the Implementation Rules on the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得税法實施條例》) (the "**EIT Implementation Rules**"), promulgated on 6 December 2007, became effective on 1 January 2008, and last amended on 23 April 2019. Pursuant to the EIT Law and the EIT Implementation

Rules, non-resident enterprises which have not established agencies or offices in PRC, or which have established agencies or offices in PRC but whose income has no association with such agencies or offices, shall pay enterprise income tax on its income earned from inside PRC, and such income of non-resident enterprises shall be taxed at the reduced rate of 10% and shall be withheld at source, for which the payer thereof shall be the withholding agent.

Non-resident Enterprises Taxation Arrangement

Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for Avoidance of Double Taxation and Prevention of Tax Evasion* (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) promulgated by the State Administration of Taxation (the "**SAT**") on 21 August 2006, the tax rate on dividends declared by a PRC resident enterprise to a Hong Kong resident enterprise is no more than 5%, if the Hong Kong resident enterprise holding at least 25% of the PRC enterprise.

On 14 October 2019, the SAT released the Announcement of State Taxation Administration on Promulgation of 'the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits'* (《國家税務總局關於發佈《非居民納税人享受協定待遇管理辦法》的公告》 (the "**2020 Measures**"), which came into effect on 1 January 2020. According to the 2020 Measures, non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming benefits, retention of the relevant materials for future inspection". Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of the 2020 Measures for future inspection, and accept follow-up administration by the tax authorities.

Pursuant to the Announcement of the State Administration of Taxation on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises* (《國家税務總局關於非居民企業所得税源泉扣繳有關問題的公告》) promulgated on 17 October 2017, became effective on 1 December 2017 and last amended on 15 June 2018, when the withholding agent enters into a business contract with a non-resident enterprise in relation to income derived from or accruing in the PRC, where the non-resident enterprise has no office or premises established in the PRC or the income derived or accrued has no de facto relationship with the office or premises established, if the contract stipulates that the withholding agent shall bear the tax payable amount, the tax-exclusive income amount derived by the non-resident enterprise shall be converted to tax-inclusive income amount and the tax withheld shall be turned over.

Value-added tax (VAT)

Pursuant to the Interim Regulations on Value-Added Tax of the PRC* (《中華人民共和國增值税暫行條例》), promulgated by the State Council on 13 December 1993 and last amended on 19 November 2017; and the Implementation Rules of the PRC Interim Regulations on Value-Added Tax* (《中華人民共和國增值税暫行條例實施細則》), promulgated by the Ministry of Finance on 25 December 1993, last amended on 28 October 2011, and became effective on 1 November 2011. sale of goods, provision of processing, repair and replacement services and import and export of goods within the PRC are subject to value-added tax (the "**VAT**"). VAT payable is calculated as output VAT minus input VAT. For taxpayers selling the prescribed goods and services, the VAT rate shall be 17%, selling agricultural products, publications and other goods stipulated by the State Council, the VAT rate shall be 11%. For export goods, the VAT rate shall be zero, unless otherwise stipulated by the State Council.

According to the Notice of the Ministry of Finance and the SAT on the Value-Added Tax and Consumption Tax Policy for Labor Services of Exported Goods* (《財政部、國家税務總局關於出口貨物勞務增值税和消費税政策的通知》) issued by Ministry of Finance and the SAT on 25 May 2012 and revised on 9 December 2014, export enterprises other than export goods and services mentioned in Article 6 and 7 of this Notice that are subject to the VAT exemption and value-added tax policies (refers to the units that handle industrial and commercial registration, tax registration, foreign trade operator filing registration according to law, and self-operate or entrust export goods), their export goods and services are subject to the exemption and refund of value-added tax policies. Except for the VAT export tax rebate rate specified by the Ministry of Finance and the SAT in accordance with the decision of the State Council, the export tax rebate rate of export goods is its applicable tax rate. Pursuant to Measures for the Administration of Value Added Tax and Consumption Tax on Export Goods and Services* (《出口貨物勞務增值税和消費税管理辦法》) issued by the PRC tax authority on 14 June 2012, the deadline for export tax rebate application* (免抵退税申報表) falls on 30 April of the next calendar year of the year in which the goods were exported.

