The following sets out a summary of the significant laws and regulations that affect our businesses in the PRC and Indonesia, where our principal business is located. Information contained below shall not be construed as a comprehensive summary of all the laws and regulations applicable to us.

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

This section summarizes the principal PRC laws, rules and regulations that are relevant to our business.

Principal Regulatory Authorities

The entire industry chain covering the provision of nickel products and services where the Company operates is subject to the supervision of the National Development and Reform Commission (the "NDRC") and the Ministry of Industry and Information Technology of the People's Republic of China (the "MIIT"). The main products of the Company such as nickel sulfate are hazardous chemicals, which are subject to the regulation of the MIIT and the Ministry of Emergency Management of the People's Republic of China (the "MEM").

The main functions of the NDRC include formulating and implementing strategies of national economic and social development; medium and long-term development plans and annual plans, coordinating economic and social development, being responsible for coordinating and addressing major issues in economic operation and adjusting economic operation.

The main functions of the MIIT include proposing new industrialization development strategies and policies; formulating and implementing industry planning, plans and policies of the industries, including the regulations for the industries of lithium battery and power battery; monitoring and analyzing the trend of industry operation; and conducting surveys and publishing the relevant information; formulating and implementing the policies on industry energy conservation and comprehensive utilization of resources and promotion of clean production. Accordingly, MIIT is responsible for the planning and layout of the production and storage of hazardous chemicals.

The main functions of the MEM, which were taken over from the former State Administration of Work Safety, include administrating the comprehensive safety supervision and management of hazardous chemicals; organizing the identification, publication, and adjustment of Catalogs of Hazardous Chemicals; guiding and supervising the issuance and administration of the Permits for the Safe Use of Hazardous Chemicals and the Operating Licenses for Hazardous Chemicals throughout the country; and being responsible for the supervision over and administration of the Registration of Hazardous Chemicals nationwide.

Industry Self-regulatory Organizations

China Nonferrous Metals Fabrication Industry Association and China Nonferrous Metals Industry Association Nickel Branch are the national industry self-regulatory organizations, whose

functions mainly include providing services for enterprises and industries, administrating the industry and conducting statistical surveys and analyzing and releasing industry information under the commission of relevant authorities, assisting the government in formulating industry policies as well as medium and long-term development planning, and prescribing product quality standards of the industry.

Industry Regulations

PRC Laws and Regulations on the Production of Industrial Products

1. *Regulations of the People's Republic of China for the Administration of Production Licenses for Industrial Products* and *Measures for the Implementation of Regulations of the People's Republic of China for the Administration of Production Licenses for Industrial Products*

Pursuant to the *Regulations of the People's Republic of China for the Administration of Production Licenses for Industrial Products* promulgated on July 9, 2005 and implemented on September 1, 2005, and the *Measures for the Implementation of Regulations of the People's Republic of China for the Administration of Production Licenses for Industrial Products* promulgated on April 21, 2014 and implemented on August 1, 2014, important industrial products in connection with public safety, human health and well-being, and the protection of property are subject to the system of production licenses imposed by the PRC central government. The catalog of industrial products subject to the production licensing regime implemented by the State is made by the competent department of the State Council in charge of the production license for the industrial products together with the other relevant departments of the State Council, consulted with China Consumers Associations and related product industry associations, and promulgated to the public after the same has been approved by the State Council. Any enterprise that fails to obtain a production license shall not produce the products listed in the abovementioned catalog, and no entity or individual is allowed to sell or use any products listed in the same catalog without the relevant production license, or otherwise an administrative penalty by the competent department of the relevant industrial product production licenses will be imposed on such an entity or individual. Moreover, criminal liability may also be imposed on such an entity or individual.

2. *Decision of the State Council on Adjusting the Management Catalog of Production Licenses for Industrial Products and Simplifying the Approval Process for Trial Implementation*

Pursuant to the Decision of the State Council on Adjusting the Management Catalog of Production Licenses for Industrial Products and Simplifying the Approval Process for Trial Implementation promulgated and implemented by the State Council on June 24, 2017, the management of production licenses for some products is canceled and replaced by compulsory product certification management; the industrial product production license management authority of some products is delegated to the quality and technical supervision departments of provincial people's governments. Products that remain subject to the industrial product production license management after this abovementioned adjustment include hazardous chemicals, hazardous chemical

packaging, and hazardous chemical containers, of which the management authority is also delegated to the quality and technical supervision departments of provincial people's governments.

3. *Decision of the State Council on Adjusting the Management Catalog of Production Licenses for Industrial Products and Enhancing Interim and Ex-post Supervision*

Pursuant to the *Decision of the State Council on Adjusting the Management Catalog of Production Licenses for Industrial Products and Enhancing Interim and Ex-post Supervision* promulgated and implemented by the State Council on September 8, 2019, the management of production licenses for some products is canceled and replaced by compulsory product certification management; the industrial product production license management authority of some products is delegated. Products that remain subject to the industrial product production license management after the abovementioned adjustment include hazardous chemicals, hazardous chemical packaging, and hazardous chemical containers, of which the management authority is also delegated to the quality and technical supervision departments of provincial people's governments.

PRC Laws and Regulations on Hazardous Chemicals

1. *Regulations on Safety Management of Hazardous Chemicals*

Pursuant to the *Regulations on Safety Management of Hazardous Chemicals* promulgated by the State Council on January 26, 2002, taking effect on March 15, 2002, and lastly amended on December 7, 2013, hazardous chemicals include hyper-toxic and other hazardous chemicals that are toxic, corrosive, explosive, flammable or combustion-supporting, which are dangerous to human body, facilities and environment. The relevant governmental authorities will promulgate and adjust the Catalogs of Hazardous Chemicals from time to time. An enterprise which engages in the production of hazardous chemicals must obtain the Safety Production Permit for Hazardous Chemicals prior to the commencement of production. An enterprise producing hazardous chemicals listed in the Catalog of the Industrial Products that are subject to the production licensing system shall obtain the Production License for Industrial Products pursuant to the *Regulations of the People's Republic of China for the Administration of Production Licenses for Industrial Products*.

The safety conditions of newly built, altered or expanded construction projects for the production and storage of hazardous chemicals are subject to the scrutiny of the work safety administrative department. The safety conditions of the newly built, altered and expanded port construction projects for the storage, loading and unloading of hazardous chemicals are subject to the scrutiny of the port administrative department in accordance with the provisions of the transport department under the State Council. In the event that the enterprise undertaking such construction projects fails to meet the safety conditions, the relevant work safety administrative department shall order such enterprise to cease operation and rectify within the specified period.

The State Council implemented a licensing system for the operation of hazardous chemicals (including warehousing). No entity or individual may deal in hazardous chemicals without such

licensing. If an enterprise engaging in the production of hazardous chemicals which is established according to the laws sells hazardous chemicals it produces in the factory, the Operation Permit for Hazardous Chemicals is not required. If a chemical enterprise uses hazardous chemicals for production and the quantities reaches the prescribed threshold, the enterprise shall obtain the Permits for the Safe Use of Hazardous Chemicals pursuant to the *Regulations on Safety Management of Hazardous Chemicals*, save for those enterprises engaging in the production of hazardous chemicals. An enterprise which engages in road transportation of hazardous chemicals should comply with provisions of laws and administrative regulations on road transport, obtain the license for road transportation of hazardous chemicals, and proceed with registration procedures with the administrative department of industry and commerce. An enterprise engaging in road transportation of hazardous chemicals should be equipped with full-time safety management personnel.

2. *Measures for Implementation of Safety Production Permit of Hazardous Chemicals Production Enterprises*

Pursuant to the *Measures for Implementation of Safety Production Permit of Hazardous Chemicals Production Enterprises* promulgated by the State Administration of Work Safety (now the MEM) of the PRC and taking effect on May 17, 2004, and lastly amended and taking effect on March 6, 2017, an enterprise which engages in the production of final products or intermediate products listed in the Catalogs of Hazardous Chemicals must obtain the Safety Production Permit for Hazardous Chemicals prior to the commencement of production of hazardous chemicals.

3. *Administrative Measures for the Registration of Hazardous Chemicals*

Pursuant to the *Administrative Measures for the Registration of Hazardous Chemicals* promulgated by the State Administration of Work Safety (now the MEM) of the PRC on October 8, 2002 and taking effect on November 15, 2002, and lastly amended on July 1, 2012 and taking effect on August 1, 2012, a newly established production enterprise of hazardous chemicals shall proceed with the hazardous chemicals registration procedure before the completion and acceptance of the project. The Hazardous Chemicals Registration Certificate is valid for three years. The Hazardous Chemicals Registration Certificate should set out details including but not limited to the nature of the enterprise (regardless of whether the registering enterprise is a producer or importer of hazardous chemicals or both), the registered products and the validity period. An enterprise which engages in the production and storage of hazardous chemicals and an enterprise using hyper-toxic and other hazardous chemicals the quantities of which constitute a material source of danger shall register the hazardous chemicals according to the national laws. The Registration Center for Chemicals under the State Administration of Work Safety (now the Registration Center for Chemicals under the MEM) shall undertake the specific work and technical management of registration of hazardous chemicals throughout the country. Hazardous chemicals registration offices or hazardous chemicals registration centers established by work safety supervision and administration departments (now the emergency management departments) under people's governments of all provinces, autonomous regions and municipalities directly under the Central Government shall undertake the specific work and technical management of registration of hazardous chemicals within their respective administrative regions.

