This section sets out a summary of the most significant aspects of laws and regulations in the PRC that are material to our business operations and the JORC code.

PRC LAWS AND REGULATIONS

Our business operations are primarily in the PRC and primarily subject to PRC laws and regulations. The following is a summary of the most material PRC laws and regulations relevant to our business and operations.

Laws and regulations relating to foreign investment

The establishment, operation and management of corporate entities in the PRC is governed by the PRC Company Law (《中華人民共和國公司法》) (the "**PRC Company Law**"), which was issued by the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) ("**SCNPC**") on December 29, 1993, last revised and became effective on October 26, 2018. A foreign-invested company is also subject to the PRC Company Law unless otherwise provided by the foreign investment laws.

The Law of Sino-Foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》) was passed on July 1, 1979 and issued and implemented on July 8, 1979. It was revised for several times afterwards, and the latest version was implemented on October 1, 2016. Implementation Rules for the Law on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法實施條例》) was issued by the State Council on September 20, 1983. It was revised for several times afterwards, and the latest version was implemented on March 2, 2019. The provisions of the Law on Sino-Foreign Equity Joint Ventures and its implementation rules cover the issues related to the Sino-Foreign joint ventures, such as the establishment and approval procedures, registered capital requirement, foreign exchange, accounting management, tax, and labor.

On September 3, 2016, the Decisions of the SCNPC on Revising Four Laws Including the Law of the PRC on Wholly Foreign-owned Enterprises (全國人民代表大會常務委員會關於修改《中華人民共和國外資企業法》等四部法律的決定) (the "**Decisions on Revision of Four Laws**") was promulgated and took effect on October 1, 2016. The Decisions on Revision of Four Laws revised relevant administrative approval provisions of the Law of the PRC on wholly Foreign-owned Enterprises, the Law of Sino-Foreign Equity Joint Ventures of the PRC (《中華人民共和國中外合資經營企業法》), the Law of Sino-Foreign Contractual Joint Ventures of the PRC (《中華人民共和國中外合作經營企業法》) and the Law of the Protection of Investments by Taiwan Compatriots of the PRC (《中華人民共和國台灣同胞投資保護法》), and modifies relevant articles for administrative approval to change "foreign-invested companies beyond the special management measures enacted by the country shall be established upon approval" into "foreign-invested companies beyond the special management measures enacted by the country shall be established upon filing for management".

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") was adopted by the National People's Congress (全國人民代表大會)("**NPC**") on March 15, 2019, which came into force as on January 1, 2020, and replaced the Law of Sino-Foreign Equity Joint Ventures of the PRC, the Law of the PRC on Sino-Foreign Contractual Joint Ventures and the Law of the PRC on Wholly Foreign-owned Enterprise to become the legal foundation for foreign investment in the PRC. Under the Foreign Investment Law, the State shall implement the management systems of pre-establishment national treatment and negative list for foreign investment, according to which the treatment given to foreign investors and their investments during the investment access stage shall be not lower than that given to their domestic counterparts, and the State shall give national treatment to foreign investment beyond the negative list where special administrative measures for the access of foreign investment in specific fields is specified. Besides, the State shall protect foreign investors' investment, earnings and other legitimate rights and interests within the territory of the PRC in accordance with the law. The State will take measures to prompt foreign investment such as ensuring fair competition for foreign-invested enterprises to participate in government procurement activities, and protection of intellectual property rights of foreign investors and foreign-invested enterprises. In respect of administration of foreign investment, foreign investment shall go through relevant verification and record-filing formalities if required by relevant state laws and regulations. The organization form, institutional framework and standard of conduct of a foreign-funded enterprise shall be subject to the provisions of the PRC Company Law or the Partnership Enterprise Law of the PRC (《中華人民共和國合夥企業法》), if applicable.