According Notice of the Ministry of Finance and the SAT on the Adjustment to Value-Added Tax Rates* (《財政部、國家税務總局關於調整增值税税率的通知》), promulgated on 4 April 2018, and became effective on 1 May 2018, the VAT rates of 17% and 11% applicable to taxpayers engaging in the sale or import of goods shall be adjusted to 16% and 10% respectively. For export goods that originally applied a 17% tax rate and an export tax rebate rate of 17%, the export tax rebate rate is adjusted to 16%; for export goods and cross-border taxable acts that originally applied a 11% tax rate and an export rebate rate of 11%, the export tax rebate rate is adjusted to 10%.

According to the Notice of the Ministry of Finance and the SAT on the Adjustment to Export Tax Rebate Rate for Certain Products* (《財政部、國家税務總局關於調整部分產品出口退税率的通知》) promulgated on 22 October 2018, and became effective on 1 November 2018, the export tax rebate rate of value-added tax on certain products were adjusted, the export tax rebate rate for plastic products and other products were increased to 16%, and the export tax rebate rate for some metal products and other products were increased to 13%. Except for the products covered in Articles 1 and 2 of this notice, the remaining export products, if the original export tax rebate rate is 15%, the export tax rebate rate will be increased to 16%; if the original export tax rebate rate is 9%, the export tax rebate rate will be increased to 10%; if the original export tax rebate rate is 5%, the export tax rebate rate will be increased to 6%.

Pursuant to the Announcement on Deepening the Policies Related on VAT Reform* (《關於深化增值税改革有關政策的公告》) issued jointly by Ministry of Finance, SAT and General Administration of Customs on 20 March 2019 with effect from 1 April 2019 (the "**Downward Adjustment Policy**"), the VAT rates of 16% and 10% applicable to taxpayers engaging in the sale or import of goods shall be adjusted to 13% and 9% respectively. For export goods and services that originally applied a 16% tax rate and an export tax rebate rate of 16%, the export tax rebate rate is adjusted to 13%; for export goods and cross-border taxable acts that originally applied a 10% tax rate and an export rebate rate of 10%, the export tax rebate rate is adjusted to 9%. While the Downward Adjustment Policy came into effect on 1 April 2019, it specifies that, subject to scrutiny of the PRC tax authority, a corporate entity adopting the exempt-offset-refund method* (免抵退税辦法) is eligible for a grace period of three months from April to June 2019 within which, the original rate of rebate before the implementation of the Downward Adjustment Policy would continue to be applicable.

According to the Announcement of the Ministry of Finance and the SAT on Increasing the Export Tax Rebate Rate for Certain Products* (《財政部、國家税務總局關於提高部分產品出口退税率的公告》) promulgated on 17 March 2020 and became effective on 20 March 2020, the export tax rebate rate of value-added tax on certain products were adjusted, the export tax rebate rate of 1,084 products such as porcelain sanitary ware were increased to 13%; the export tax rebate rate of 380 products such as plant growth regulators were increased to 9%.

Details of on the laws and regulations on transfer pricing in PRC

According to the PRC EIT Law, the EIT Implementation Rules (the "**EITIR**"), Law of the PRC Concerning the Administration of Tax Collection* (《中華人民共和國税收徵收管理法》) and Detailed Rules for the Implementation of the Law of the PRC on the Administration of Tax Collection* (《中華人民共和國税收徵收管理法實施細則》), related party transactions should comply with the arm's length principle and if the related party transactions fail to comply with the arm's length principle and results in the reduction of the enterprise's taxable income, the tax authority are entitled to make a special adjustment within 10 years from the taxpaying year when

the non-compliant related party transaction had occurred. Pursuant to such laws and regulations, any company entering into related party transactions with another company shall submit an annual related party transactions reporting form* (年度關聯業務往來報告表) to the tax authority.

OTHER LAWS AND REGULATIONS

During the Track Record Period, we exported our products to countries including the United States, the UK, Germany and Australia. Consequently, our products will have to comply with certain laws and regulations in relation to, among others, product safety, product liability, import duties/tariff, consumer protection, intellectual property rights and anti-dumping regulations, etc. According to our legal advisers as to the laws and regulations of the United States, the UK, Germany and Australia, a summary of laws and regulations which are relevant to our Group's sales are set out as follows:

UNITED STATES LAWS AND REGULATIONS

Laws and regulations relating to product safety and products liability

Product Safety

Enacted in 1972, the Consumer Product Safety Act ("**CPSA**") is the umbrella statute that established and defined the authority of the Consumer Product Safety Commission ("**CPSC**"). The CPSA authorises the CPSC to develop safety standards, pursue recalls and ban products under certain circumstances. Pursuant to this authority, the CPSC has promulgated a series of regulations that it enforces under the CPSA. In 2008, the Consumer Product Safety Improvement Act ("**CPSIA**") was enacted, which provided the CPSC with significant new regulatory and enforcement tools.