PRC Laws and Regulations on Environmental Protection

1. *Environmental Protection Law of the People's Republic of China* and *Classification Administration List of Pollutant Discharge Permitting for Fixed Pollution Sources (2019)*

Pursuant to the *Environmental Protection Law of the People's Republic of China* promulgated by the Standing Committee of the National People's Congress (the "SCNPC") and taking effect on December 26, 1989, and lastly amended on April 24, 2014 and taking effect on January 1, 2015, as well as the *Classification Administration List of Pollutant Discharge Permitting for Fixed Pollution Sources (2019)* promulgated by the Ministry of Ecology and Environment of the People's Republic of China (the "MEE") and taking effect on December 20, 2019, the construction of any project that causes pollution to the environment must comply with the regulations on environment protection relating to the construction projects. The environmental protection facilities for construction projects shall be designed, constructed and put into operation simultaneously with the main construction works. The PRC government implements a system for administering licenses for the discharge of pollutants under the provisions of the laws. Enterprises, units and other production operators under the licensing management for pollutant discharge should only discharge pollutants which satisfy the requirements of pollutant discharge license. Those that have not obtained the pollutant discharge license may not discharge pollutants. Pollutant-discharging enterprises, units and other production operators shall pay sewage fees pursuant to the relevant provisions of the State Council. The State Council implements focused management to simplify the management and registration of emission permits based on the pollutant-discharging enterprises and other manufacturing businesses' amount of pollutants, emissions and the extent of environmental damage. The MEE shall be responsible for guiding the implementation and the supervision of the National Sewage Permit system. The municipal environmental protection department shall be responsible for issuing the pollutant discharge license in the district where the pollutant-discharging enterprise is located.

2. *Law of the People's Republic of China on Environmental Impact Assessment*

Pursuant to the *Law of the People's Republic of China on Environmental Impact Assessment* promulgated by the SCNPC on October 28, 2002, taking effect on September 1, 2003, and lastly amended and taking effect on December 29, 2018, construction entities shall implement the following procedures for their construction projects in accordance with the classification of construction project lists for environmental impact assessments promulgated by the MEE:

(i) for projects with potentially serious environmental impacts, an environment impact report shall be prepared to provide a comprehensive assessment of their environmental impacts;

(ii) for projects with potentially mild environmental impacts, an environmental impact statement shall be prepared to provide an analysis or specialized assessment of their environmental impacts; and

(iii) for projects with very small environmental impacts so that an environmental impact assessment is not required, an environmental impact registration form shall be filled out.

The construction project at issue may not proceed if its environmental impact assessment documents fail to pass the review of the competent authority in accordance with the laws and regulations or are disapproved after the review.

3. *Regulations on the Administration of Environmental Protection for Construction Project*

Pursuant to the *Regulations on the Administration of Environmental Protection for Construction Project* promulgated by the State Council and taking effect on November 29, 1998, and lastly amended on July 16, 2017 and taking effect on October 1, 2017, entities carrying out the construction shall assess the environmental impacts of their construction projects before commencing the construction. Such entities shall, depending on the level of the environmental impacts, report environmental impact reports and the required environmental impact forms prepared by institutions which possess relevant qualifications to the relevant construction and protection administration and obtain approval from relevant administration. Environmental protection facilities shall be designed, constructed and put into operation simultaneously with the main construction works. Upon the completion of construction projects, such entities shall file an application with the competent department of environmental protection administration for acceptance inspection. Any entity that fails to obtain prior approval or fails to pass the acceptance of the completed environmental protection facilities may be ordered to stop the construction or operation of the facilities or to correct within a specified time or be fined by the competent environmental authorities.

4. *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*

The *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, promulgated by the SCNPC on October 30, 1995 and taking effect on April 1, 1996, and lastly amended on April 29, 2020 and taking effect on September 1, 2020, stipulates that construction projects where solid waste is generated or projects for storage, utilization or disposal of solid waste shall be subject to environmental impact assessment. Ancillary facilities necessary for the prevention and control of environmental pollution by solid waste set out in the environmental impact reports of construction projects shall be designed, constructed and put into operation simultaneously with institutional projects. The preliminary design of the construction project shall, as required by the environmental protection design standards, incorporate the prevention and control of environmental pollution by solid waste into the environmental impact assessment document and implement the measures for the prevention and control of environmental pollution and ecological damage by solid waste and the investment estimates for facilities for the prevention and control of environmental pollution by solid waste. The construction employer shall, as required by the relevant laws and regulations, conduct acceptance inspection of the facilities for the prevention and control of environmental pollution by solid waste built as ancillaries, prepare an acceptance inspection report, and disclose it to the public.

5. *Law of the People's Republic of China on Prevention and Control of Water Pollution*

Pursuant to the *Law of the People's Republic of China on Prevention and Control of Water Pollution* promulgated by the SCNPC on May 11, 1984 and taking effect on November 1, 1984, and lastly amended on June 27, 2017 and taking effect on January 1, 2018, an environmental impact assessment must be conducted lawfully in respect of all projects involving the construction, alternation or expansion of water facilities which discharge pollutions directly or indirectly into water. Facilities for prevention and control of water pollution of construction projects must be designed, constructed and put into operation simultaneously with the main facility. Water pollution prevention and control facilities should meet the requirements of the approved or filed environmental impact assessment documents.

6. *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution*

Pursuant to the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution* promulgated by the SCNPC on September 5, 1987 and taking effect on June 1, 1988, and lastly amended and taking effect on October 26, 2018, when construction projects have an impact on atmospheric environment, enterprises, public institutions and other production operators shall conduct environmental impact assessments and publish the environmental impact assessment documents according to the law; when discharging pollutants to the atmosphere, they shall conform to the atmospheric pollutant discharge standards and abide by the total quantity control requirements for the discharge of key atmospheric pollutants.

7. Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution and *Law of the People's Republic of China on Noise Pollution Prevention and Control*

The Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution was promulgated by the SCNPC on October 29, 1996 and taking effect on March 1, 1997, and lastly amended and taking effect on December 29, 2018. The Law of the People's Republic of China on Noise Pollution Prevention and Control came into force on June 5, 2022, upon which the Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise shall be repealed. Pursuant to the Law of the People's Republic of China on Noise Pollution Prevention and Control, new construction, reconstruction or expansion projects that may cause noise pollution shall be subject to the environmental impact assessment in accordance with the law. The facilities for the prevention and control of environmental noise pollution of the construction projects shall be designed, constructed and put into use simultaneously with the main body of the project. Before a construction project is put into production or use, the construction employer shall, in accordance with the provisions of relevant laws and regulations, conduct the acceptance check of the supporting facilities for noise pollution prevention and control, work out the acceptance check report, and release it to the public. The construction project may not be put into production or use before its acceptance check is carried out or if it fails to pass its acceptance check.

8. *Environmental Protection Tax Law of the People's Republic of China* and *Implementing Regulations for the Law of the People's Republic of China on Environmental Protection Tax*

Pursuant to the *Environmental Protection Tax Law of the People's Republic of China* promulgated by the SCNPC on December 25, 2016 and taking effect on January 1, 2018, and last amended and taking effect on October 26, 2018, and the *Implementing Regulations for the Law of the People's Republic of China on Environmental Protection Tax* promulgated by the State Council on December 25, 2017 and taking effect on January 1, 2018, enterprises that discharge taxable pollutants directly to the environment within the territorial areas of the PRC and other sea areas are under the jurisdiction of the PRC. Such polluters should pay environmental protection tax based on the pollutant discharged. Polluters who have paid pollutant discharge charges shall not be exempted from the liability of preventing and controlling pollution, making compensation relating to the pollution made and other liabilities under laws and administrative regulations.

9. *Law of the PRC on Promoting Clean Production*

Pursuant to the *Law of the PRC on Promoting Clean Production* promulgated by the SCNPC on June 29, 2002 and taking effect on January 1, 2003, and amended on February 29, 2012 and taking effect on July 1, 2012, for any new construction, reconstruction and expansion projects, an environmental impact assessment shall be conducted in respect of the use of raw materials, the consumption of resources, overall utilization of resources, and the generation and disposal of pollutants. Priority shall be placed on the adoption of clean production technologies, techniques and equipment with higher resource efficiency and lower pollutant generation.

10. *Measures for the Administration of Permit for Operation of Hazardous Wastes*

Pursuant to the *Measures for the Administration of Permit for Operation of Hazardous Wastes* issued by the State Council on May 30, 2004 and taking effect on July 1, 2004, and lastly amended and taking effect on February 6, 2016, any entity undertaking the business activities of collection, storage and disposal of hazardous wastes within the territory of the PRC shall obtain the permit for operation of hazardous wastes in accordance with the provisions of the Measures.

Pursuant to the *Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues concerning the Application of Law in the Handling of Criminal Cases of Environmental Pollution* issued by the Supreme People's Court and the Supreme People's Procuratorate released on December 23, 2016 and taking effect on January 1, 2017, any entity undertaking the business activities of collection, storage, utilization and disposal of hazardous wastes without a hazardous waste management license will bear criminal liability. Criminal liability will also be imposed on any individual or entity who has no hazardous waste licenses, for purposes of making profits, by extracting materials from hazardous waste as raw materials or fuel, illegally discharge pollutants, discharge pollutants in excess of standards or otherwise cause environmental pollution.

PRC Laws and Regulations on Production Safety

1. *Production Safety Law of the People's Republic of China* and *Regulation of Safe Production Licenses*

Pursuant to the *Production Safety Law of the People's Republic of China* promulgated by the SCNPC on June 29, 2002 and taking effect on November 1, 2002, and lastly amended on June 10, 2021 and taking effect on September 1, 2021, together with the *Regulation of Safe Production Licenses* promulgated by the State Council and taking effect on January 13, 2004, and lastly amended and taking effect on July 29, 2014, any production and business operation entity shall comply with relevant laws regulations concerning the production safety. Production and operation units shall have the conditions for safe production as specified in this law and relevant laws, administrative regulations and national standards or industry specifications. It is prohibited to engage in production and operation activities without the conditions of safe production. The enterprise that intends to obtain a safe production license shall establish and improve the responsibility system for work safety, and formulate a whole set of work safety procedures and operating rules. The State Council implements a safe production licensing system on mining enterprises, construction enterprises and enterprises that produce dangerous chemicals, fireworks and fire crackers, and civil equipment for blasting explosions. Enterprises may not engage in such production activities without safe production licenses. The production and business operation entities shall satisfy the conditions for safe production as provided in relevant laws, administrative regulations, national standards and industrial standards. Any entity that has not met the conditions for safe production may not engage in production and business operation activities. The department of work safety supervision and administration (now the MEM) under the State Council shall be in charge of the central management on the issuance and administration of safe production licenses for enterprises which engage in the non-coal mining, production of hazardous chemicals, fireworks and crackers. The departments of work safety supervision and administration (now the emergency management departments) under the people's government of provinces, autonomous regions or municipalities directly under central government, are in charge of the issuance and administration of safe production licenses for enterprises which engage in non-coal mining, the production of hazardous chemicals, fireworks and crackers, other than those under jurisdiction of the previous provision, and such departments are subject to the guidance and supervision of the department of work safety supervision and administration (now the MEM) under the State Council.

