
REGULATORY OVERVIEW

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

Laws and regulations on production safety, environmental protection and energy conservation review

Production safety

According to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) or the Production Safety Law, which was last amended by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, entities engaged in production and business activities within the PRC shall comply with the Production Safety Law and other laws and regulations related to production safety, strengthen production safety management. Entities shall establish and improve a production safety responsibility system and production safety rules, improve production safety conditions, and strengthen the standardization of production safety, raise production safety levels, and ensure production safety. Violation of the Production Safety Law may result in imposition of fines and penalties, suspension of operation, an order to cease operation, depending on the circumstances of the violation, and criminal liability will be pursued if the violation constitutes a crime.

In addition, according to the Mine Safety Law of the PRC (《中華人民共和國礦山安全法》), which was amended by the SCNPC on August 27, 2009 and came into effect on the same day, mining enterprises must have facilities to ensure production safety, establish and improve safety management systems, and take effective measures to improve working conditions of employees, strengthen mine safety management, and ensure safe production. Among them, the safety facilities of mine construction projects must be designed, constructed, put into production and use simultaneously with the main project; the conditions for safe production must be met in mining operations, and mine safety regulations and industry specifications for mining different types of minerals must be in place; mining enterprises must establish and improve the responsibility system for safety production.

In addition to the general requirements for production safety, for newly built, reconstructed or expanded construction projects, according to the Measures for the Supervision and Administration of “Three Simultaneities” for the Safety Facilities of Construction Projects (《建設項目安全設施「三同時」監督管理辦法》, the “**Construction Projects Safety Facilities Measures**”), promulgated by the Former SAWS on December 14, 2010 and amended on April 2, 2015, the safety facilities in a newly built, reconstructed or expanded construction project must be designed, constructed and put into use simultaneously with the main body of the project. For the construction projects specially set forth in the Construction Projects Safety Facilities Measures, comprehensive research and pre-assessment on the safety conditions of the construction projects shall be conducted by qualified safety assessment body. If an enterprise violates the relevant requirements, it may be ordered to make corrections within a specified time limit, discontinue the construction process or suspend its production and business operation for rectification, and imposed a fine.

Environmental protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) or the Environmental Protection Law, which was last amended by the SCNPC on April 24, 2014 and came into effect on January 1, 2015, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. The State implements a pollutant discharge permit management system in accordance with the law.

According to the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on December 29, 2018 and came into effect on the same day,

REGULATORY OVERVIEW

the Regulation on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which was promulgated by the former Ministry of Environmental Protection on November 20, 2017 and came into effect on the same day, the PRC implements a system to assess the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the competent administrative department of environmental protection under the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance inspection on the supporting environmental protection facilities and prepare an acceptance report. The construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection.

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), which was last amended on April 29, 2020 by the SCNPC and came into effect on September 1, 2020, the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), which was last amended on June 27, 2017 by the SCNPC and came into effect on January 1, 2018, and the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), which was last amended by the SCNPC on October 26, 2018 and took effect on the same day, any entity or individual that generates, collects, stores, transports, utilizes or disposes of solid waste shall take measures to prevent or reduce the pollution of solid waste to the environment, and shall be responsible for the environmental pollution caused in accordance with the law. Where hazardous waste exists in solid waste, it shall be managed in accordance with hazardous waste management. Enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to water bodies, and the enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage must obtain the pollutant discharging permit. Enterprises and institutions that emit industrial waste gas or toxic and hazardous air pollutants listed in the catalog published according to Article 78 of the Law of the PRC on the Prevention and Control of Atmospheric Pollution, as well as other units that implement administration of pollution discharge permits in accordance with the law, shall obtain a pollutant discharging permit.

Pursuant to the provisions of the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated on January 24 2021, and the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》) promulgated on April 1 2024, the State implements the classified pollutant discharge permit management (i.e., key management and simplified management) on pollutant discharges of enterprises based on factors such as the volume of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. Enterprises, institutions and other production and operation units that are included in the Classification Administration List of Pollutant Discharge Permits for Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain a pollutant discharge permit within the prescribed time limit, and shall not discharge pollutants without a pollutant discharge permit.

Fire prevention

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》), which was last amended by the SCNPC on April 29, 2021 and took effect on the same day, the emergency management department under the State Council and the emergency management departments under the local people's governments at or above the county level shall supervise and manage fire protection work. Fire prevention design and construction must comply with national technical standards for fire protection in construction projects.