On December 26, 2019, the State Council promulgated the Implementation Regulations on the Foreign Investment Law (外商投資法實施條例), which came into effect on January 1, 2020, and it further requires that foreign-invested enterprises and domestic enterprises shall be treated equally with respect to policy making and implementation. Pursuant to the Implementation Regulations on the Foreign Investment Law, if the existing foreign-invested enterprises fail to change their original forms as at January 1, 2025, the relevant market regulation departments will not process other registration matters for the enterprises, and may disclose their relevant information to the public.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation jointly issued the Measures for Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020 and replaced the Interim Administrative Measures for the Record-filing of the Establishment and Modification of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》). Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in the PRC, foreign investors or foreign-invested enterprises shall submit investment information through the Enterprise Registration System and the National Enterprise Credit Information Publicity System operated by the State Administration for Market Regulation. Foreign investors or foreign-invested enterprises shall disclose their investment information by submitting reports for their establishments, modifications and cancelations and their annual reports in accordance with the Foreign Investment Information Measures. If a foreign-invested enterprise investing in the PRC has finished submitting its reports for its establishment, modifications and cancelation and its annual reports, the relevant information will be shared by the competent market regulation department to the competent commercial department, and does not require such foreign-invested enterprise to submit the reports separately.

Catalogue for the Guidance of Foreign Investment Industries

According to the Provisions for Guiding Foreign Investment Direction (《指導外商投資方向規定》) issued by the State Council on February 11, 2002 and implemented on April 1, 2002, the foreign-invested projects can be classified into the following categories by industries: encouraged, permitted, restricted and prohibited. The industries not listed in the catalogue belong to the permitted investment projects.

According to the Special Administrative Measures for the Admission of Foreign Investment (Negative List) (2021 Edition) (《外商投資准入特別管理措施(負面清單)》)(2021年版) promulgated by MOFCOM and NDRC on December 27, 2021 and became effective on January 1, 2022, the industry in which our PRC subsidiaries are primarily engaged does not fall into the category of restricted or prohibited industries. The Negative List stipulates in detail the special administrative measures for the market entry of foreign investment. Unless otherwise provided in the PRC laws, the industries which are not set out in the Negative List are permitted foreign invested industries.

Laws and regulations relating to mineral resources

Pursuant to the Mineral Resource Law of the PRC (《中華人民共和國礦產資源法》) effective on October 1, 1986 and revised on August 29, 1996 and August 27, 2009 and the Rules for the Implementation of the Mineral Resources Law (《中華人民共和國礦產資源法實施細則》) promulgated and effective on March 26, 1994, (i) mineral resources are owned by the State with the State Council exercising ownership over such resources on behalf of the State. The State ownership of mineral resources shall remain unchanged notwithstanding that the ownership or the right to use the land to which such mineral resources are attached has been granted to a different entity or individual; (ii) the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部) (currently known as the Ministry of Natural Resources of the PRC (中華人民共和國自然資源部)) is the department in charge of geology and mineral resources and is authorized by the State Council to supervise and administer the exploration and exploitation of mineral resources nationwide. The department in charge of geology and mineral resources, of each province, autonomous region or municipality directly under the PRC government is responsible for the supervision and administration of the exploration and exploitation of mineral resources within its respective administrative regions; (iii) exploration rights and mining rights may be acquired with consideration. Enterprises engaged in the mining or exploration of mineral resources must pay a certain amount of money for obtaining mining rights and exploration rights; (iv) an enterprise that intends to explore and exploit mineral resources shall apply for each exploration and mining rights separately according to the relevant PRC laws, regulations and policies, and is required to undergo the registration process for each of the exploration and mining rights, unless the mining enterprise which intends to conduct exploration operations for its own production within the defined mining areas has previously obtained mining rights; (v) anyone who exploits mineral resources must pay resources tax and resources compensation levy in accordance with relevant regulations of the State.

Under the Rules for the Implementation of the Mineral Resources Law of the PRC (《中華人民共和國礦產資源法實施細則》), a holder of a mining permit (採礦許可證) has the right to and is also obligated to conduct mining activities in the designated area and within the time period subscribed under the mining permit. A holder of a mining permit has certain additional rights including, among others, rights to (i) set up necessary production and living facilities within the designated area and (ii) acquire the land use rights necessary for the production. A holder of mining permit has certain additional

obligations including, among others, obligations to (i) conduct reasonable exploitation, and protect and fully utilize mineral resources; (ii) pay resources tax and resources compensation levy; (iii) comply with the laws and regulations relating to occupational safety, soil and water conservation, reclamation and environmental protection; and (iv) submit mineral resource, reserve and utilization reports to relevant government authorities as required.