Entities that engage in the operation of mines, metal smelting, construction and road transport as well as those engaged in the production, selling and storage of hazardous substances shall establish an administrative organ for production safety or have full-time personnel for the administration of production safety. Save for such production and operation entities, the production business operation entities with more than 100 employees shall establish an administrative organ for production safety or have full-time personnel for the administration of production safety; while for those with less than 100 employees, they shall have fulltime or part-time personnel for the administration of production safety.

Any entity fails to comply with relevant production safety laws and regulations may be subject to fines, confiscation of illegal income, compensation for damages, revocation of qualification, order to correct within a certain period of time, order to suspend production, and be held criminally liable.

2. *Administrative Regulations on the Safety Supervision of Construction Project Involving Hazardous Chemical*

The *Administrative Regulations on the Safety Supervision of Construction Project Involving Hazardous Chemical* promulgated by the State Administration of Work Safety of the PRC (now the MEM) on January 30, 2012 and taking effect on April 1, 2012, and lastly amended on May 27, 2015 and taking effect on July 1, 2015, stipulate that projects involving the construction, alternation and expansion of facilities used in the production or storage of hazardous chemicals, as well as projects which produce hazardous chemicals, are subject to safety scrutiny. Such construction projects must not be undertaken or put into operation or use without first completing the safety scrutiny and the acceptance inspection of the completed safety facilities.

PRC Laws and Regulations on Product Liability

1. *Civil Code of the People's Republic of China*

Pursuant to the *Civil Code of the People's Republic of China* promulgated by the National People's Congress (the "NPC") on May 28, 2020, and taking effect on January 1, 2021, the manufacturers and suppliers of defective products in China may be held liable for losses and damages caused by such products. If a defective product causes damage to the property or body of any person, the manufacturer or supplier may be held liable for civil damages in accordance with the law.

2. *Product Quality Law of the People's Republic of China*

Pursuant to the *Product Quality Law of the People's Republic of China* promulgated by the SCNPC on February 22, 1993 and taking effect on September 1, 1993, and lastly amended and taking effect on December 29, 2018, producers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. Producers shall be liable for compensating for the injury to a person or damage to property other than the defective products per se due to the defects of products, unless the producer is able to prove that:

(i) the products have not been put into circulation;

(ii) the defects causing the damage did not exist when the products were put in circulation; or

(iii) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects.

Sellers shall be liable for compensation if the personal injury or damage to the property of others is caused due to defects resulting from the fault on the part of sellers. Sellers shall be liable

for compensation if they cannot identify the producers or suppliers of the defective products. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the producer or the seller.

PRC Laws and Regulations on Import and Export Goods

1. *Foreign Trade Law of the People's Republic of China* and *Measures for the Record and Registration of Foreign Trade Operators*

Pursuant to the *Foreign Trade Law of the People's Republic of China* promulgated by the SCNPC on May 12, 1994 and taking effect on July 1, 1994, and lastly amended and taking effect on November 7, 2016, and the *Measures for the Record and Registration of Foreign Trade Operators* promulgated by the Ministry of Commerce of the People's Republic of China (the "MOFCOM") on June 25, 2004 and taking effect on July 1, 2004, and lastly amended on May 10, 2021, foreign traders engaging in import and export of goods or technology shall complete the filing and registration with the MOFCOM or its delegated agencies. Where a foreign trade operator fails to complete the filing and registration, the customs will refuse to handle customs declaration and the clearance of goods imported or exported by the operator.

2. *Customs Law of the People's Republic of China*

Pursuant to the *Customs Law of the People's Republic of China* promulgated by the SCNPC on January 22, 1987 and taking effect on July 1, 1987, and lastly amended and taking effect on April 29, 2021, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall register with the Customs in accordance with the laws.

3. *Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities*

Pursuant to the *Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities* promulgated by the General Administration of Customs on November 19, 2021 and taking effect from January 1, 2022, the consignees and consignors for imported or exported goods and the customs brokers engaged in customs declarations shall undergo recordation formalities at the relevant administration department of customs in accordance with the laws.

PRC Laws and Regulations on Labor Protection

1. *Labor Contract Law of the People's Republic of China* and *Regulations on Implementation of the Labor Contract Law of the People's Republic of China*

Pursuant to the *Labor Contract Law of the People's Republic of China* promulgated on June 29, 2007 and taking effect on January 1, 2008, and lastly amended on December 28, 2012 and taking

effect on July 1, 2013, and the *Regulations on Implementation of the Labor Contract Law of the People's Republic of China* promulgated and taking effect on September 18, 2008, a written labor contract shall be concluded for the establishment of a labor relationship. Employers shall not coerce employees to work overtime. Any employer that requires a worker to work overtime shall pay the worker overtime wages pursuant to the relevant provisions of the State Council. Wages shall not be less than the local minimum wage and shall be paid to employees in a timely manner.

2. *Social Insurance Law of the People's Republic of China*, *Interim Regulations on Collection and Payment of Social Insurance Premiums*, *Trial Measures for Enterprise Staff Maternity Insurance*, *Regulations on Work-Related Injury Insurance*, and *Regulations on Management of Housing Provident Fund*

Pursuant to the *Social Insurance Law of the People's Republic of China* promulgated by the SCNPC on October 28, 2010 and taking effect on July 1, 2011, and lastly amended on December 29, 2018; the *Interim Regulations on Collection and Payment of Social Insurance Premiums* promulgated by the State Council and taking effect on January 22, 1999, and lastly amended and taking effect on March 24, 2019; the *Trial Measures for Enterprise Staff Maternity Insurance* promulgated by the Ministry of Labor (now the Ministry of Human Resources and Social Security of the People's Republic of China) on December 14, 1994 and taking effect on January 1, 1995; the *Regulations on Work-Related Injury Insurance* promulgated by the State Council on April 27, 2003 and taking effect on January 1, 2004, and lastly amended on December 20, 2010 and taking effect on January 1, 2011; and the *Regulations on Management of Housing Provident Fund* promulgated by the State Council and taking effect on April 3, 1999, and lastly amended and taking effect on March 24, 2019, employers must pay basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund for its employees. Where an employer fails to pay social insurance premiums in full and on time, the social insurance premium collecting agency shall order the employer to pay or supplement the premiums within a prescribed time limit and impose an overdue fine or penalty; where an employer fails to go through social insurance registration, the administrative department of social insurance shall order the employer to make corrections within a prescribed time limit or impose a penalty. Where an employer fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its staff, the housing provident fund management center may order the employer to go through the formalities within a prescribed time limit; where the employer fails to go through the formalities upon expiration of the time limit, a fine may be imposed. Where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center may order the employer to make the payment and deposit within a prescribed time limit; where the payment and deposit have not been made after the expiration of the time limit, the housing provident fund management center may apply to a people's court for enforcement.

PRC Laws and Regulations on Taxation

1. *Enterprise Income Tax Law of the People's Republic of China* and *Implementation Rules for the Enterprise Income Tax Law of the People's Republic of China*

Pursuant to the *Enterprise Income Tax Law of the People's Republic of China* promulgated by the SCNPC on March 16, 2007 and taking effect on January 1, 2008, and lastly amended on December 29, 2018, and the *Implementation Rules for the Enterprise Income Tax Law of the People's Republic of China* promulgated by the State Council on December 6, 2007 and taking effect on January 1, 2008, and lastly amended and taking effect on April 23, 2019, a resident enterprise shall pay the EIT on its income originating from both inside and outside PRC at an EIT rate of 25%. Foreign invested enterprises in the PRC falls into the category of resident enterprises, which shall pay EIT for the income originated from domestic and overseas sources at an EIT rate of 25%. A non-resident enterprise having no office or establishment inside China, or for a non-resident enterprise whose incomes has no actual connection to its office or establishment inside China must pay EIT on the incomes derived from China at an EIT rate of 10%.

2. *Administrative Measures on Accreditation of High-tech Enterprises*

Pursuant to the *Administrative Measures on Accreditation of High-tech Enterprises* promulgated by the Ministry of Science and Technology (the "MOST"), the Ministry of Finance (the "MOF") and State Taxation Administration (the "SAT") on January 29, 2016, and taking effect on January 1, 2016, qualifications of an accredited high-tech enterprise shall be valid for three years from the date of issuance of the certificate. Upon obtaining the qualification as a high-tech enterprise, the enterprise may complete the formalities for tax incentives with the competent tax authorities pursuant to the provisions of Article 4 of these Measures.

3. *Interim Regulations of the People's Republic of China on Value-Added Tax* and *Detailed Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax*

Pursuant to the *Interim Regulations of the People's Republic of China on Value-Added Tax* promulgated by the State Council on December 13, 1993 and taking effect on January 1, 1994, and lastly amended and taking effect on November 19, 2017, and the *Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax* promulgated by the MOF and taking effect on December 25, 1993, and lastly amended on October 28, 2011 and taking effect on November 1, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 17%, except when specified otherwise.