Section 14 of the CPSA provides that imported consumer products are required to bear certificates certifying compliance with applicable rules, bans, regulations, and standards. According to Section 17 of the CPSA, consumer products that fail to comply with relevant safety rules or are not accompanied by the required certificate will be refused admission into the United States. The CPSA provides for civil and criminal penalties with respect to violations of the Act.

In addition, the CPSA contains several reporting requirements for manufacturers of consumer products sold in the United States. Section 15(b) of the CPSA requires manufacturers to notify the CPSC within 24 hours of obtaining information that one of their products (1) fails to comply with applicable consumer product safety rules, (2) contains certain defects, or (3) creates an unreasonable risk of serious injury or death. The CPSC may require the manufacturer to cease distribution of the affected product and notify persons to whom the product was sold or distributed of such non-compliance, defects or risk. In certain circumstances, the CPSC may require the

manufacturer to bring the product into conformity with the applicable rules, repair the defect in the product, replace the product with an equivalent product that complies with the relevant rules, effect a product recall and/or refund the purchase price of the product.

Additionally, Section 37 of the CPSA requires a manufacturer to report to the CPSC any model of a consumer product that is the subject of at least three civil actions filed in Federal or State court for death or grievous bodily injury that result in final settlement involving the manufacturer or a court judgement in favour of the plaintiff within a specified 24-month period.

Many (but not all) states have also enacted very broad consumer protection statutes that provide remedies for consumers who have been injured as a result of businesses' fraudulent, deceptive or unfair practices. The available remedies often include treble damages and an order that places restrictions on the future conduct of the company.

Products liability

There is no federal products liability law. Although differences do exist, the vast majority of states have adopted products liability laws that share the common principles discussed below. Parties involved in manufacturing, distributing or selling a product may be subject to liability for harm caused by a defect in that product. There are three types of product defects: design defects, manufacturing defects and warning/marketing defects. Product liability claims may be based on negligence, strict liability or breach of warranty. In a negligence claim, a defendant may be held liable for personal injury or property damage caused by the failure to use due care. Strict liability claims, however, do not depend on the degree of care that the defendant used. The defendant is liable when it is shown that an injury (to a person or to property) occurred as the result of a product defect. Breach of warranty is also a form of strict liability in the sense that a showing of fault is not required. The plaintiff need only establish the warranty was breached, regardless of how that came about. A company that manufactures, distributes or sells a product in a particular state would be subject to such state's product liability laws, whether the company's jurisdiction of incorporation or principal place of business is in that state, in another US state or in a non-US jurisdiction.

Laws and regulations relating to imports

Custom duties

Our shipments of products to the United States are subject to inspection and compliance with relevant laws, regulations, and rules administered by US Customs and Border Protection. US Customs and Border Protection ("**CBP**") is a federal law enforcement agency, and a subdivision of the United States Department of Homeland Security that is responsible for regulating and facilitating international trade, collecting import duties, and enforcing US trade and customs

regulations, including those applicable to the importation of our products into the United States. An importer of record for products imported into the United States is ultimately responsible for the completeness and correctness of the entry documentation presented to CBP and payment of all applicable duties, taxes and fees. Our products are mainly sold on a FOB basis as such terms are defined in the 2020 version of Incoterms, or International Commercial Terms, a series of pre-defined commercial terms published by the International Chamber of Commerce relating to international commercial law, and commonly used in connection with cross-border shipment of products. Our products are also subject to customs duties as provided in the Harmonized Tariff Schedule of the United States (the "**HTSUS**"). Under FOB shipment terms, the Group is not the importer of record for imports of our products into the United States. Therefore, the burden of compliance with CBP regulations, rules, and processes is allocated to our customers, who act as the importer of record. However, to the extent our customers do not comply with relevant CBP regulations, rules, and processes, imports of our products into the United States may be delayed.

Anti-dumping, countervailing duty and quotas

Depending on the product exported to the United States and its origin, the product may be subject to additional duties besides regular customs duties, such as anti-dumping or countervailing duties, upon its entry into the US customs territory.

The anti-dumping and countervailing duties are duties in addition to the regular customs duties that are assessed under the HTSUS. The anti-dumping and countervailing duties are assessed as a percentage of the import value of the imported merchandise. In some cases, the anti-dumping and/or countervailing duties are substantial and effectively prohibit imports of the product.