The Administrative Measures for the Registration of Mineral Resources Exploitation (《礦產資源開採登記管理辦法》) (the "**Administrative Measures**") was promulgated by the State Council on February 12, 1998 and was amended on July 29, 2014. Under the Administrative Measures, anyone with mining rights shall file an application for registration of change(s) with the appropriate registration administration authority within the duration of the mining permit term if there is any change in the scope of the mining area, the main exploited mineral categories, the exploitation mode, the name of the mining enterprise and/or the transfer of the mining right according to the relevant laws. According to the Administrative Measures, holders of mining permits are subject to mining right usage fees. Mining right usage fees shall be payable on an annual basis. The rate of mining right usage fee shall be RMB1,000 per square kilometer of mining area per year. The validity period of a mining permit shall be determined according to the scale of the mine. The maximum validity period of the initial term of a mining permit for a big-scale mine, medium-scale mine and small-scale mine shall be 30 years, 20 years and 10 years, respectively. If continuation of mining is necessary after the expiration of the mining permit, the holder of a mining permit shall apply for an extension with the registration authority within 30 days prior to the expiration of the term of the mining permit. If the holder of a mining permit fails to apply for an extension prior to the expiration of the term, the mining permit shall terminate automatically.

Laws and regulations relating to labor protection

Labor laws

Companies in the PRC are subject to (i) the PRC Labor Law (《中華人民共和國勞動法》) (the "**PRC Labor Law**") which was promulgated on July 5, 1994 and became effective on January 1, 1995. It was further amended on August 27, 2009 and December 29, 2018, (ii) the PRC Labor Contract Law (《中華人民共和國勞動合同法》) (the "**PRC Labor Contract Law**") which was promulgated on June 29, 2007 and became effective on January 1, 2008, and was further amended on December 28, 2012, and (iii) the Implementation Regulations of the PRC Labor Contract Law (《中華人民共和國勞動合同法實施條例》) which was promulgated by the State Council on September 18, 2008 and became effective on the same date, as well as other related regulations, rules and provisions promulgated by the relevant government authorities from time to time.

Compared to previous PRC Laws and regulations, the PRC Labor Contract Law imposes stricter requirements in such respects as signing of labor contracts with employees, stipulation of probation period and violation penalties, termination of labor contracts, payment of remuneration and economic compensation, use of labor dispatches as well as social security premiums.

According to the PRC Labor Law and the PRC Labor Contract Law, a labor contract in writing shall be concluded when a labor relationship is to be established between an employer and an employee. An employer shall pay an employee two times of his salary for each month in the circumstance where he fails to enter a written labor contract with the employee for more than a month but less than a year; where such period exceeds one year, the parities are deemed to have entered an unfixed-term labor

contract. Employers shall pay wages that are not lower than the local minimum wage standards to the employees. Employers are also required to establish labor safety and sanitation systems in compliance with PRC rules and standards, and to provide relevant training to the employees.

The Employment Promotion Law of the PRC (《中華人民共和國就業促進法》) which became effective on January 1, 2008, last amended and became effective on April 24, 2015, requires that individuals shall have equal employment opportunities and free choice of occupation, without discrimination on the basis of ethnicity, race, gender, religious belief, communicable disease or rural residence. Under this law, enterprises are also required to provide workers with vocational training.

Social insurance and housing provident funds

The PRC social insurance system is mainly governed by the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (the "**PRC Social Insurance Law**") which was promulgated by the SCNPC on October 28, 2010 and amended on December 29, 2018. According to the PRC Social Insurance Law, the Decision on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (國務院關於《建立城鎮職工基本醫療保險制度》的決定) (effective from December 14, 1998), the Regulation of Insurance for Work-Related Injuries (《工傷保險條例》) (effective from January 1, 2011), the Trial Measures for Maternity Insurance of the Staff and Workers in Enterprises (《企業職工生育保險試行辦法》) (effective from January 1, 1995), the Regulations on Unemployment Insurance (《失業保險條例》) (effective from January 22, 1999) and the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) (effective from January 22, 1999 and most recently amended on March 24, 2019),employers in the PRC shall register social insurance with the competent authorities, and pay five basic types of social insurance premiums for their employees, or rather, basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. According to the Social Insurance Law, if an employing entity does not pay the full amount of social insurance premiums as scheduled or required, the social insurance premium collection institution shall order it to make the payment or make up the difference within the stipulated period and impose a daily fine equivalent to 0.05% of the overdue payment from the day on which the payment is overdue. If the payment is not made within the prescribed time, the social insurance authority shall impose a fine ranging from one to three times of the overdue payment amount.