4. *Notice on the Adjustment to VAT Rates*

The *Notice on the Adjustment to VAT Rates* promulgated by the MOF and the SAT on April 4, 2018 and taking effect on May 1, 2018 adjusted the applicative rate of VAT, and the deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

5. *Announcement on Relevant Policies for Deepening Value-Added Tax Reform*

Pursuant to the *Announcement on Relevant Policies for Deepening Value-Added Tax Reform* promulgated by MOF, SAT and General Administration of Customs on March 20, 2019 and taking effect on April 1, 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, where the VAT rate of 16% and 10% applies currently, the VAT rate shall be adjusted to 13% and 9%, respectively.

PRC Laws and Regulations on Intellectual Property

1. *Patent Law of the People's Republic of China* and *Detailed Rules for the Implementation of the Patent Law of the People's Republic of China*

Pursuant to the *Patent Law of the People's Republic of China* promulgated by the SCNPC on March 12, 1984 and taking effect on April 1, 1985, and lastly amended on October 17, 2020 and taking effect on June 1, 2021, and the *Detailed Rules for the Implementation of the Patent Law of the People's Republic of China* promulgated by the State Council on June 15, 2001 and taking effect on July 1, 2001, and lastly amended on January 9, 2010 and taking effect on February 1, 2010, there are three types of patents in the PRC: invention patents, utility model patents and design patents. The protection period is 20 years for an invention patent, ten years for a utility model patent, and 15 years for a design patent, commencing from their respective application dates. Any individual or entity that utilizes a patent or conducts any other activities in infringement of a patent without prior authorization of the patent holder shall pay compensation to the patent holder and is subject to disciplines, confiscation or fines imposed by relevant administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with the law. In addition, according to the Patent Law, any organization or individual that applies for a patent in a foreign jurisdiction for an invention or utility model patent established in China is required to report to the China National Intellectual Property Administration for confidentiality examination.

2. *Trademark Law of the People's Republic of China*

Pursuant to the *Trademark Law of the People's Republic of China* promulgated by the SCNPC on August 23, 1982 and taking effect on March 1, 1983, and lastly amended on April 23, 2019 and taking effect on November 1, 2019, the period of validity for a registered trademark is ten years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry, if intending to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is ten years, commencing

from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. Industrial and commercial administrative authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided according to the laws.

3. *Measures for the Administration of Internet Domain Names* and *Implementing Rules of China ccTLD Registration*

Pursuant to the *Measures for the Administration of Internet Domain Names* promulgated by the MIIT on August 24, 2017 and taking effect on November 1, 2017, and the *Implementing Rules of China ccTLD Registration* promulgated by China Internet Network Information Center and taking effect on June 18, 2019, the MIIT is the main regulatory body responsible for the administration of PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

4. *Copyright Law of the People's Republic of China* and *Regulation for the Implementation of the Copyright Law of the People's Republic of China*

Pursuant to the *Copyright Law of the People's Republic of China* promulgated by the SCNPC on September 7, 1990 and taking effect on June 1, 1991, and lastly amended on November 11, 2020 and taking effect on June 1, 2021, and the *Regulation for the Implementation of the Copyright Law of the People's Republic of China* promulgated by the State Council on August 2, 2002 and taking effect on September 15, 2002, and lastly amended on January 30, 2013 and taking effect on March 1, 2013, works of Chinese citizens, legal persons or other organizations, including works of literature, art, natural science, social science, engineering technology and computer software created in written or oral form, shall be entitled to the copyright protection, regardless of whether it has been published or not. A copyright holder enjoys various rights, including the right of publication, the right of attribution, and the right of reproduction.

PRC Laws and Regulations on Trade Secrets

1. *Anti-unfair Competition Law of the People's Republic of China*

Pursuant to the *Anti-unfair Competition Law of the People's Republic of China* promulgated by the SCNPC in September 2, 1993 and taking effect on December 1, 1993, and lastly amended and taking effect on April 23, 2019, the term "trade secrets" refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the Anti-Unfair Competition Law, business persons are prohibited from infringing others' trade secrets by:

(i) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means;

(ii) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the preceding subparagraph;

(iii) disclosing, using, or allowing another person to use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; and

(iv) abetting a person, or tempting or aiding a person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation or the requirements of the right holder for keeping the trade secret confidential.

If a third party knows or should have known of the abovementioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

PRC Laws and Regulations on Foreign Investment

1. *Company Law of the People's Republic of China*

Pursuant to the *Company Law of the People's Republic of China* promulgated by the SCNPC on December 29, 1993 and taking effect on July 1, 1994, and lastly amended and taking effect on October 26, 2018, companies are generally classified into two categories: limited liability companies and companies limited by shares. The Law also applies to foreign-invested limited liability companies. Pursuant to this Law, where laws on foreign investment have other stipulations, such stipulations shall prevail.

2. *Foreign Investment Law of the People's Republic of China* and *Regulations on Implementing the Foreign Investment Law of the People's Republic of China*

The *Foreign Investment Law of the People's Republic of China* was promulgated by the SCNPC on March 15, 2019 and took effect on January 1, 2020. Upon this Law coming into effect, the *Law on Wholly Foreign-owned Enterprises of the People's Republic of China*, the *Law on Sino-foreign Equity Joint Ventures of the People's Republic of China*, and the *Law on Sino-foreign Contractual Joint Ventures of the People's Republic of China* have been repealed simultaneously. The investment activities of foreign natural persons, enterprises or other organizations ("foreign investors") directly or indirectly within the territory of China shall comply with and be governed by the Foreign Investment Law, including:

(i) establishing by foreign investors of foreign-invested enterprises in China alone or jointly with other investors;

(ii) acquiring by foreign investors of shares, equity, property shares, or other similar interests of Chinese domestic enterprises;

(iii) investing by foreign investors in new projects in China alone or jointly with other investors; and

(iv) other forms of investment prescribed by laws, administrative regulations or the State Council.

On December 26, 2019, the State Council promulgated the *Regulations on Implementing the Foreign Investment Law of the People's Republic of China* which came into effect on January 1, 2020. Upon the Regulations coming into effect, the *Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law of the People's Republic of China*, the *Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law*, the *Regulations on Implementing the Wholly Foreign-Invested Enterprise Law of the People's Republic of China*, and the *Regulations on Implementing the Sino-foreign Cooperative Joint Venture Enterprise Law of the People's Republic of China* have been repealed simultaneously. Pursuant to the Regulations, Foreign investment enterprises may obtain financing in China or overseas pursuant to the law via public offering of securities such as shares and corporate bonds, as well as public or non-public offering of other financing instruments and borrowing foreign debts.

3. *Guiding Foreign Investment Direction* and *Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition)*

The *Guiding Foreign Investment Direction* was promulgated by the State Council on February 11, 2002 and came into effect on April 1, 2002. The *Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition)* was promulgated by the MOFCOM and NDRC on December 27, 2021 and took effect on January 1, 2022, which sets out in a unified manner the restrictive measures, such as the requirements on shareholding percentages and management, for the access of foreign investments, and the industries that are prohibited for foreign investment. The Negative List covers 12 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

4. *Measures for the Reporting of Foreign Investment Information*

On December 30, 2019, the MOFCOM promulgated the *Measures for the Reporting of Foreign Investment Information*, which came into effect on January 1, 2020. Upon the Measures coming into effect, the *Interim Measures on the Administration of Filing for Establishment and Change of Foreign Investment Enterprises* has been repealed simultaneously. Since January 1, 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 competent commerce authorities pursuant to these measures.

PRC Laws and Regulations on Outbound Investment

1. *Administrative Measures for Outbound Investment*

Pursuant to the *Administrative Measures for Outbound Investment* promulgated by the MOFCOM on September 6, 2014 and taking effect on October 6, 2014, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or approval, depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by approval. Outbound investment by enterprises that falls under any other circumstances shall be subject to administration by record-filing. Sensitive countries and regions subject to approval administration refer to countries that have not established diplomatic relations with the People's Republic of China and countries subject to sanctions of the United Nations. Where necessary, the MOFCOM may separately announce the list of other countries and regions subject to approval administration. Sensitive industries subject to approval administration refer to industries exporting products and technologies the export of which is restricted by the People's Republic of China, and industries affecting the interests of more than one country or region.

2. *Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions*

Pursuant to the *Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions* promulgated by the State Administration of Foreign Exchange on July 13, 2009 and taking effect on August 1, 2009, domestic institutions shall, with the approval document of the competent department of overseas direct investment and the foreign exchange registration certificate of overseas direct investment, handle the procedures of remittance of overseas direct investment funds in the designated foreign exchange bank.

3. *Administrative Measures for Outbound Investment by Enterprises*

Pursuant to the *Administrative Measures for Outbound Investment by Enterprises* promulgated by the NDRC on December 26, 2017 and taking effect on March 1, 2018, a domestic enterprise making an outbound investment shall obtain approval, conduct record-filing or other procedures applicable to outbound investment projects, report relevant information, and cooperate with the supervision and inspection. Sensitive projects carried out by such domestic enterprises directly or through overseas enterprises controlled by them shall be subject to approval; non-sensitive projects directly carried out by such domestic enterprises, namely, non-sensitive projects involving direct contribution of assets or rights and interests or provision of financing or guarantee of such domestic enterprises shall be subject to record-filing. The aforementioned "sensitive project" means a project involving a sensitive country or region or a sensitive industry as described above.

PRC Laws and Regulations on Overseas Listings

Pursuant to the *Provisions of the State Council on the Administration of the Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments)* and *Administrative Measures for*

*the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (collectively, the "**Draft Overseas Listing Regulations**")* issued by CSRC on December 24, 2021, which were open for public comments until January 23, 2022 and have not yet come into effect as of the Latest Practicable Date, PRC domestic enterprises that directly offer or list their securities in an overseas market shall fulfill filing procedures and report relevant information to the securities regulatory authority under the State Council.