REGULATORY OVERVIEW

According to the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) which was last amended by the Ministry of Housing and Urban-Rural Development of PRC on August 21, 2023 and officially came into effect on October 30, 2023, fire prevention design review and acceptance should be carried out for special construction projects. With respect to the construction projects other than special construction projects, the fire protection acceptance of construction projects shall be filed with the competent authorities.

Energy conservation review

According to the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), which was last amended by the SCNPC on October 26, 2018 and came into effect on the same day, the State shall implement an energy conservation assessment and audit system for fixed asset investment projects. For projects which do not meet the compulsory energy conservation standards, the developer shall not commence construction; where the construction is completed, the project shall not be put into production or use. For government investment projects which do not meet the compulsory energy conservation standards, the agency in charge of examination and approval pursuant to the law shall not grant approval for construction. Detailed measures shall be formulated by the department regulating energy conservation under the State Council, jointly with other relevant State Council departments.

Laws and regulations relating to hazardous chemicals and precursor chemicals

Production

Pursuant to the provisions of the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》) promulgated on January 26, 2002 and amended on March 2, 2011 and December 7, 2013, no entity or individual may engage in the production, storage, use, operation, transportation and other business activities of hazardous chemicals without approval. An enterprise that stores hazardous chemicals shall set up prominent signs on its hazardous chemical transportation pipeline, conduct regular inspections and tests on the pipeline, and set up prominent safety warning signs on its workplaces, safety facilities and equipment. In addition, the enterprise shall also establish and regularly repair and maintain its safety facilities and equipment based on the types and hazard characteristics of hazardous chemicals and in accordance with relevant national and industry standards. An entity that stores highly toxic chemicals or hazardous chemicals constituting a serious hazard source in quantity shall report the storage quantity, location and management personnel to the work safety supervision and administration department and the public security agency of the county-level local people's government. Meantime, any enterprise that engages in the production of hazardous chemical falling into the catalog of Hazardous Chemicals (《危險化學品目錄》) shall obtain a work safety permit for hazardous chemicals in accordance with the Regulation on Work Safety Permits (《安全生產許可證條例》) before starting production.

Pursuant to the Measures for the Administration of Registration of Hazardous Chemicals (《危險化學品登記管理辦法》) promulgated by the Former SAWS on July 1, 2012 and became effective on August 1, 2012, enterprises engaged in the production and import of any chemicals listed in the catalog of Hazardous Chemicals must register with the competent work safety supervision department prior to the inspection and acceptance of completed projects or the first importation activity. The hazardous chemicals registration certificate shall be valid for three years and the enterprise may file a certificate renewal application three months before the expiry of the validity term of the registration certificate.

Operation

Pursuant to the Administrative Measures for the Licensing of Hazardous Chemicals Operations (《危險化學品經營許可證管理辦法》) issued on July 17, 2012 and last amended on May 27, 2015, the State has established a licensing system for the operation, including storage operation, of hazardous chemicals listed

REGULATORY OVERVIEW

in the catalog of Hazardous Chemicals within the territory of the PRC. Enterprises engaged in the operation of these hazardous chemicals are required to obtain a hazardous chemical operation license in accordance with this measure. However, enterprises producing hazardous chemicals that have obtained a Hazardous Chemicals Safety Production license in accordance with the law are exempted from the requirement to obtain a Hazardous Chemicals Operation license (危險化學品經營許可證) for the sale of their own produced hazardous chemicals within their factory premises. The operation of hazardous chemicals without the required operation license is punishable under the relevant provisions of the Work Safety Law of the PRC for the unauthorized production, operation and storage of hazardous substances. If such actions constitute a criminal offense, legal proceedings will be initiated to hold the responsible parties accountable.

Pursuant to the Regulation on the Administration of Precursor Chemicals (《易製毒化學品管理條例》) promulgated by the State Council on August 26, 2005, amended and became effective on July 29, 2014, February 6, 2016 and September 18, 2018, the Measures for the Licensing for Production and Operation of Non-pharmaceutical Precursor Chemicals (《非藥品類易製毒化學品生產、經營許可辦法》) promulgated by the Former SAWS on April 5, 2006 and became effective on April 15, 2006, the precursor chemicals are classified into three categories. Category I refers to the major materials that may be used to produce drugs. Categories II and III refer to the chemical auxiliary substances that may be used to produce drugs. The State applies a licensing system to the production and operation of non-pharmaceutical precursor chemicals. The production and operation of non-pharmaceutical precursor chemicals of Category I shall be subject to license-based administration, while the production and operation of precursor chemicals of Category II and Category III shall be subject to record certificate-based administration.