According to the Regulations on Management of Housing Provident Funds (《住房公積金管理條例》) (the "**Housing Provident Funds Regulations**") which were promulgated by the State Council and came into effect on April 3, 1999 and was amended on March 24, 2002 and March 24, 2019, all business entities (including foreign invested enterprises) are required to register with the local housing provident funds management center and then maintain housing fund accounts and pay the related funds for their employees. In addition, for both employees and employers, the payment rate for housing provident fund shall not be less than 5% of the average monthly salary of the employees in the previous year. The payment rate may be raised if the employer desires so. Where an entity violates the Housing Provident Funds Regulations by failing to deposit the housing accumulation fund within the time limit or by under-depositing the fund, it shall be ordered by the housing accumulation fund management center to deposit the fund within a time limit; if it fails to deposit the fund within the time limit, it may apply to the Court for enforcement.

Laws and regulations relating to environmental protection

Laws and regulations relating to environmental protection enterprises conducting manufacturing activities in the PRC are subject to provisions under PRC environmental laws and regulations on noise, waste water, air emission and other industrial waste. The major governing environmental laws and regulations consist of the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was most recently amended on April 24, 2014 and became effective on January 1, 2015, the Law on the Prevention and Control of Water Pollution of the PRC (《中華人民共和國水污染防治法》), which was most recently amended on June 27, 2017 and became effective on January 1, 2018, the Law on the Prevention and Control of Air Pollution of the PRC (《中華人民共和國大氣污染防治法》), which was most recently amended and became effective on October 26, 2018, the Law on the Prevention and Control of Solid Waste Pollution of the PRC (《中華人民共和國固體廢物污染環境防治法》), which was partially amended on April 29, 2020 and became effective on 1 September, 2020, and the Law of the People's Republic of China on the Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》), which was promulgated on December 24, 2021 and came into effective on June 5, 2022 (collectively "**the Environmental Laws**"). Pursuant to the Environmental Laws, PRC enterprises shall build requisite environmental treatment facilities affiliating to the manufacturing facilities, where waste air, waste water and waste solids generated can be treated properly in accordance with the relevant provisions.

Pursuant to the Law on the Evaluation of Environment Effects of the PRC (《中華人民共和國環境影響評價法》), which was promulgated on October 28, 2002 and was amended on July 2, 2016 and on December 29, 2018, the Administrative Regulations on the Environmental Protection for Construction Projects (《建設項目環境保護管理條例》), which was promulgated on November 29, 1998 and amended on July 16, 2017 and became effective on October 1, 2017, and the Interim Measures for the Acceptance Inspections of Environment Protection Facilities of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the Ministry of Environmental Protection of the PRC on November 20, 2017, enterprises that are planning construction projects should provide assessment reports, statement or registration form on the environmental impact of such projects. The assessment reports and statements must be approved by the competent environmental protection authorities prior to commencement of any construction work, while the registration forms shall be filed to them. Unless otherwise stipulated by laws and regulations, enterprises which are required to provide assessment reports and statements shall undertake the responsibility of acceptance inspections of the environmental protection facilities by itself upon the completion of the construction project. A construction project may be formally put into production or use only if the corresponding environmental protection facilities have passed the acceptance examination. The competent authorities may carry out spot check and supervision on the implementation of the environmental protection facilities.

Pursuant to the Administrative Regulation for Pollutant Discharge Licensing (《排污許可管理條例》), which became effective on March 1, 2021, enterprises, public institutions and other producers and business operators that are subject to the administration of pollutant discharge permits in accordance with the provisions of the law shall apply for pollutant discharge permit in accordance with the provisions of these Regulations. Based on factors such as the amount of pollutants produced, the amount of pollutants discharged and the impact on the environment, pollutant discharge units are subject to two different level of pollutant discharge permit administration, namely priority administration and simplified administration.