It is also stipulated that in the following circumstances, domestic enterprises shall not offer securities and be listed overseas: (1) it is clearly prohibited from securities offering and listing for financing by national laws and regulations and relevant provisions; (2) overseas offering or listing will threaten or jeopardize national security as reviewed and determined by the relevant competent authorities under the State Council in accordance with the law; (3) there exist material disputes over the ownership of equity, major assets, core technology and other aspects; (4) the domestic enterprises, their controlling shareholders, and de facto controllers have committed corruption, bribery, embezzlement, misappropriation of property or other criminal offences that disrupted the socialist market economic order within the last three years, or are being investigated by judicial authorities because of suspected crime, or being investigated for suspicion of material violations; (5) directors, supervisors and senior management have been subject to administrative punishment with serious violations within the last three years, or are being investigated by judicial authorities because of suspected crime, or being investigated for suspicion of material violations, and (6) other circumstances determined by the State Council.

Failure to complete the filing under the Draft Overseas Listing Regulations may subject a PRC domestic enterprise to a warning or a fine of RMB1 million to RMB10 million.

In addition, according to the "Reply to the Reporters' Question by the CSRC Responsible Officers" dated December 24, 2021, the CSRC clarified that it adheres to the principle of non-retroactivity of the law, and the CSRC would start applying the filing requirements to new initial public offerings and refinancing by existent overseas listed Chinese companies. Companies that are already listed overseas will be arranged separately so as to give them a sufficient transition period to complete their filing procedures. However, the CSRC responsible officers did not provide clear instructions regarding companies which have already submitted the application for initial public offering overseas but the whole listing process has not been completed; it remains unclear whether such companies are the "new offerings and listings" as mentioned above and it is subject to further explanation by the CSRC. We cannot guarantee that we will not be categorized as "new offerings and listings" by the CSRC.

As of the Latest Practicable Date, the procedure of soliciting the comments to Draft Overseas Listing Regulations has been completed but the final version and the effective date of the Drafts relating to Overseas Listings are still subject to change with substantial uncertainty as of the Latest Practicable Date. The Draft Overseas Listing Regulations are not clear on the exact criteria of qualified issuers who must complete the CSRC filing procedures after submitting the application for

an initial public offering overseas, and are not clear on whether qualified issuers which have submitted the application for initial public offering overseas but have not yet completed the whole listing process shall be subject to the said CSRC filing procedures. As such, we cannot predict the impact of the Draft Overseas Listing Regulations on this Listing, if any, at this stage, and we will closely monitor and assess any development in the rule-making process.

PRC Laws and Regulations on the Stainless Steel Industry

1. *Made in China (2025)*

On May 8, 2015, the State Council issued the Notice of the State Council on the Issuing the "Made in China (2025)", encouraging the development of strategic priorities such as the new generation of information technology, high-end equipment, new materials and bio-medicine, guiding the accumulation and gathering of all kinds of social resources, and promoting the rapid development of competitive and strategic industries. In the field of high-end equipment innovation project, the iron and steel industry was encouraged to comprehensively enhance design, manufacturing, techniques and management levels to develop to the high end of the value chain.

2. *Guidance Catalog for Products and Services of Emerging Industries of Strategic Importance (2016 version)*

To guide orientation of social resources, the NDRC released Guidance Catalog for Products and Services of Emerging Industries of Strategic Importance (2016 version) on January 25, 2017. The catalog involves eight industries in five fields of emerging industries of strategic importance. According to this document, stainless steel industry is considered a key products and emerging industry of strategic importance.

3. *Catalogue of Recommended Technologies and Products to be Imported*

The NDRC, MOF and MOFCOM have promulgated the Catalogue of Recommended Technologies and Products to be Imported in September 2016, pursuant to which stainless steel have been listed in the catalog of encouraged industry. It is expected that more PRC enterprises will join the stainless steel industry and drive the technology upgrade of the whole industry.

PRC Laws and Regulations on the NEV Industry

1. *Provisions on Administration of Investment in Automotive Industry*

Pursuant to the Provisions on Administration of Investment in Automotive Industry, which was promulgated by the NDRC and became effective on January 10, 2019, enterprises are encouraged to, through equity investment and production capacity cooperation, facilitate mergers and restructuring, enter into strategic alliances, carry out joint research and development of products, organize joint

manufacturing, and increase industrial integration. The leading resources in production, education, research, application, and other areas are encouraged to be integrated, and core enterprises in the automotive industry are encouraged to form industrial alliance and industrial consortium.

2. *Administrative Rules on the Admission of New Energy Vehicle Manufacturers and Products*

Pursuant to the Administrative Rules on the Admission of New Energy Vehicle Manufacturers and Products, to be included in the Vehicle Manufacturers and Products Announcement, NEVs must satisfy certain conditions, including meeting certain standards set out therein, meeting other safety and technical requirements specified by the MIIT, and passing inspections conducted by a state-recognized inspection institution. After these conditions are met and the application has been approved by the MIIT, the qualified vehicles will be included in the Vehicle Manufacturers and Products Announcement by the MIIT. If an NEV manufacturer manufactures or sells any model of an NEV without prior approval of the competent authorities, including the inclusion in the Vehicle Manufacturers and Products Announcement by the MIIT, it may be subject to penalties, including fines, forfeiture of any illegally manufactured and sold vehicles and spare parts, and revocation of its business licenses.

3. *Government Subsidies for NEV Purchasers*

On April 22, 2015, the MOF, the Ministry of Science and Technology, the MIIT, and the NDRC jointly issued the Circular on the Financial Support Policies on the Promotion and Application of New Energy Vehicles in 2016-2020, which became effective on the same day. This circular provides that those who purchase NEVs specified in the Catalog of Recommended New Energy Vehicle Models for Promotion and Application by the MIIT from 2016 to 2020 may obtain subsidies from the PRC government. The circular also provides a preliminary phase-out schedule for the provision of subsidies.

On December 29, 2016, the MOF, the Ministry of Science and Technology, the MIIT, and the NDRC jointly issued the Circular on Adjusting the Subsidy Policy for the Promotion and Application of New Energy Vehicles, which became effective on January 1, 2017, to adjust the existing subsidy standard for NEV purchasers by capping the local subsidies at 50% of the national subsidy amount and further specifying that the national subsidies for purchasers of certain NEVs (except for fuel cell vehicles) from 2019 to 2020 will be reduced by 20% from the 2017 subsidy standards. The subsidy standard is reviewed and updated on an annual basis.

On April 23, 2020, the MOF, the Ministry of Science and Technology, the MIIT, and the NDRC jointly issued the Circular on Improving the Subsidy Policy for the Promotion and Application of New Energy Vehicles, pursuant to which, the original end date of subsidies for NEV purchasers will be extended by two years to the end of 2022 and the national subsidies for NEVs will be reduced in 10% increments each year, commencing from 2020. In addition, the circular also limits the number of vehicles eligible for subsidies each year to approximately 2 million.

On December 31, 2020, the MOF, the Ministry of Science and Technology, the MIIT, and the NDRC jointly issued the Circular on Further Improving the Subsidy Policies for the Promotion and Application of New Energy Vehicles, which became effective on January 1, 2021. Pursuant to this circular, the national subsidies for NEVs will be reduced in 20% increments in 2021 compared with that of 2020.

On December 31, 2021, the MOF, the Ministry of Science and Technology, the MIIT, and the NDRC jointly issued the Notice on the Fiscal Subsidy Policy for the Promotion and Application of New Energy Vehicles in 2022, which became effective on January 1, 2022. Pursuant to this notice, the subsidy standard for NEVs in 2022 will be reduced by 30% as compared to that of 2021 and the 2022 policies on government subsidies for NEVs will end on December 31, 2022.

4. *Exemption of Vehicle Purchase Tax*

On December 26, 2017, the MOF, the SAT, the MIIT, and the Ministry of Science and Technology jointly issued the Announcement on Exemption of Vehicle Purchase Tax for New Energy Vehicle, pursuant to which, from January 1, 2018 to December 31, 2020, the vehicle purchase tax applicable to ICE vehicles is not imposed on purchases of qualified NEVs listed in the Catalog of New Energy Vehicle Models Exempt from Vehicle Purchase Tax issued by the MIIT, including NEVs listed before December 31, 2017.

On April 16, 2020, the MOF, the SAT, and the MIIT jointly issued the Announcement on Exemption Policy of Vehicle Purchase Tax for New Energy Vehicle, which became effective on January 1, 2021, pursuant to which the exemption of vehicle purchase tax for the NEVs will be extended to December 31, 2022.

5. *Non-Imposition of Vehicle and Vessel Tax*

Pursuant to the Preferential Vehicle and Vessel Tax Policies for Energy-Saving and New Energy Vehicles and Vessels jointly promulgated by the MOF, the Ministry of Transport, the SAT, and the MIIT on July 10, 2018, NEVs, including battery electric commercial vehicles, plug-in (including extended-range) hybrid electric vehicles, fuel cell commercial vehicles are exempt from vehicle and vessel tax, whereas BEVs and fuel cell passenger vehicles are not subject to vehicle and vessel tax. The qualified vehicles are listed in the Catalog of New Energy Vehicle Models Exempt from Vehicle and Vessel Tax issued by the MIIT and SAT from time to time.

6. *Regulations for the Administration of New Energy Storage Projects (Interim)*

According to the Regulations for the Administration of New Energy Storage Projects (Interim) promulgated by the National Energy Administration on September 24, 2021, the competent energy department under the State Council is responsible for the planning, guidance, supervision and administration of new energy storage projects nationwide; the competent provincial energy department will, in accordance with the national development plan for new energy storage, study the

key tasks of the region and guide the development of new types of energy in the region and provide guidance on energy storage development following the principles of integrated planning, adjusting measures to local conditions, innovation-driven, demonstrating first, market-oriented and orderly development, safety-based and standardized management.