Pursuant to the Measures for the Administration of Permit for Operation of Hazardous Wastes (《危險廢物經營許可證管理辦法》) 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.

Laws and regulations relating to mineral resources

According to the Mineral Resources Law of the People's Republic of China (《中華人民共和國礦產資源法》) which was promulgated by the SCNPC on March 19, 1986 and revised on August 27, 2009, and the Detailed Rules for the Implementation of the Mineral Resources Law of the People's Republic of China (《中華人民共和國礦產資源法實施細則》) promulgated and implemented by the State Council on March 26, 1994, all Mineral Resources of the PRC are owned by the State. Anyone who wishes to explore or mine Mineral Resources shall separately make an application according to law and shall register after obtaining the right of exploration or mining upon approval, with the exception of the mining enterprises that have, in accordance with the law, applied for and obtained the right of mining and are conducting exploration within the designated mining area for the purpose of their own production. In parallel with the exploitation of the main minerals, the minerals with industrial value that occur in association or as by-products of the ordinary mineral production should be subject to unified planning, comprehensive mining, and integrated utilization to prevent waste.

According to the Administrative Measures for the Registration of Mineral Resources (《礦產資源開採登記管理辦法》) promulgated by the State Council on February 2, 1998 and amended on July 29, 2014, The State implements a unified registration management system for Mineral Resources exploration. Exploration of Mineral Resources listed in the Measures can only be launched with the approval and registration by the competent department of geology and Mineral Resources with the exploration licenses issued. The valid period of the exploitation licenses shall be determined according to the construction scale of the mines. The maximum validity period 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.

REGULATORY OVERVIEW

INDUSTRIAL POLICIES AND REGULATORY PROVISIONS

The MIIT issued the Electric vehicles traction battery safety requirements (《電動汽車用動力蓄電池安全要求》, GB 38031-2025) on March 28, 2025, which will come into effect on July 1, 2026. GB 38031-2025 is a mandatory national standard for the safety requirements of power storage batteries for electric vehicles and is clearly applicable to power storage batteries used in electric vehicles in a broader scope, including new types of power storage batteries such as sodium-ion batteries. This revision further clarifies the temperature requirements of the battery to be tested, the power-on and power-on status, the observation time, the vehicle test conditions, and other technical requirements, and the implementation of the new national standard in 2025 has comprehensively improved the safety standards of power batteries and accelerated the popularization of high-safety and high-performance batteries.

According to the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the PRC (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) promulgated by the NPC on March 12, 2021 and came into effect on the same day, China will focus on new energy, new energy vehicles, environmental protection and other emerging industries of strategic importance, and accelerate the innovation and application of core technologies in key fields to enhance the country's capacity of ensuring the supply of productive factors and foster new drivers for industrial development thereafter.

According to Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), which was promulgated by the Central Committee of the Communist Party of China and the State Council on September 22, 2021 and came into effect on the same day, China will accelerate the development of strategic emerging industries in areas such as new energy, new materials, new energy vehicles, and environmental protection. It will carry out initiatives to substitute renewable energy for fossil fuels, vigorously develop wind, solar, biomass, marine and geothermal energy among others, and continuously increase the proportion of non-fossil in total energy consumption. Faster moves must be made to scale up the use of pumped storage hydro power and other new forms of energy storage, accelerate the development of new energy and clean energy vehicles and ships, promote intelligent transportation and accelerate the construction of a convenient, efficient network of battery charging and swapping facilities.

According to the Action Plan for Carbon Dioxide Peaking Before 2030 (《2030年前碳達峰行動方案》) promulgated by the State Council on October 24, 2021 and came into effect on the same day, it is proposed to actively develop the “new energy + energy storage” model, promote coordination of power source-grid-load-storage, use multiple energy sources to supplement each other, and support the deployment of appropriate ESS for distributed new energy sources. It also proposed to speed up the demonstration and application of new types of energy storage.