Law and regulations on fire protection acceptance check of construction projects

Pursuant to Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) (the "**Fire Protection Law**"), which was promulgated by the SCNPC on April 29, 1998, last revised and became effective on April 29, 2021, with respect to construction projects which are required fire protection design according to national fire protection technical standards for construction work, an acceptance check and/or record-filing for fire protection shall be conducted in accordance with the following provisions upon completion of such construction projects:

(i) With respect to construction projects specified by the competent housing and urban-rural development authorities, the construction entities shall file an application for fire protection acceptance check with the authorities in charge of housing and urban-rural development; and

(ii) With respect to other construction projects, the construction entities shall complete filing formalities with the competent housing and urban-rural development authorities following the inspection and acceptance. The competent housing and urban-rural development authorities shall carry out spot check on such record-filings.

Laws and regulations relating to land and leases

Pursuant to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated on June 25, 1986, amended on December 29, 1988, August 29, 1998, August 28, 2004 and August 26, 2019 and became effective on January 1, 2020, and Regulations for the Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) promulgated on January 4, 1991 and last amended on July 2, 2021, all land in the PRC is either state-owned or collectively owned, depending on the location of the land. All land in the urban areas of a city or town is state-owned, and all land in the rural areas of a city or town and all rural land is, unless otherwise specified by law, collectively owned. The State has the right to reclaim land in accordance with law if required for public interest. Land owned by the State and land collectively-owned by rural collective economic entities or village committee may be allocated and used by units or individuals according to law. The ownership of land and land use rights registered according to the relevant laws shall be protected by law. In the case of short-term use of State-owned land or land collectively-owned by rural collective economic entities for construction projects or for geological exploration purposes, approval shall be obtained from the land administrative department of the government at or above the county level. Land users shall sign contracts with the relevant land administrative department, rural collective economic entities or village committee for the short-term use of land, depending on the ownership of land and shall pay land compensation fees as stipulated in the contracts for the temporary use of land. The term for the short-term use of land shall generally not exceed two years.

In accordance with the Regulations on Land Rehabilitation (《土地復墾條例》) promulgated and effective on March 5, 2011, and the Measures for the Implementation of the Regulations on Land Rehabilitation (《土地復墾條例實施辦法》) promulgated on December 27, 2012 and amended on July 16, 2019, a production or construction entity or individual (the "**Land User**") must undertake measures to restore a mining site to its original state within a prescribed time frame if its mining activities result in damage to arable land, grassland or forestry land. The land user is also required to formulate and implement a land rehabilitation plan and to restore the land to a state appropriate for use by rehabilitation if its mining activities result in damages to the land. The land rehabilitation plan shall be approved by the relevant land resources authority. The land user is also required to set aside funds to be

used in land rehabilitation. The rehabilitated land is legally required to meet rehabilitation standards and may only be subsequently used upon examination and approval by the land authorities. Any failure to comply with this requirement or failure to restore the mining site to its original state will result in the imposition of fines, rehabilitation fees, rejection of applications for land use rights or rejection of application for new mining permits or renewal, alteration or cancellation of mining permits by the local bureau of natural resources.

Pursuant to the Law on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》) which was promulgated by the SCNPC in 1994 and amended in 2007, 2009 and 2019, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration department. If the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines.

According to the Civil Code of the PRC (《中華人民共和國民法典》) ("**Civil Code**"), which was promulgated by the NPC and became effective on January 1, 2021, the lessee may sublease the leased premises to a third party, subject to the consent of the lessor. Where the lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease contract if the lessee subleases the premises without the consent of the lessor. In addition, if the lessor transfers the premises, the lease contract between the lessee and the lessor will still remain valid.

Laws and regulations relating to product quality

The principal law governing product quality is the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the "**Product Quality Law**"), which was issued by the SCNPC on February 22, 1993, last revised and became effective on December 29, 2018. The Product Quality Law is applicable to all activities of production and sale of any product within the territory of the PRC, and the producers and sellers shall be liable for product quality in accordance with the Product Quality Law. Businesses in production and sale of our PRC subsidiaries should comply with the Product Quality Law and they shall be liable for product quality.

Pursuant to the Civil Code, manufacturers shall assume tort liability where the defects in relevant products cause damage to others. Sellers shall assume tort liability where the defects in relevant products causing damage to others are attributable to the sellers. The aggrieved party may claim for compensation from the manufacturer or the seller of the relevant product in which the defects have caused damage.