7. *Regulations on Battery Recycling for Electric Vehicles*

The Interim Measures for the Administration of Recycling Traction Batteries of New Energy Vehicles, which was promulgated by the MIIT in conjunction with the MOFCOM, the QSIQ and the National Energy Administration on January 26, 2018 and effective from August 1, 2018, implements the system of extended responsibility of producers, according to which the main responsibility for traction battery recycling is borne by automobile manufacturers, and relevant enterprises shall fulfill their corresponding responsibilities in all aspects of traction battery recycling and utilization to ensure the effective use and environmentally-friendly disposal of traction batteries.

According to the Interim Provisions on Traceability Management of Traction Battery Recycling for New Energy Vehicles, which was issued by the MIIT on July 2, 2018 and effective on August 1, 2018, the "Integrated Management Platform for National Monitoring of New Energy Vehicles and Traceability of Traction Battery Recycling and Utilization" shall be established to collect information on the whole lifecycle of traction battery production, sales, use, disposal, recycling and utilization, and to monitor the fulfillment of the responsibility of battery recycling and utilization by the subjects of each link. From the effective date of the Interim Provisions on Traceability Management of Traction Battery Recycling for New Energy Vehicles, the new energy vehicle products that have newly been included in the Vehicle Manufacturers and Products Announcement and the imported new energy vehicles that have obtained compulsory product certification are managed in a traceable manner. For the new energy vehicle products that have been included in the Vehicle Manufacturers and Products Announcement and the imported new energy vehicles that have obtained compulsory product certification before the effective date of the Interim Provisions on Traceability Management of Traction Battery Recycling for New Energy Vehicles, the implementation of traceability management will be delayed for 12 months. If, after the deadline, it is necessary to use traction batteries that are not coded according to national standards in the process of maintenance or other processes, an explanation shall be submitted.

OVERVIEW OF LAWS AND REGULATIONS IN INDONESIA

Overview on Foreign Investment Company

Company law in Indonesia is regulated based on Law number 40 of 2007 concerning limited liability company as amended by Law number 11 of 2020 concerning Job Creation ("**Company Law**"). In general, Republic of Indonesia recognized two main type of private limited liability company ("**Company**") models which are:

1. Domestic Investment Company or *Perseroan Terbatas Penanam Modal Dalam Negeri*, which the shareholders consist solely of Indonesian citizen and/or Indonesian legal entity.

2. Foreign Capital Investments Company or *Perseroan Terbatas Penanaman Modal Asing* ("**PMA Company**"), which shareholders consist of entirely foreign entity or by mutual collaboration between Indonesian entity and foreign entity.

Based on the Company Law, any Company in Indonesia must have a minimum of two shareholders, one director and one commissioner. Directors have the obligation to act as the legal representative of the Company and as the daily administrator of the Company, meanwhile commissioner shall act as the supervisory body of the Company and advises the board of directors.

Foreign direct investment

Foreign direct investment in Indonesia is regulated under Law number 25 of 2007 concerning Investment as amended by Law number 11 of 2020 concerning Job Creation ("**Investment Law**"). There are two ways foreign entity can enter and establish Company in Indonesia:

1. Establish new PMA Company pursuant to which the shareholders must register the article of association with Indonesia Ministry of Law and Human Rights ("**MOLHR**") for the issuance of approval from MOLHR and obtain Business Identification Number (Nomor Induk Berusaha, or "**NIB**") and Business Licensing, which consist of Business License and Commercial/Operational License from Indonesia Investment Coordinating Board ("**BKPM**") before such PMA Company is recognized and duly established in Indonesia; and

2. Enter into existing Company (in the form of acquiring new shares and/or acquiring shares from existing shareholders), pursuant to which the Company need to amend its shareholders composition in its article of association and request an approval from MOLHR and change the shareholders composition in BKPM of which BKPM shall issue amended licenses.

Both ways are subject to limitation of share ownership or restriction to enter into a certain industry as stipulated in the Presidential Regulation number 10 of 2021 concerning Investment Business Sector as amended by Presidential Regulation number 49 of 2021 ("**PR No. 10/2021**").

PR No. 10/2021 stipulates limitation and requirements in certain business sector to be involve in foreign capital. Basically, all business sectors are open to Investment activities, except for the business sectors which is declared to be restricted for Investment or for activities that can only be carried out by the Central Government. In addition, the business sector of nickel products production, which includes production of ferronickel and nickel-cobalt compounds, is not subjected to this restriction, including any foreign ownership restrictions.

Environmental Law

The relevant law in relation to environmental regulation is specified in Law No. 32 of 2009 on Environmental Protection and Management and its supplementary regulations as amended by Law

No. 11 of 2020 concerning Job Creation ("**Environmental Law**"). In Indonesia, any Company who carries out business activities with a high level of Risk are required to have an environmental approval in the form of Environmental Feasibility Decree which carried out through the formation of Environmental Impact Analysis (*Analisis Mengenai Dampak Lingkungan*, or "**AMDAL**") and AMDAL feasibility studies.

The obligation to obtain the environmental license is also stipulated under Government Regulation No. 5 of 2021 concerning Implementation of Risk-Based Business Licensing. To fulfill the requirements in Risk-Based Business License (*Perizinan Berusaha*), it is required to obtain environmental documents.

In principle, AMDAL is a study of the potential significant impact of the proposed business activity on the environment. Environmental Law has provided a list of criteria for determining which activities/operations have a significant impact on the environment, which include: (a) where a change in topography occurs, (b) where the exploitation of natural resources is involved (whether renewable or non-renewable; (c) where there is a potential for pollution or environmental damage, as well the degradation of natural resources; (d) where there is a potential impact on the natural environment; man-made environment or socio-cultural environment; (e) where resource and/or nature conservation areas are affected; and (f) where the introduction of a new species of flora, fauna or microorganism is involved.

Based on Government Regulation No. 22 Year 2021 concerning Implementation of Environmental Protection and Management, the obligation to obtain AMDAL is exempted for business and/or activities that is located in an area that already have AMDAL location and Environmental Approval in the form of Environmental Feasibility Decree.

Industrial Business License

In Indonesia, industrial activities are regulated under the Law No. 3 of 2014 concerning Industry ("**Industrial Law**"). As an implementing regulation of the Industrial Law, the Government Regulation No. 107 of 2015 on Industrial Business License ("**GR 107/2015**"). Pursuant to GR 107/2015, any industrial activity would be required to obtain an Industrial Business License (*Izin Usaha Industri*, or "**IUI**"). IUI will be valid on the date of its issuance and remain effective as long as the company conducts its industrial business activity in accordance with the IUI. If the company does not carry out any industrial business activity in three consecutive years, it will be served with two warning letters, each within a space of one year and if the company still fails to carry out its industrial business activity following the second warning letter, the IUI will be revoked and declared void.

A holder of IUI may carry out an expansion activity, which is an increase of production capacity for the same business classification as referred to in the IUI. However, the holder of IUI should apply for an expansion license (*izin perluasan*). If the expansion will have impact to the environment, the company is required to revise environmental management and monitoring

documents (*upaya pengelolaan lingkungan hidup dan upaya pemantauan lingkungan hidup*, or "**UKL-UPL**") document. The expansion license is provided to the company that has completed the preparation and other activities, such as construction, procurement, installation for the purposes of the expansion.

Offshore Loan

Offshore loan is regulated in Law number 24 of 1999 concerning Foreign Exchange Traffic Activities and Exchange Rate System ("**Law No. 24/1999**"). Based on Law No. 24/1999, every resident (natural or legal entities established in Indonesia) is obliged to provide information and data regarding the activities of foreign exchange, directly or through other parties as determined by Bank Indonesia. Based on Bank Indonesia Regulation Number 21/2/PBI/2019 of 2019 concerning Reporting of Foreign Exchange Traffic Activities ("**BI Regulation No. 21/2019**"), a company is obligated to submit foreign exchange traffic (locally known as *lalu lintas devisa*, or "**LLD**") report monthly no later than the 15th day of the next month. LLD report shall include the data and information on:

1. The trading of goods, services, and other transactions between Residents and non-Residents;

2. Foreign debts and/or risk participation primary data;

3. Foreign debts and/or risk participation withdrawal and/or payment plan;

4. Foreign debts and/or risk participation withdrawal and/or payment realization;

5. Foreign financial assets, foreign financial liabilities, and/or risk participation position and amendment; and/or

6. New foreign debts plan and/or its amendment.

Further, Bank Indonesia Regulation Number 16/21/PBI/2014 of 2014 concerning the Implementation of Prudential Principles for The Management of Foreign Loans of Non-Bank Corporations as amended by Bank Indonesia Regulation Number 18/4/PBI/2016 of 2016 ("**BI Regulation No. 16/21/2014**") regulates that non-bank corporations that have foreign debt in foreign currencies must implement prudential principles. The prudential principles shall fulfill the following requirements:

The Hedging Ratio

The certain minimum Hedging Ratio be set at 25% of:

1. the negative difference between foreign exchange assets and foreign exchange liabilities, that will be due in up to the next three months from the end of quarters; and

2. the negative difference between Foreign Exchange Assets and Foreign Exchange Liabilities, that will due in more than three months up to the next six months from the end of quarters.

The Liquidity Ratio

Non-bank corporations that have foreign debt in foreign currencies must fulfill a certain minimum liquidity ratio by providing adequate foreign exchange assets against foreign exchange liabilities that will be due in up to the next three months from the end of quarters. The minimum liquidity ratio shall be set at a minimum of 70%.

The Credit Rating

The obligation to fulfill the credit rating for non-bank corporations that engage in a foreign debt agreement in foreign currencies from their parent companies, or those that are guaranteed by their parent companies, may be undertaken by using the credit rating of the parent companies.