According to the Implementation Plan on Accelerating the Comprehensive Utilization of Industrial Resources (《關於加快推動工業資源綜合利用的實施方案》) promulgated by eight departments including the Ministry of Finance, the NDRC, the MIIT on January 27, 2022, which took effect on the same day, the management system will be improved so as to strengthen the traceability management of full life cycle of EV batteries for new energy vehicles, while promoting cooperation between upstream and downstream enterprises in the industrial chain to jointly build recycling channels, creating a cross-regional recycling and utilization system, and advancing the safe cascade utilization of waste EV batteries in fields such as backup power and charging and swapping.

According to the 14th Five-Year Plan for Modern Energy System (《“十四五”現代能源體系規劃》) jointly promulgated by the NDRC and the NEA on January 29, 2022 and came into effect on the same day, China will establish and improve the construction standards for electrochemical energy storage and hydrogen energy and accelerate the large-scale application of new energy storage technologies. It will vigorously promote the development of energy storage on the power supply side, ensure reasonable

REGULATORY OVERVIEW

configuration of storage capacity, improve the output characteristics of new energy stations, support the distributed ESS for rational allocation of new energy sources, and optimize the layout of grid-side energy storage, in an effort to leverage its multiple roles in integrating new energy, peak shaving and valley filling, enhancing grid stability and emergency power supply. It will also support the diversified development of user side energy storage, improve power supply reliability for users and encourage the participation of user side energy storage such as electric vehicles and uninterruptible power supplies in peak shaving and frequency regulation. It will conduct focused research and development on key technologies for new energy storage to accelerate the core technology autonomy and promote continuous cost reductions and large-scale applications of energy storage technologies, thereby perfecting technical standards and management systems for energy storage and enhancing the level of safe operation.

According to the 14th Five-Year New Energy Storage Development Plan (《“十四五”新型儲能發展實施方案》) jointly promulgated by the NDRC and the NEA on January 29, 2022 and came into effect on the same day, by 2030, new energy storage will be developed on a fully market-oriented basis and will be deeply integrated with various segments of the power system, basically meeting the requirements for building a new type of power system and fully supporting the achievement of carbon peak goals in the energy sector as planned.

According to the 14th Five-Year Renewable Energy Development Plan (《“十四五”可再生能源發展規劃》) jointly promulgated by nine departments including the NDRC, the NEA on June 1, 2022 and became effective on the same day, China will redouble efforts to make breakthroughs in frontier and core technologies for renewable energy and equipment, develop high-energy-density energy storage technologies such as sodium-ion batteries, liquid metal batteries, solid Lithium-Ion batteries, metal-air batteries and lithium-sulfur batteries, establish the independent market status of new energy storage and improve the trading mechanisms and technical standards for energy storage to participate in various power markets, thereby leveraging the multiple functions of energy storage in peak shaving and frequency regulation, emergency backup and capacity support, among others, as well as promoting the multi-scene application of energy storage on the power supply side, power grid side and user side.

According to the Guiding Opinions on Promoting the Development of the Energy Electronics Industry (《關於推動能源電子產業發展的指導意見》), which was promulgated by six departments including the MIIT and the NEA on January 3, 2023 and came into effect on the same day, China will strengthen technical research on the industrialization of new ESS batteries, promote advanced energy storage technologies and products large-scale application, research and make breakthroughs in key technologies such as battery systems with ultra-long life cycle and high safety, efficient energy storage with large scale and capacity, and vehicle mobile energy storage, accelerate the research and development of solid-state batteries, sodium-ion batteries, hydrogen energy storage/fuel cells and other new types of batteries. It will also improve the ability to guarantee key resources such as lithium, nickel, cobalt and platinum, strengthen the development and application of alternative materials, promote hybrid ESS based on complementary power and energy-based electrochemical energy storage technologies, support the establishment of a full-life cycle traceability management platform for lithium batteries, conduct research on the accounting standards and methods for carbon footprint of batteries, and explore the establishment of a carbon emission management system for battery products.

According to the Implementation Opinions on Strengthening the Integration and Interaction between New Energy Vehicles and the Power Grid (《關於加強新能源汽車與電網融合互動的實施意見》), which was promulgated by 4 departments including the NDRC, the NEA and the MIIT on December 13, 2023 and came into effect on the same day, it will step up efforts in tackling key technical problems of power batteries. On the basis of no significant increase in cost, it will increase the life cycle of power batteries to 3,000 times or more, and develop battery safety control technologies under the condition of high-frequency charging and discharging.