According to the Standardization Law of the PRC (《中華人民共和國標準化法》) which was issued by the SCNPC on December 29, 1988, last revised on November 4, 2017 and took effect on January 1, 2018 and the Implementation Rules for the Standardisation Law of the PRC (《中華人民共和國標準化法實施條例》) promulgated and became effective on April 6, 1990, standards shall be formulated for the varieties, specifications, quality and grades of industrial products as well as the safety and sanitary requirements for them; and for the design, production, testing, inspection, packing, storage, transportation and method of operation of industrial products as well as the safety and sanitary requirements for them in the process of production, storage and transportation. Any production, sale or

import of products which are not in compliance with such compulsory standards shall be subject to ordered cessation of production, confiscation of products, destruction of products under supervision or necessary technical treatment or monetary penalties.

Laws and regulations relating to production safety

The PRC government has formulated a relatively comprehensive set of laws and regulations on production safety, including the Law on Production Safety of the PRC (《中華人民共和國安全生產法》), which became effective on November 1, 2002 and last amended on September 1, 2021, the Law on Mine Safety of the PRC (《中華人民共和國礦山安全法》), which became effective on May 1, 1993 and amended on August 27, 2009, as well as the Regulations on the Implementation of the Law on Mine Safety of the PRC (《中華人民共和國礦山安全法實施條例》), which became effective on October 30, 1996, pertaining to the exploration and mining of mineral resources, mine construction, disuse of pits and other related activities.

Pursuant to the Law on Production Safety Law of the PRC (《中華人民共和國安全生產法》), entities engaging in production are required to implement production safety measures specified in the Production Safety Law and other relevant laws, administrative regulations, national standards and industry standards. Any entity that does not implement such measures for safe production is prohibited from engaging in production and business operation activities. Entities are required to provide their employees with education and training on production safety. Entities shall also provide their employees with protective gear that meet national or industry standards as well as supervision and proper training to ensure their correct utilization.

The Regulation on Production Safety Licenses (《安全生產許可證條例》) was promulgated on January 13, 2004 and amended on July 29, 2014. The Measures for the Implementation of Production Safety Licenses for Non-coal Mine Enterprises (《非煤礦礦山企業安全生產許可證實施辦法》) was promulgated on May 17, 2004, amended on April 30, 2009 and amended on May 26, 2015. Pursuant to such regulations and measures, (i) the production safety licensing system is applicable to any enterprise engaging in non-coal mining and such enterprise may not produce any products without obtaining a production safety license. Enterprises which fail to fulfill the production safety may not carry out any production activity; (ii) prior to producing any products, the non-coal mining enterprise shall apply for a production safety license, which is valid for three years; (iii) the production safety bureau at or above provincial level are in charge of issuing the production safety license for non-coal mining enterprise; (iv) if a production safety license needs to be extended, the enterprise must apply for an extension with the administrative authority who issued the original license three months prior to the expiration of the original license; and (v) mining enterprises which have obtained the production safety license may not lower their production safety standards, are subject to supervision and inspection by the licensing authorities. If the authorities are of the opinion that the mining enterprises do not fulfill the safety requirements, the safety license may be withheld on a temporary basis or revoked.

The Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) (the "**Occupational Diseases Prevention Law**"), promulgated by the SCNPC on October 27, 2001, became effective on May 1, 2002, and amended on December 31, 2011, July 2, 2016, November 4, 2017, and December 29, 2018 is applicable to activities for the prevention and control of diseases contracted by the workers due to their exposure in the course of work to dust, radioactive substances and other toxic and harmful substances. Pursuant to the Occupational Diseases Prevention

Law, the employer shall strictly abide by the national occupational health standards and implement the measures for occupational disease prevention and control in accordance with laws and regulations. Violation of the Occupational Diseases Prevention Law may result in the imposition of fines and penalties, the suspension of operation, an order to cease operation, and/or criminal liability in severe cases.

We should implement safe production and occupational diseases prevention and control as required by PRC laws and regulations.

Laws and regulations relating to foreign exchange

The Regulation of the PRC on Foreign Exchange Control (《中華人民共和國外匯管理條例》) (the "**Foreign Exchange Regulation**"), most recently amended by the State Council on August 1, 2008 and effective on August 5, 2008, is the principal regulation on foreign currency exchange in the PRC. According to the Foreign Exchange Regulation, the Renminbi is freely convertible for current account items after due process, including distribution of dividends, trade-related foreign exchange transactions and service-related foreign exchange transactions, whereas foreign exchange for capital account items, such as direct investments or loans, requires prior approval of and registration with SAFE.