The implementation of prudential principles (*kegiatan penerapan prinsip kehati-hatian*, or "**KPPK**") as abovementioned shall be reported to Bank Indonesia based on Bank Indonesia Regulation No. 16/22/PBI/2014 on the Foreign Exchange Activities Reporting and the Application of the Prudential Principle in Managing Offshore Loans for Non-Bank Companies Reporting as partially amended by BI Regulation No. 21/2019 ("**BI Regulation No. 16/22/2014**"). The requirements for KPPK implementation report are as follows:

1. KPPK report, which includes:

   a. Foreign Exchange Assets; and

   b. Foreign Exchange Liabilities, which will mature up to three and/or six months.

2. KPPK reports that have gone through the Attestation Procedure, which includes information from the result of an assessment by an independent public accountant based on the attestation procedure;

3. Information regarding compliance with credit ratings, which includes credit rating, rating time and the name of the rating agency;

4. Financial reports, which includes unaudited quarterly financial report and audited quarterly financial report.

The abovementioned reports shall be submitted quarterly and no later than the end of the third month after the end of the quarterly reporting.

Electricity Supply for Private Interest

In Indonesia, electricity is regulated by Law number 30 of 2009 concerning electricity as amended by Law number 11 of 2020 ("**Electricity Law**"). Business licensing in electricity sector is regulated under the Minister Of Energy And Mineral Resources Regulation Number 11 of 2021 concerning the Implementation of Electricity Business ("**MEMR No. 11/2021**"), which stated that such business licensing shall be granted to business entities with the following activities:

1. Electricity supply business for public interest;

2. Electricity supply business for personal interest; and

3. Electricity supporting services.

In relation to the electricity supply business for personal interest, business entities shall obtain Electricity Supply Business License for Personal Interest (*Izin Usaha Penyediaan Tenaga Listrik untuk Kepentingan Sendiri*, or "**IUPTLS**"). The IUPTLS must be owned by business entities operating electricity supply business for their personal interest with total power plant capacity of more than 500 kilowatts in one electricity installation system. IUPTLS shall be valid for a maximum period of ten years and may be extended.

Based on Government Regulation Number 14 of 2012 concerning Electricity Supply Business Activities as amended by Government Regulation Number 23 of 2014 ("**GR No. 14/2012**"), the holders of electricity supply business license with excess electricity may sell their electricity surplus to holders of electricity supply license or to the public after obtaining approval from the Ministry, governor, or regent/mayor in accordance with their authority. Holders of electricity supply business license is also required to comply with electricity safety requirement, which includes the fulfillment of standardization of equipment and utilization of electricity, security of electricity installations, and electricity utilization.

Employment

In general, Indonesian employment law is governed by Law number 13 of 2003 concerning Manpower as amended by Law number 11 of 2020 concerning Job Creation ("**Manpower Law**"). Based on Article 43 of the Manpower Law jo. Article 6 of Government Regulation number 34 of 2021 concerning Use of Foreign Worker, the employer of foreign worker must have a Foreign Worker Plan (*Rencana Pengunaan Tenaga Kerja Asing*, or "**RPTKA**") that is approved by the Ministry of Manpower. After obtaining the RPTKA, every foreign worker must obtain an Expatriate Manpower Utilization Plan Ratification ("**RPTKA Ratification**"), whereby the employer shall employ the relevant foreign worker based on such RPTKA Ratification that generally regulates the position, working period, and working location. Law number 6 of 2011 concerning Immigration Affairs as lastly amended by Law number 11 of 2020 concerning Job Creation also requires that the foreign worker residing in Indonesia shall obtain a Limited Stay Permit (*Izin Tinggal Terbatas*, or "**ITAS**").

Additionally, based on Law number 7 of 1981 concerning Mandatory Manpower Report in a Company, every company in Indonesia must submit an annual report regarding its manpower to the relevant authority.

Based on Article 111 of the Manpower Law, a company that employs at least ten employees must have a company regulation that must be ratified by the Ministry of Manpower. A company regulation will remain to be effective for the period of two years.

Employers and employees are also subject to company regulations (or work rules) or, if applicable, a collective labor agreement, as well as the express provisions of the employment agreement between the employer and the employee, in addition to the aforementioned laws.

Work Safety and Health

In Indonesia, the provisions related to health safety and protection is generally regulated under Law number 1 of 1970 concerning Occupational Health and Safety ("**Occupational Health and Safety Law**"). The Occupational Health and Safety Law covers all working place conducted in the territory of the Republic of Indonesia including workplace conducted under water and/or above water and it applies in the working place which involves machinery and/or any other dangerous tools that may cause harm.

Further, the rights of the employee to have occupational health and safety protection is also regulated under Manpower Law and Government Regulation number 50 of 2012 concerning Implementation of Occupational Health and Safety Management (*Penerapan Sistem Manajemen Keselamatan dan Kesehatan Kerja*) ("**GR No. 50/2012**"). Based on Article 87 of Manpower Law jo. Article 5 GR No. 50/2012, every company which has 100 or more employees or whose works may cause harms or occupational accidents shall implement the occupational health and safety management. The implementation of such occupational health and safety management consists of the following components: (i) stipulation of work safety and health policies; (ii) planning; (iii) plan implementation; (iv) monitoring and evaluation of plan implementation; and (v) review and improvement. Based on Article 190 of Manpower Law, any violation to the Article 87 of Manpower Law will be subject to administrative sanctions as follows:

- notification;
- written warning;
- limitation of the business activities;
- suspension of the business activities;
- annulment of approval;

- annulment of registration;
- temporary termination of all or parts of the production unit; and
- license revocation.

Pursuant to Law number 24 of 2011 concerning Agency of Employee Social Security (*Badan Penyelenggaraan Jaminan Sosial*) lastly amended by Constitutional Court of Indonesia Decree number 6/PUU-XVIII/2020 ("**Law No. 24/2011**"), Presidential Regulation number 82 of 2018 concerning Health Security as lastly amended by Presidential Regulation number 64 of 2020 ("**PR No. 82/2018**") and Government Regulation number 86 of 2013 concerning Guidelines of Administrative Sanctions of Employer Besides Government and Everyone Beside Employer, Worker, and Tuitions Recipient for Social Security Implication ("**GR No. 86/2013**"), an employer that is not the government shall register their employees (permanent or contract) for Employee Social Security (*Jaminan Sosial Tenaga Kerja*, or "**BPJS**"). BPJS is further divided into BPJS Manpower and BPJS Health. Based on GR No. 86/2013, any violation to the abovementioned provisions will be subject to administrative sanctions in the form of written warning, fine payment, and/or rejection to obtain public services.

Harmonization of Tax Regulations

On October 29, 2021, the Indonesian Government enacted Law No. 7 of 2021 concerning Harmonization of Tax Regulations ("**Law No. 7/2021**"), an omnibus law of the Taxation Law that amends several provisions of the law at once.

The Indonesian government issued Law No. 7/2021 with the purposes of (i) increasing sustainable economic growth and supporting accelerated economic recovery, (ii) optimizing state revenues to finance the national development independently towards a just, affluent, and prosperous Indonesian society, (iii) realizing a tax system that is more just and with legal certainty, (iv) implementing administrative reforms, consolidated taxation policies, and broaden the tax base, and (v) improving voluntary compliance of Taxpayers.

In general, Law No. 7/2021 amends 4 (four) regulations and stipulates 2 (two) new provisions. Specifically, the following regulations were amended:

(1) Law Number 6 of 1983 concerning General Taxation Provisions and Procedures as amended, lastly by Law Number 16 of 2009;

(2) Law Number 7 of 1983 concerning Income Tax as amended lastly by Law Number 36 of 2008;

(3) Law Number 8 of 1983 on Value-Added Tax on Goods and Services and Luxury Goods Sales Tax as amended lastly by Law Number 42 of 2009; and

(4) Law Number 11 of 1995 on Excise as amended by Law Number 39 of 2007.

Furthermore, Law No. 7/2021 regulates new provisions regarding the Taxpayer Voluntary Disclosure Program and Carbon Tax.

Carbon Tax

Under Law No. 7/2021, Indonesia will effectively impose a carbon tax regime on selected entities from 2022 to 2024 for entities, and for all entities from 2025 onwards. The carbon tax is imposed on carbon emissions which have negative impacts on the environment. The carbon tax is expected to be effectively imposed only limited to entities operating in the field of coal-fired power plants/*Pembangkit Listrik Tenaga Uap* (*PLTU*). In the phase from 2022 to 2024, the implementation of the carbon tax will be using cap and tax mechanism limited only for the entities operating in the power plant sector using coal-fired power. Starting from 2025 onwards, the full implementation of carbon trading and the expansion of the carbon taxation sector should be implemented to other business sectors subject to the readiness of the relevant sectors and taking into account, among others, economic conditions, the readiness of actors, impacts and scale. However, as advised by our Indonesian legal advisor, Imran Muntaz & Co., the relevant government authorities further postponed the implementation of the carbon tax regime in June 2022 in consideration of the adverse impact from global risks on Indonesia's economic recovery, and have not provided an updated timeline as of the Latest Practicable Date. As such, the actual timetable for implementation of the carbon tax regime remains uncertain as of the Latest Practicable Date.

The carbon tax rate shall be set higher than or equal to the carbon market price per kilogram of carbon dioxide equivalent (CO_2e) or its equivalent unit, with the minimum carbon tax rate is set at a minimum of IDR30.00 per kilogram of carbon dioxide equivalent (CO_2e) or its equivalent.