According to the Guiding Catalog for Industrial Restructuring (2024 Edition) (《產業結構調整指導目錄(2024年本)》), which was last amended by the NDRC on December 27, 2023 and came into effect on

REGULATORY OVERVIEW

February 1, 2024, new lithium primary batteries (lithium iron disulfide and lithium thionyl chloride, among others); Lithium-Ion batteries, semi and solid-state lithium-ion batteries, fuel cells, sodium-ion batteries, flow batteries, new-structure (bipolar, lead mesh horizontal, coiled, tubular, and other) sealed lead-acid batteries, lead-carbon batteries, next-generation hydrogen fuel cells, electrochemical energy storage and other new batteries and new-type power system technologies fall into the state-encouraged industries.

According to the Implementation Plan for the Building of the Carbon Footprint Management System (《關於建立碳足跡管理體系的實施方案》), which was promulgated by 15 departments including the Ministry of Ecology and Environment of PRC, the NDRC and the MTT on May 22, 2024 and came into effect on the same day, it will focus on key products such as power generation, lithium-ion batteries, new energy vehicles, photovoltaics, and electronics and electrical appliances to formulate and publish accounting rules and standards. It will strive to promote the formulation of international carbon footprint standards for product in the fields of lithium-ion batteries, photovoltaics, new energy vehicles, and electronic and electrical appliances.

According to the Opinions on Accelerating Comprehensive Transition Towards Green Economic and Social Development (《中共中央國務院關於加快經濟社會發展全面綠色轉型的意見》) jointly promulgated by the Central Committee of the Communist Party of China and the State Council on July 31, 2024 and came into effect on the same day, China will boost the development of non-fossil energy and the proportion of non-fossil energy in energy consumption will rise to about 25% by 2030. The use of low-carbon transportation vehicles is encouraged. Great efforts will be made to promote new energy vehicles, driving the electrification of urban public service vehicles. It will promote the use of clean power in ships, aircraft, and non-road mobile machinery, accelerate the phase-out of outdated transportation vehicles, advance zero-emission freight transport, strengthen the research, development and application of sustainable aviation fuels and encourage the research, production and application of net-zero emission marine fuels. By 2030, carbon emission intensity of commercial vehicles measured on the basis of converted turnover will be cut by about 9.5% compared with 2020. By 2035, new energy vehicles will become the mainstream in the sales of new vehicles.

Laws and regulations on product quality

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was last amended by the SCNPC on December 29, 2018 and came into effect on the same day, the market supervision and administration department under the State Council is in charge of the national supervision of product quality, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes physical injury to a person or property damage, the aggrieved party may make a claim for compensation from the producer or the seller of the product. Producers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and/or fines; earnings from sales in contravention of such standards or requirements, if any, may also be confiscated, and in severe cases, an offender's business license may be revoked.

Laws and regulations on import and export of good

According to the Customs Law of the PRC (《中華人民共和國海關法》) last amended by the SCNPC on April 29, 2021 and came into effect on the same day, the Customs is a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory, who is authorized to supervise the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collects customs duties and other taxes and fees, prevents and combats smuggling, compiles customs statistics and handles other customs operations. Customs declaration entities refer to the consignees and consignors of imported or exported goods and customs declaration enterprises recorded with

REGULATORY OVERVIEW

the Customs. The consignee or the consignor of imported or exported goods may complete the declaration formalities either by themselves or engaging an agent.

According to the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法》) last amended by the SCNPC on April 29, 2021 and came into effect on the same day, and the Regulations for the Implementation of the Law of the PRC on Import and Export Commodity Inspection (《中華人民共和國進出口商品檢驗法實施條例》) last amended by the State Council on March 29, 2022 and came into effect on May 1, 2022, the General Administration of Customs of PRC (“**the General Administration of Customs**”) is responsible for inspection of imported and exported commodities nationwide, and its subordinate entry-exit inspection and quarantine authorities shall conduct inspection on the imported and exported commodities listed in the catalog and other imported and exported commodities that shall be subject to the inspection by the entry-exit inspection and quarantine authorities as prescribed by laws and administrative regulations. For the imported and exported commodities other than those that are subject to inspection as mentioned above, the entry-exit inspection and quarantine authorities may conduct random inspection in accordance with state regulations. No import commodity subject to statutory inspection that has not been inspected could be sold or used. No export commodity subject to statutory inspection that has not been inspected or fails to pass the inspection could be exported. Consignees or consignors of the import and export commodities may complete the inspection procedures themselves, or engage an agent to do this.