According to the Notice of State Administration of Foreign Exchange on Reforming and Standardizing Capital Account Foreign Exchange Settlement Administration Policies (國家外匯管理局關於《改革和規範資本項目結匯管理政策》的通知) issued by SAFE on June 9, 2016, it has been specified clearly in the relevant policies that, for the capital account foreign exchange income subject to voluntary foreign exchange settlement (including the repatriation of the proceeds from overseas listing), the domestic institutions may conduct the foreign exchange settlement at the banks according to their operation needs. The proportion of the capital account foreign exchange income subject to voluntary foreign exchange settlement was tentatively set as 100%, provided that SAFE may adjust the above proportion according to the international payment balance status in good time.

On January 26, 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (國家外匯管理局關於《進一步推進外匯管理改革完善真實合規性審核》的通知) (the "**SAFE Circular 3**"), which became effective on January 26, 2017 and stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Further, pursuant to SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Laws and regulations relating to taxation

Enterprise income tax

According to the EIT Law which was issued by the National People's Congress on March 16, 2007 and last revised and came into effect on December 29, 2018, and the Implementation Rules to the EIT Law (《中華人民共和國企業所得稅法實施條例》) (the "**EIT Regulation**") issued by the State Council on December 6, 2007 and effective on January 1, 2008 and was revised on April 23, 2019, both domestic and foreign-invested enterprises established under the laws of foreign countries or regions whose "de facto management bodies" are located in the PRC are considered resident enterprises, and will generally be subject to EIT at the rate of 25% of their global income. "De facto management bodies" is defined as "establishments that carry out substantial and overall management and control over production and operations, personnel, accounting, and properties" of the enterprise. If an enterprise is considered a PRC resident enterprise under the above definition, its global income will be subject to enterprise income tax at the rate of 25%. Pursuant to the newly revised Administrative Measures for the Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) which became effective on January 1, 2016, high-tech enterprises, which are recognized in accordance with the Administrative Measures referred to immediately above, may apply for the tax preferential policy in accordance with the EIT Law and the EIT Regulation. Qualifying high-tech enterprises would be taxed at a rate of 15% on EIT.

Value-added tax

Pursuant to the Interim Value-added Tax Regulations of the PRC (《中華人民共和國增值稅暫行條例》) which was amended and became effective on November 19, 2017 and the Implementing Rules for the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was amended on October 28, 2011 and became effective on November 1, 2011 (collectively the "**VAT Law**"), all entities and individuals that are engaged in the sale of goods, the provision of repairs and replacement services and the importation of goods in China are generally required to pay value-added tax (the "**VAT**") at a rate of 17.0% of the gross sales proceeds received, less any deductible VAT already paid or borne by the taxpayer. Further, when exporting goods, the exporter is entitled to all the refund of VAT that it has already paid or borne unless otherwise stipulated.

On November 16, 2011, MOF and SAT jointly promulgated the Pilot Plan for Levying VAT in Lieu of Business Tax (《營業稅改徵增值稅試點方案》). Starting from January 1, 2012, the PRC government has been gradually implementing a pilot program in certain provinces and municipalities, to levy a 6% VAT on revenue generated from certain kinds of modern services in lieu of business tax.

On March 23, 2016, MOF and SAT jointly issued the Circular of Full Implementation of Business Tax to VAT Reform (《關於全面推開營業稅改徵增值稅試點的通知》) (the "**Circular 36**") which confirms that business tax will be completely replaced by VAT from May 1, 2016.

On April 4, 2018, MOF and SAT jointly issued Circular on Adjusting Value-added Tax Rate (《關於調整增值稅稅率的通知》) to further adjust the VAT rate, including the change of tax rate from 17% and 11% to 16% and 10% respectively for the taxable sales or import of goods by the tax payer.

According to the Announcement on Policies Concerning Deepening the Reform of Value-added Tax (《關於深化增值稅改革有關政策的公告》), which was promulgated on March 20, 2019 and became effective on April 1, 2019, a VAT general taxpayer who is previously subject to 16% on VAT-taxable sales activities shall have the applicable tax rates adjusted to 13%.