In addition, the US imposes import quotas on certain imported goods to control the amount or volume of the goods that can be imported into the US during a specified period of time. Quotas are established by legislation, Presidential Proclamations or Executive Orders. There are three types of quotas: absolute, tariff-rate, and tariff preference level. Absolute quotas strictly limit the quantity of goods that may enter the US for a specific period. Tariff Rate Quotas permit a specified quantity of merchandise to be imported at a reduced rate of duty and may be limited to a specific time period. Goods that are commonly subject to quotas include textile and agriculture goods such as cotton, apparel, meat and dairy products.

Currently, our products are not subject to any existing US anti-dumping and countervailing duty measures and import quotas.

Other Import tariffs

Section 201 of the Trade Act of 1974, 19 USC. § 2101 et. seq. (the "**Trade Act**") permits the President of the United States to grant temporary import relief by raising import duties or imposing non-tariff barriers (e.g., quotas) on goods entering the United States that injure or threaten to injure domestic industries producing similar goods. Section 301 of the Trade Act authorises the President of the United States to take all appropriate actions, including retaliation, to obtain the removal of any act, policy, or practice of a foreign government that violates an international trade agreement or is unjustified, unreasonable, or discriminatory, and that burdens or restricts US commerce. The law does not require that the US government wait until it receives authorisation from the World Trade Organization to take enforcement actions.

Beginning in July 2018, the US imposed Section 301 actions in the form of additional duties on certain Chinese products. This means that when these products of Chinese origin are imported into the United States, they are subject to additional import duties, varying from 7.5% to 25%. Most of our products, if of Chinese origin, are subject to an additional duty of 7.5% (List 4A), and some to 25% (List 3), unless the products are covered by product-specific exclusions granted by the US Trade Representative (USTR). However, most of the product-specific exclusions granted had expired by 31 December 2020. Only a few COVID19-related products (e.g. masks, gloves, medical equipment, etc.) continue to enjoy exclusions until 14 November 2021. The USTR initiated a public comment process on whether to reinstate previously extended exclusions covering products of China subject to Section 301 tariffs. Public comments are due on 1 December 2021.

Although the United States and China reached a Phase One trade deal in January 2020, these additional tariffs remain in place. The status of the tariffs may change as the trade relationships between China and the United States evolve.

Laws and regulations relating to intellectual property rights

US trademark law is governed by both federal and state law. A trademark includes any word, name, symbol, slogan, or device (such as a design), or any combination of these, used to identify goods or services and to distinguish them from those manufactured, sold, or serviced by others. Remedies for trademark infringement can include injunctions, damages, and a disgorgement of profits.

UK LAWS AND REGULATIONS

The UK left the EU on 31 January 2020, but remained subject to all of its laws and regulations under the Agreement on the withdrawal of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community during the transition period which

ended on 31 December 2020. With the UK formally leaving the EU single market and customs union on 31 December 2020 and entering into the EU-UK Trade and Cooperation Agreement on 30 December 2020, import of goods to and from the EU is now subject to different rules, licencing and compliance regime.

Laws and regulations relating to product safety and product liability

Product safety

The EU Directive 2001/95/EC on general product safety was implemented by the General Product Safety Regulations 2005 ("**GPSR 2005**") in the UK. The GPSR 2005 imposes criminal liability on producers and distributors of unsafe products in the UK. The maximum penalty of the most serious offence is a fine of £20,000 or 12 months' imprisonment, or both. Under the regulations, a "producer" is the manufacturer of a product and any other person presenting itself as the manufacturer, or if the manufacturer is not established in the United Kingdom, its representative in the United Kingdom or the importer of the product. A "distributor" means a professional in the supply chain whose activity does not affect the safety properties of a product. The GPSR 2005 stipulates a number of offences, which includes: (i) the producer failing to: supply only safe products; provide consumers with information about risks of a product; adopt measures to stay informed about risks; or take appropriate action, including, where necessary, withdrawal, or recall of products; (ii) the distributor being involved in the supply of a product that it knows, or should have presumed, is a dangerous product or failing to participate in the monitoring of product safety; or (iii) the producer or distributor failing to notify and/or co-operate with enforcement authorities or comply with a safety notice. The offence of a producer placing an unsafe product on the UK market is a strict liability offence, which means that the offence is committed once the producer places an unsafe product on the market (even though it does not know at that stage the product is unsafe). The only defence is that the producer has taken all reasonable steps and exercised all due diligence to avoid committing the offence.