According to the Provisions on the Administration of Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and came into effect on January 1, 2022, customs declaration entities refer to consignees or consignors of imports and exports and customs declaration enterprises which have filed record with the Customs pursuant to these Provisions. Consignees or consignors of imports and exports and customs declaration enterprises applying for filing shall obtain market entity qualification and in the case of consignees or consignors of imports and exports applying for filing, they shall also complete filing formalities for foreign trade business operators.

According to the Notice on Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》) issued by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023 and came into effect on the same day, a consignee or consignor of imported or exported goods who applies for filing shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

According to the Customs Duties Law of the PRC (《中華人民共和國關稅法》), issued by SCNPC on April 26, 2024 and effective as of December 1, 2024, goods permitted to be imported or exported and articles entering the territory of the PRC shall be subject to customs duties levied by the Customs authorities in accordance with applicable laws and regulations. The consignees of imported goods, the consignors of exported goods and carriers or recipients of inbound articles shall be the duty payer. The tariff classification, applicable tariff rates and rules governing the application thereof, among others, shall be implemented in accordance with the Customs Import and Export Tariffs of the PRC.

On October 17, 2020, the SCNPC promulgated the Export Control Law of the People’s Republic of China (《中華人民共和國出口管制法》) (the “**Export Control Law**”), which came into effect on December 1, 2020. The Export Control Law established a comprehensive legal framework for the State’s control over the export of dual-use items, military products, nuclear and other goods, technologies, as well as related services and other items that are relevant to safeguarding national security and interests or the fulfillment of international obligations, such as non-proliferation. Among other provisions, the law stipulates that the State’s export control authorities shall, together with other related departments, formulate and adjust the list of items subject to export control, pursuant to the provisions of the Export Control Law and other relevant laws and administrative regulations, export control policies and specified procedures, and promptly

REGULATORY OVERVIEW

release the same, and the State's export control authorities may, in light of the needs of protecting national security and interests and fulfilling non-proliferation and other international obligations, with the approval of the State Council or both the State Council and the Central Military Commission, impose temporary export control over goods, technologies and services which are not on the export control list, and make announcements thereof.

On December 1, 2024, the Regulations of the PRC on the Export Control of Dual-use Items (《中華人民共和國兩用物項出口管制條例》) (the **"Regulation on the Export Control of Dual-use Items"**) issued by the State Council came into effect. The Export Control List of Dual-use Items of the PRC (《中華人民共和國兩用物項出口管制清單》) (the **"Dual-use Item List"**) jointly announced by the MOFCOM, the MIIT, the General Administration of Customs and the State Cryptography Administration (by MOFCOM Announcement 2024 No. 51) came into effect on the same date. According to the Regulation on the Export Control of Dual-use Items, the commerce department of the State Council shall, pursuant to the provisions of the Export Control Law and the Regulation on the Export Control of Dual-use Items, as well as the policies for the export control of dual-use items, formulate and adjust the export control list of dual-use items, together with other related departments under the prescribed procedures, and promptly release the same. If needed for maintaining national security and interest and fulfilling international obligations such as nonproliferation, with the approval of the State Council or both the State Council and the Central Military Commission, the commerce department of the State Council may impose temporary control over the export of goods, technologies, and services not included in such export control list of dual-use items, and make announcements thereof. For the export of dual-use items specified in such export control list of dual-use items or subject to the abovementioned temporary control, exporters shall apply to the commerce department of the State Council for licenses. The formulating of the abovementioned Dual-use Item List announced by MOFCOM Announcement 2024 No. 51, was to systematically integrate the dual-use items that were already under control and establish a complete system and rules for the list, without adjustment to the specific control scope.