Withholding income tax and tax treaties

The EIT Law provides that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to an Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Double Tax Avoidance Arrangement**"), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority having satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other governing laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, in compliance with the Notice of SAT on the Issues concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated and became effective on February 20, 2009, if the relevant PRC tax authorities determine in their discretion that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. On February 3, 2018, SAT issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (《關於稅收協定中"受益所有人"有關問題的公告》) (the "**Circular 9**"), which provides the guidance for determining whether a resident of a contracting state is the "beneficial owner" of an item of income under China's tax treaties and similar arrangements. Under Circular 9, a beneficial owner generally shall be engaged in substantive business activities and an agent may not be regarded as a beneficial owner and, therefore, may not qualify for these benefits.

Laws and regulations relating to merger and acquisition

On August 8, 2006, six PRC regulatory agencies, including MOFCOM, the State-Owned Assets Supervision and Administration Commission of the State Council, SAT, the State Administration for Industry and Commerce, SAFE, and China Securities Regulatory Commission, jointly promulgated the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (which was subsequently amended by MOFCOM on June 22, 2009) (the "**M&A Provisions**") to regulate merger and acquisition of non-foreign investment enterprises ("**domestic enterprises**") by foreign investors, which became effective on September 8, 2006.

Pursuant to the M&A Provisions, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise or subscribes for the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; or (ii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets or purchases the assets of a domestic enterprise and then invests such assets to establish a

foreign-invested enterprise. According to Article 11 of the M&A Provisions, where a domestic company or enterprise, or domestic natural person, through an overseas company legally established or controlled by it/him, acquires a domestic company which is related to or connected with it/him, approval from MOFCOM is required.

SUMMARY OF JORC CODE

The Mineral Resource and Ore Reserve statements in this document have been prepared in accordance with the JORC Code. The JORC Code is one of the internationally accepted Mineral Resource and Ore Reserve classification systems established in Australia, which was first published in February 1989 and last revised in December 2012. This is commonly used in independent technical reports and competent person's reports for reporting Mineral Resource and Ore Reserve for public companies reporting to the Stock Exchange. This is used by the competent person to report the Mineral Resources and Ore Reserves of graphite in this document.

The JORC Code defines "Mineral Resource" as a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality) and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are subdivided in order of increasing geological confidence into the following categories:

- *Inferred Mineral Resource* — is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

- *Indicated Mineral Resource* — is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

  Geological evidence — is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered.; and

- *Measured Mineral Resource* — is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

  Geological evidence — is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered.

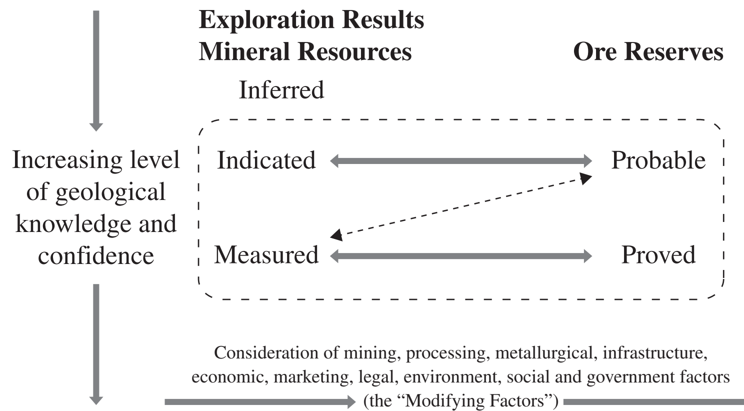
The JORC Code defines ''Ore Reserve'' as the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

Ore reserves are sub-divided into the following categories:

- *Probable Ore Reserve* — is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve; and

- *Proved Ore Reserve* — is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors.

The following diagram summarizes the general relationship between Exploration Results, Mineral Resources and Ore Reserves under the JORC Code:



Ore Reserves are generally quoted as comprising a portion of the total Mineral Resource rather than the Mineral Resources being additional to the Ore Reserves quoted. Under the JORC Code either procedure is acceptable, provided the method adopted is clearly identified. The Independent Technical Report in this document reports all of the Ore Reserves as part of the Mineral Resources.