Product liability

The Product Liability Directive 85/374/EEC was implemented by the Consumer Protection Act 1987 ("**CPA 1987**"), which lays down a scheme dealing with civil liability for unsafe goods under which the producer of an unsafe product or, as the case may be, another person in the chain of supply, is held strictly liable in damages with respect to any defect in those goods which causes damage. The primary liability for defective products lies on the producer but there are special provisions for components, persons who market products under their own brand name and importers. In order to meet cases where he cannot identify the producer, the person injured by the product may in the first instance hold liable to his immediate supplier, who may then in turn pass

liability up the chain of distribution by identifying his supplier, and so on to the ultimate manufacturer or importer. Liability for damage caused by a defective product does not extend to all damage but only to specified damage.

The CPA 1987 imposes strict liability which means that people who are injured by defective products can sue for compensation without having to prove that the manufacturer was negligent. Liability under the CPA 1987 does not preclude a claimant from making a common law negligence claim, and in some cases a common law negligence claim may succeed where a claim would not be available under the CPA 1987.

Laws and regulations relating to corporate governance

The normal laws applicable to companies in England and Wales govern BHP UK which was incorporated under the laws of the United Kingdom on 18 September 2009. BHP UK's incorporation, existence, governance and powers are controlled by the Companies Acts 1985 and 2006 and is subject to all the usual laws applicable to English companies.

Under the Companies Act 2006 there is a risk that BHP Zhejiang might be treated as a shadow director of BHP UK. This could render BHP Zhejiang liable to third parties if BHP UK were to become insolvent and it had taken steps which were unlawful for it or a breach of the duties of the directors of the company in relation to the insolvency. In certain circumstances, directors of an English company can become liable to its creditors if they continue to operate the company when it is insolvent and goes into liquidation thereafter.

Laws and regulations relating to employment

Under the relevant UK laws and regulations, all employees must have a contract of employment which need not be in writing and may be partly written and partly oral. The contract of employment sets out all the terms and conditions governing the relationship between the employer and the employee.

A national minimum wage applies for all workers over compulsory school leaving age. The national minimum wage rates differ depending on the age of the worker and whether or not they are in training. There are compulsory regulations against unfair dismissal, minimum standards of holidays and working time regulations.

Laws and regulations relating to intellectual property rights

The Trade Marks Act 1994 ("**TMA**") regulates the registration of UK trademarks, the use of registered UK trademarks and related matters. Section 9 of the TMA provides that the owner of a registered UK trademark has exclusive rights in the trademark which are infringed by the use of

the trademark (or any sign confusingly similar to it) in the UK without the owner's consent. For instance, a person infringes a registered trademark if he uses in the course of trade a sign which is identical with the trademark in relation to goods or services which it is registered (Section 10(1) TMA). The TMA provides that a registered trademark owner is, in an action for infringement, entitled to relief including by way of damages, injunctions and accounts.

EU LAWS AND REGULATIONS

There is extensive legislation of the EU which aims at safeguarding the health, safety and interests of consumers. The regulations and directives of the EU cover a wide range of aims, such as the promotion of consumers' rights to information and education, consumer safety, the protection of consumers' economic and legal interests, and product packaging and labelling. While a regulation is a binding legislative act directly applicable in the Member States, a directive must be implemented by the Members in accordance with their domestic legal system.

Consumer protection in the EU

Consumer protection legislation and policy are central to the EU objectives of achieving a high standard of quality for its citizens. The Treaty on the Functioning of the European Union ("**TFEU**") places a high premium on the interests, health and safety of consumers in the EU. For example, Article 12 TFEU explicitly sets out that consumer protection requirements shall be taken into account when defining and implementing EU policies and activities. Equally, Article 114 TFEU on the approximation of laws sets out that the European Commission in its proposals on consumer protection will take as a base a high level of protection. With a view to meeting such objectives, laws have been adopted to govern the economic and health protection of consumers, the safety of products and the free movement of only safe goods within the EU.

*(i) The sale of consumer goods and associated guarantees ("**Directive 1999/44/EC**")*

Directive 1999/44/EC, which was adopted in May 1999 and required to be implemented in the member states of the EU ("**Member States**") by 1 January 2002, applies to all sellers of goods. The relevant provisions of this Directive provide consumers with a uniform minimum level of legal rights to remedies in the event of non-conformity of a product with the sale contract at the time of delivery. According to Directive 1999/44/EC, sellers must deliver only such goods to the consumers that are in conformity with the contract. Consumer goods are presumed to be in conformity with the contract if they: comply with seller's description; are fit for the purposes required by the consumer as made known by him to the seller; and are fit for their normal intended purpose and of quality and performance normally expected of products of this type.