As advised by our Indonesian legal advisor, Imran Muntaz & Co., the provisions and regulations under Law No. 7/2021 stipulate that, coal-fired power plants meeting both of the following threshold conditions will become the first group of entities that will be subject to carbon tax: (1) its operation scale surpasses certain threshold level, and (2) its carbon emissions are beyond certain threshold level. In addition, only the part of carbon emissions beyond the threshold level will be used to calculate the amount of carbon tax. However, Law No. 7/2021 does not specify either threshold, and detailed guidance specifying (i) these thresholds or (ii) how the carbon tax will be calculated have not been issued as of the Latest Practicable Date. As such, our Indonesian legal advisor and our Directors are of the view that whether any of our current or future Indonesian subsidiaries, especially HPL and HJF that operate coal-fired power plants (see "Business—Production of Nickel Products—Production of Nickel-cobalt Compounds" for more details), will be subject to carbon tax, and if so, the estimated amount of carbon tax that they will be incurring, remains uncertain. In September 2022, we conducted an interview with a representative of KPP Madya Jakarta Pusat. According to our Indonesian legal advisor, Imran Muntaz & Co., KPP Madya Jakarta Pusat is the competent tax authority of our joint ventures in Indonesia and is the competent authority to consult these entities' carbon tax related matters with, and the representative interviewed is competent and authorized to represent the authority in such matters. During the interview, the representative confirmed that, as of the Latest Practicable Date, detailed guidance specifying the

relevant carbon tax thresholds and the calculation of carbon tax was still being drafted, and it remains uncertain when such guidance will become available. Until such detailed guidance becomes available, we are not able to determine which of our joint venture entities in Indonesia will be subject to carbon tax or estimate the amount of potential carbon tax to be imposed. In particular, we do not know, as of the Latest Practicable Date, whether (i) the operation scale of the power plants operated by HPL and HJF will surpass the threshold level that will be specified in the detailed guidance, and (ii) these power plants' carbon emission levels will surpass the threshold level that will be specified in the detailed guidance. As such, until the detailed guidance under Law No. 7/2021 becomes available, we are not able to determine whether HPL and HJF will be subject to carbon tax or if so, estimate the amount of potential carbon tax they will be subject to. Once the Indonesian government provides clear guidance on the applicability of carbon tax, we will promptly estimate its potential impact and adjust our business operations to cope with the relevant legal and regulatory requirements.

Although the detailed guidance on Indonesia's carbon tax regime has not been released, we are aware of a few publicly available news and media reports that predict certain details under the carbon tax regime. For example, one of the sources predicted the potential way of calculating the carbon tax. Specifically, the emissions thresholds (the thresholds below which the emissions will not be subject to carbon tax) may be set at 0.918 tons of CO2e per megawatt hour for a power plant with a capacity above 400 MW, 1.013 tons of CO2e per megawatt hour for a power plant with a capacity between 100 MW to 400 MW and 1.094 tons of CO2e per megawatt hour for a mine-mouth plant with the same capacity. However, there is no assurance as to the accuracy of such publicly available news.

As of the Latest Practicable Date, two power plants with capacity of 30 MW each have been put into operation to supply the power usage of phase I of the HPAL project, and one of the four power plants with capacity of 150 MW each has been put into operation to supply the power usage of phase I of the RKEF project. In addition, one power plant with capacity of 60 MW is expected to be put into operation in December 2022 to supply the power usage of phase II of the HPAL project. As such, the capacity of the two power plants for phase I of the HPAL project and the capacity of the one power plant (which is currently under construction) for phase II of the HPAL project are below the capacity thresholds as mentioned in the news. While the capacity of the power plants for Phase I of the RKEF project is within the capacity thresholds as mentioned in the news, each of these power plants' emissions level is expected to be far below the emissions thresholds as mentioned in the news, which is 1.013 tons of CO2e per megawatt hour. As such, if the carbon tax is going to be implemented pursuant to the thresholds mentioned in the news, none of the power plants of the Obi projects are expected to be subject to such carbon tax.

Having taking into account that: (i) none of the power plants of the Obi projects are expected to be subject to carbon tax according to the thresholds set forth in the news, and (ii) power generation is not our main business operation, our Indonesian legal advisor is of the view that the carbon tax regime is not expected to pose any material adverse impact on our overall business operations and financial performance. However, we will continue to monitor regulatory updates and further assess

the impact of the carbon tax regime as the relevant implementation details become available. We will make announcements and regular reporting in our future interim and annual reports in relation to the regulatory updates on the carbon tax and the impact of such carbon tax on our business operations and financial performance.

TRANSFER PRICING GUIDELINES, LAWS AND REGULATIONS

Overview of Organization for Economic Co-operation and Development's (''OECD'') Guidelines

The OECD, an international organization of international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the "**OECD Guidelines**"), which is consistent with the transfer pricing regulations in the tax jurisdictions involved in our covered transactions including PRC, Singapore and Indonesia. This section primarily includes the summary for the OECD Guidelines and the relevant PRC laws and regulations, considering that the OECD Guidelines is the general guiding principle for the treatment of issues of transfer pricing worldwide.

The OECD Guidelines provide that the arm's length standard should be used to establish transfer prices between associated enterprises.

The arm's length standard is applied by comparing controlled transactions with transactions between independent enterprises based on "economically relevant characteristics". Comparability is achieved if: (i) no differences between the controlled and uncontrolled transactions exist; (ii) the differences that do exist do not materially affect the condition being examined; or (iii) reasonably accurate quantitative adjustments can be made to eliminate the effect of any differences. The methods presented in the OECD Guidelines can be categorized into three groups:

Comparable uncontrolled price/transaction methods

This method compares the price charged for property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances. If there is any difference between the two prices, this may indicate that the conditions of the commercial and financial relations of the associated enterprises are not arm's length, and that the price in the uncontrolled transaction may need to be substituted for the price in the controlled transaction.

Other traditional transaction methods

Other traditional transaction methods include resale price and cost plus: (1) The resale price method begins with the price at which a product that has been purchased from an associated enterprise is resold to an independent enterprise. This resale price is then reduced by an appropriate gross margin on this price (the "**resale price margin**") representing the amount out of which the reseller would seek to cover its selling and other operating expenses and, in the light of the functions

performed (taking into account assets used and risks assumed), make an appropriate profit. What is left after subtracting the gross margin can be regarded, after adjustment for other costs associated with the purchase of the product (e.g. customs duties), as an arm's length price for the original transfer of property between the associated enterprises. This method is probably most useful where it is applied to marketing operations; (2) The cost plus method begins with the costs incurred by the supplier of property (or services) in a controlled transaction for property transferred or services provided to an associated purchaser. An appropriate cost plus mark-up is then added to this cost, to make an appropriate profit in light of the functions performed and the market conditions. What is arrived at after adding the cost plus mark up to the above costs may be regarded as an arm's length price of the original controlled transaction.

Transaction profit methods

A transactional profit method examines the profits that arise from particular controlled transactions. The transactional profit methods for purposes of these Guidelines are the transactional profit split method and the transactional net margin method. Profit arising from a controlled transaction can be a relevant indicator of whether the transaction was affected by conditions that differ from those that would have been made by independent enterprises in otherwise comparable circumstances.

The OECD Guidelines state that the objective is to select the method "that is apt to provide the best estimation of an arm's length price." Notwithstanding this overall objective, the OECD Guidelines adopt the "most appropriate method to the circumstances of the case" principle for the selection of transfer pricing method.

It is also acknowledged that the OECD Guidelines establish the hierarchy between the traditional transaction methods and transactional profit methods when both can be applied in an "equally reliable manner" that the traditional transaction methods should be selected.

Transfer Pricing in China

According to the New EIT Law and its implement rules and 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), related party transactions should comply with the arm's length principle (i.e. to consummate transactions at a fair price and as per business norms). The tax authority may adjust the taxable revenue or income in compliance with reasonable methods (including comparable uncontrolled price method, resale price method, cost-plus method, transactional net profit method, profit split method and other methods that meet the arm's length principle). If the related party transactions fail to comply with the arm's length principle and result in the reduction of the enterprise's taxable income, the tax authority has the power to make a special adjustment within 10 years from the tax paying year that the non-compliant related party transaction 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.

According to the Announcement of the SAT on Relevant Matters relating to Improvement of the Filing of Related Party Transactions and the Management of Contemporaneous Documentation (the "Circular 42") promulgated by the SAT on June 29, 2016 and taking effect on the same day, enterprises which have related party transactions shall prepare their contemporaneous documentation of related party transactions per tax year and submit it to the tax authority if required by the same. Contemporaneous documentation includes the master file, local file and special issue file as may be applicable depending on the circumstances of the PRC company involved in the related party transaction. Furthermore, the Circular 42 stipulates the conditions which constitute related parties and enumerates the categories of related party transactions.

Pursuant to the Announcement of the SAT on Issuing the Measures for the Investigation, Adjustment and Consultation Procedures of Special Tax Investigation (the "Circular 6") promulgated by the SAT on March 17, 2017 and becoming effective on May 1, 2017, where a tax authority finds, when conducting special tax adjustment monitoring and administration by affiliated tax declaration examination, contemporaneous documentation administration, profit level monitoring or other means, that any enterprise has a risk of special tax adjustments, it may serve a Notice on Tax-related Matters upon the enterprise, and remind the enterprise of the tax risk it faces. If an enterprise receives a risk alert for special tax adjustments or finds that it faces the risk of special tax adjustments, it may make adjustments and make up the taxes due by itself. Where an enterprise makes adjustments and makes up the taxes due by itself, it shall fill out a Form for Self-payment of Taxes under Special Tax Adjustments. Where an enterprise makes adjustments and makes up the taxes due by itself, the tax authority may still make adjustments under special tax investigation in accordance with the relevant provisions. For labor service transaction, if the price paid or received between an enterprise and its related party does not conform to the independent transaction principle and thus reduces the taxable income of the enterprise or its related party, the tax authority may implement the special tax adjustment. Furthermore, the related labor service transactions that comply with the independent transaction principle should be beneficial labor service transactions and it shall be priced in accordance with the business practice and fair transaction price of non-related parties under the same or similar circumstances. Pursuant to the Circular 6, beneficial labor service refers to the labor activity which can bring direct or indirect economic benefits to the recipient of the labor service while a non-related party is willing to purchase or perform it under the same or similar circumstances.