*(ii) The liability for defective products ("**Directive 85/374/EEC**")*

Directive 85/374/EEC, a Directive issued by the Council of the EU and published on 7 August 1985 in the Official Journal of the European Union, states that producers shall be liable to their consumers for damage caused by defects in their products. For imported products, the EU importer is considered to be the producer for the purposes of the Directive. Directive 85/374/EEC is important for all sellers in the EU as any defect in the goods leading to damage, defined as death or personal injury or damage to any item of property, can give rise to liability on parties in the chain between the manufacture and sale of the defective goods.

Anti-dumping in the EU

Pursuant to Regulation (EU) 2016/1036 of 8 June 2016 ("**Regulation 2016/1036**"), the European Commission is responsible for investigating allegations of dumping within the EU. It usually conducts an investigation either upon receipt of a complaint from the relevant industry within the EU or on its own initiative. The investigation must show that (i) there is dumping pursuant to Article 2 of Regulation 2016/1036 by the exporting producers in the country/countries concerned; (ii) material injury (or threat thereof) has been suffered by the industry concerned within the EU; (iii) there is a causal link between the dumping and the injury; and (iv) the imposition of measures is in the interest of the EU as a whole. If the investigation comes to the conclusion that the above four conditions have been met, then anti-dumping measures may be imposed on imports of the product concerned. These measures are usually duties or price undertakings. The duties are paid by the importer in the EU and collected by the national customs authorities of the respective EU countries. Exporting producers may offer "undertakings" agreeing to increase its export prices of the products concerned. If their offer is accepted, anti-dumping duties will not be imposed on imports. The European Commission is not obliged to accept an offer of an undertaking. During the Track Record Period and up to the Latest Practicable Date, none of the products produced by our Group had been subject to any anti-dumping investigations or measures in the EU.

The REACH Regulation 2006

The REACH Regulation 2006 is directly applicable in EU Member States. However, each Member State must enforce the REACH regime within its own territory. Certain substances (including substances that are carcinogenic, mutagenic or toxic to reproduction) are listed in the regulation as substances of very high concern ("**SVHC**") and can only be placed on the market in specific circumstances. There is a duty to notify the European Chemicals Agency and provide information to consumers about products containing a concentration of SVHC above 0.1% w/w.

GERMAN LAWS AND REGULATIONS

Laws and regulations relating to product safety and product liability

Product safety

In principle, product-related EU and domestic laws are applicable when a product is placed (Inverkehrbringen) or made available (Bereitstellen) on the German market irrespective of the acting legal or natural person being considered as manufacturer, importer or distributor. With regard to some product-related EU and the Product Safety Act (Produktsicherheitsgesetz) ("**ProdSG**"), a specific legal feature applies: product-related responsibility is not only triggered by placing or making a product available on the German market but also by someone importing a product to the German market. Thus, under German law, responsibility for product compliance requires a product being placed, made available on or imported to the German market whereby responsibility under certain product-related EU and domestic laws is assigned to an economic operator already at the earlier time of offering a product. A product is placed or made available when it is supplied on the German market for distribution, consumption or use which requires the transfer of ownership or possession for business purposes. This (not mandatorily physical) transfer must take place on the German market. Violations of the ProdSG is penalised by fines of up to EUR100,000 and/or imprisonment of up to one years, depending on the breach in question.

Product liability

We are subject to liability under the German Product Liability Act (Produkthaftungsgesetz) ("**ProdHG**"). Liability under the ProdHG is mandatory, strict and can neither be restricted nor excluded in advance. Liability may occur if, as a result of a defective product, a person is killed, injured, affected in its health, or a thing (other than the defective product) is damaged. The term "manufacturer" according to the ProdHG is basically someone who has manufactured the end product, a basic material or a partial product. The term includes as well anyone who imports or transfers the product into the area of application of the Agreement on the European Economic Area for the purpose of sale; anyone who, by affixing his name, trademark or other distinctive sign on the product, is also considered a quasi-manufacturer. The maximum amount of the liability for personal injuries caused by the product or identical products with the same defect is limited to an amount of EUR85 million. The ProdHG applies to us if (i) the aggrieved party has its habitual residence in Germany and the defective product was placed on the German market; (ii) if the defective product was bought in Germany and was placed on the German market; or (iii) if the harm arose in Germany and the defective product was placed on the German market according to Article 5 Regulation (EC) 864/2007. It is sufficient that we could reasonably foresee that a product might be placed on the German market by another market participant, e.g. one of our customers, to be liable under the ProdHG; thus it is not necessary that the defective product was imported to Germany by us.

We are also potentially subject to product liability pursuant to tort law under Section 823 of the German Civil Code (Bürgerliches Gesetzbuch) ("**BGB**"), if the product is defective due to our negligence (producer liability). We have to fulfil various obligations such as constructing and producing products without defects, instructing the users about the use and/or potential residual risks in a proper way and monitoring the products after they have been placed on the market. Any negligent or intentional breach of such obligation causing damage to property, life, body, health or freedom of a third party or any violation of a protective law causing such damage may result in a liability towards the harmed party. Our liability under Section 823 BGB is in principle unlimited and we would therefore be liable for all damages caused by the defective product. According to Article 4 Regulation (EC) 864/2007, Section 823 BGB applies if the damage occurs in Germany.

Laws and regulations relating to intellectual property rights

In Germany, under the German Patent Act (Patentgesetz, PatG) a patent is a right to exclude a third party from making, using, selling, or offering for sale a technical invention throughout Germany or importing the invention into Germany. Germany has a "first to file" system which means that the right to a patent for a given technical invention lies with the person who first filed the patent application (regardless of the date the actual invention was made). Another category of intellectual property rights similar to patents are utility models in accordance with the German Utility Model Act (Gebrauchsmustergesetz, GebrMG). If patent or utility rights are infringed by third parties, the owner can claim, in particular, injunctive relief, disclosure and compensation for damages.

Competition law

There is no particular statue for the protection of trade secrets or confidential information, however, trade secrets are protected by provisions of the German Act against Unfair Competition (Gesetz gegen den unlauteren Wettbewerb) ("**UWG**") to ensure fair economic competition. These provisions provide for criminal sanctions, if someone exploits trade secrets of a third person without being authorised to do so. To preserve rights in a trade secret, a company must take reasonable measures to keep information that the company has received within the scope of contractual relations strictly confidential. Our customer, as the company which is advertising and distributing the product, bears sole responsibility for any violations of the UWG.

AUSTRALIAN LAWS AND REGULATIONS

Australian Consumer Law

The Australian Consumer Law ("**ACL**"), contained in Schedule 2 to the Competition and Consumer Act 2010 (Cth), imposes statutory obligations upon manufacturers and suppliers of goods in terms of marketing and advertising, product safety, quality guarantees and product

liability. It gives regulators (primarily the Australian Competition and Consumer Commission ("**ACCC**")), competitors and consumers various statutory causes of action when a manufacturer's or supplier's conduct contravenes the legislation.

(i) Statutory guarantees as to the supply of household goods for which both manufacturers and suppliers are liable

The ACL attaches a number of guarantees to the supply of household goods and services in Australia. These guaranteed rights include, without limitation, that: (i) the supplier has the right to sell the goods; (ii) the goods are of acceptable quality; (iii) the goods match their descriptions; and (iv) the goods are fit for any purpose that the supplier represents, etc. A broad range of remedies is available against suppliers (including compensation, refund and replacement).

(ii) Provisions relating to safety standards, bans, recalls, safety warning notices and notification obligations

Under the ACL, a rigorous product safety law applies to consumer goods which includes: (i) the imposition of mandatory safety standards; (ii) bans on products, either on an interim or permanent basis; (iii) issuance of safety warning notices; and (iv) issuance of compulsory recall notices that require suppliers to recall a product. The Australian Commonwealth Minister may make a safety standard about a number of matters as are reasonably necessary to prevent or reduce risk of injury to any person. The supply of goods in contravention of a prescribed safety standard is prohibited. If a standard applies to consumer goods, and the goods do not meet that standard, a supplier also must not manufacture, possess or have control of those goods.

A supplier may be found guilty of a criminal offence if they fail to comply with a mandatory safety standard. The maximum fine is AUD500,000 for an individual and the greatest of AUD10 million, 10% of annual turnover in Australia or three times the gain from the contravention for a corporation. Civil penalties for the same amounts also apply. In addition, the ACL provides the ACCC with a number of alternatives apart from criminal prosecution, which include the power to issue infringement notices for offences. The maximum amount payable by a corporation for such an infringement notice is AUD66,000.

Manufacturers directly liable for certain losses caused by defective goods

The ACL allows a claim to be made against a manufacturer (or 'deemed' manufacturer which has a broad definition) when goods with safety defects cause injury, loss or damage. Goods have a safety defect if their safety is not such as persons generally are entitled to expect and the product must actually be unsafe, not just of poor quality or inoperative. A person suffering loss or damage as a result of a safety defect can seek compensation for personal injury and death.

Laws and regulations relating to intellectual property rights

It is unlawful to import goods into Australia which infringe intellectual property rights (including but not limited to trademark, copyright, patents and designs). This includes registered and unregistered intellectual property rights. Failure to consider intellectual property rights in facilitating importing arrangements in Australia may result in the supplier and/or the importer being the subject of legal action by the owner of the intellectual property rights in Australia.

A range of enforcement options are available for owners of intellectual property rights in Australia who believe their rights are being infringed. These include: (i) civil court action seeking remedies such as injunctions to restrain the infringing conduct, damages or an account of profits, delivery up of infringing items and legal costs. Court action may be used to protect certain unregistered intellectual property rights, such as through actions for misleading or deceptive conduct or passing off; and (ii) notices of objection lodged with the Australian Customs and Border Protection Service by owners of intellectual property rights under which the service will seize goods infringing copyright or registered trademarks to enable the intellectual property rights holder to institute legal action.

Certain breaches of the Trade Marks Act 1995 (Cth) ("**TM Act**") and Copyright Act 1968 (Cth) ("**Copyright Act**") constitute criminal offences. In a limited number of circumstances, law enforcement agencies such as state and federal police will take action in relation to these criminal provisions.

The Copyright Act and TM Act provide for individuals to be fined up to AUD136,500 and for corporations to be fined up to AUD682,500 for importing infringing products into Australia for commercial exploitation. The possible term of imprisonment is up to five years.

Laws and regulations relating to plastic household goods in Australia

Australia is a signatory to the WTO Standards Code and has acceded to the WTO Agreement on Technical Barriers to Trade. However, Australia still maintains some restrictive standards requirements particularly quarantine and health restrictions that have an impact on the free flow of goods. If a product imported to Australia is required to comply with a mandatory Australian product safety standard, the persons or institutions importing products that violate the relevant product safety standard may result in a fine of AUD10 million.

Parties may choose to comply voluntarily with a non-mandatory Australian Standard. Parties must not represent that their product complies with an applicable Australian Standard if it does not, and should have documentary proof of compliance (e.g. test results) if they do claim that their product is standards-compliant.

Suppliers should always consider the safety and suitability of any chemicals used in their products regardless of whether there are specific regulations. In terms of plastic in household goods, Diethylhexyl phthalate ("**DEHP**") should be reviewed carefully. DEHP is strongly controlled by a permanent product safety ban, and this permanent ban was declared on 1 February 2011. The ban prohibits supply of plastic products for use by children under 36 months (such as toys, childcare articles and eating vessels and utensils) that contain more than 1% (by weight) of DEHP and are products that children up to 36 months can readily chew or suck. DEHP must not therefore be used in any product destined for children up to 36 months or which a child up to 36 months might chew or suck on.

HONG KONG LAWS AND REGULATIONS

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)

Our Group is subject to the Business Registration Ordinance. The Business Registration Ordinance requires every entity that carries on a business in Hong Kong to apply for business registration within one month from the date of commencement of the business, and to display the valid business registration certificate at the place of business.

Any person who fails to apply for business registration or display a valid business registration certificate at the place of business shall be guilty of an offence, and shall be liable to a fine of HK$5,000 and to imprisonment for one year.

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

Our Group is subject to the profits tax regime under the Inland Revenue Ordinance. The Inland Revenue Ordinance is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The Inland Revenue Ordinance provides, among others, 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 from the date of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

As at the Latest Practicable Date, the standard profits tax rate for corporations was at 16.5%. The Inland Revenue Ordinance also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong)

The Trade Marks Ordinance provides for the registration of trade marks, the use of registered trade marks and related matters. In order to enjoy protection by the laws of Hong Kong, trade marks shall be registered with the Trade Marks Registry of the Intellectual Property Department under the Trade Marks Ordinance and the Trade Marks Rules (Chapter 559A of the Laws of Hong Kong).

By virtue of Section 14 of the Trade Marks Ordinance, the owner of a registered trade mark is conferred with exclusive rights in the trade mark. Any use of the trade mark by third parties without the consent of the owner is an infringement of the trade mark and the owner of the registered trade mark is entitled to remedies under the Trade Marks Ordinance, such as infringement proceedings under Sections 23 and 25 of the Trade Marks Ordinance.