On October 9, 2025, the Ministry of Commerce and the General Administration of Customs jointly issued several policies (the **"October 9 Policies"**), which impose export control measures on rare earths and other critical materials, such as super-hard materials and certain items related to lithium-ion batteries and artificial graphite anode materials, as well as certain equipment and raw materials for rare earths. Among the October 9 Policies, the Announcement on the Export Control of Certain Items Related to Lithium Batteries and Artificial Graphite Anode Materials (Ministry of Commerce & General Administration of Customs Announcement [2025] No.58) 《公佈對鋰電池和人造石墨負極材料相關物項實施出口管制的決定》) (商務部、海關總署公告 2025 年第 58 號) (the **"Announcement No. 58"**) imposes export control measures on certain items related to lithium batteries. The Announcement No. 58 was originally scheduled to take effect on November 8, 2025, while it has been further announced on October 30, 2025 that the implementation of the Announcement No. 58 will be suspended for one year and the PRC government will further consider and refine specific plans during such year. The Announcement No. 58 lists certain Lithium Batteries and Artificial Graphite Anode Materials items which are subject to export control. Pursuant to the Announcement No.58, an export business operator shall, for the export of such controlled items, apply for an export licence of dual-use items and technologies from the competent commerce department of the State Council and complete the customs formalities in accordance with the Customs Law. Export business operators shall be responsible for the authenticity of the declared goods and shall enhance the identification of export items. If the items fall under controlled items, the declaration must be marked with "Subject to Dual-Use Items Control" in the remarks column of the customs declaration form, along with the corresponding dual-use item export control code(s).

Laws and regulations relating to overseas investment by domestic enterprises

Regulations of the development and reform commission on overseas investment by domestic enterprises

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated on December 26, 2017, the State implements classified management of the

REGULATORY OVERVIEW

approval and filing registration system for investment projects (including those in the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan region) by a domestic enterprise (“**Investment Entity**”) directly or by way of obtaining overseas ownership, control, operation and management rights, and other related rights and interests by means of investing in assets, interests or providing financing or guarantees by the controlled overseas enterprise. The aforementioned approval procedure shall apply to any sensitive projects carried out by Investment Entity directly or through its controlled overseas enterprises, and the approval authority is the NDRC. The scope of filing registration management is non-sensitive projects directly carried out by Investment Entity, that is, non-sensitive projects involving Investment Entity directly investing in assets, interests or providing financing and guarantees. Among them, if the Investment Entity is a centrally managed enterprise (including centrally managed financial enterprise, the State Council and enterprise directly managed by institutions in the State Council) or the Investment Entity is a local enterprise but the investment amount out of the PRC reaches US\$300 million or more, the filing authority will be the NDRC, and if the investor is a local enterprise and the investment amount out of the PRC is below US\$300 million, the filing authority will be the development and reform department of the provincial government governing the locality where the Investment Entity is registered.

For projects that fall within the scope of management of approval and filing, the Investment Entity shall obtain the project approval document or filing notice before investing the assets and interests (except the early stage expenses of the project for approval and filing) or providing financing or guarantees for the project itself or by the overseas enterprises under its control. If the Investment Entity fails to obtain the effective approval document or filing notice, the foreign exchange administration, customs and other relevant departments shall not handle the relevant formalities according to the law, and the financial enterprise shall not handle the relevant fund settlement and financing business according to the law.

The investment entity shall submit a project completion report form through the online system within 20 working days from the date of completion of the construction project, the investment subject equity or assets, and the Chinese party’s investment expenditure.

In case an investment entity violates the Measures for the Administration of Overseas Investment of Enterprises, the approving and filing authorities shall have the right to adopt measures such as refusing approval or filing the project, revoking the approval document or notification of filing, ordering the investment entity to suspend or stop the implementation of the project, adopting remedial measures, making corrections within a time limit, and giving warnings to the investment entity and the principal person in charge of the project, etc. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Regulations of the commerce department on overseas investment by domestic enterprises

Pursuant to the provisions of the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated on September 6, 2014, if an enterprise legally established within the territory of the PRC owns a non-financial enterprise abroad or obtains the ownership, control, operation and management rights and other rights and interests of an existing non-financial enterprise through new establishment, M&A or other means, the MOFCOM and the provincial competent departments of commerce shall be responsible for the approval and filing registration, depending on different circumstances of overseas investment by the enterprise. In particular, if an overseas investment involves countries that have not established diplomatic relations with the PRC, countries subject to United Nations sanctions, industries involving the export of products and technologies restricted by the PRC, or industries that may affect the interests of more than one country (region), the overseas investment shall be subject to administration by approval. Overseas investment by the enterprise that falls under any other circumstances shall be subject to administration by filing registration.

For an overseas investment subject to approval, the enterprise shall apply to the competent commerce department which shall seek for the opinions of the embassy (consulate) (economic and commercial office)

REGULATORY OVERVIEW

of the PRC in foreign countries. If the overseas investment is approved, the Ministry of Commerce shall issue a written approval decision and the Enterprise Overseas Investment Certificate.

For an overseas investment subject to filing registration, the enterprise shall complete the Overseas Investment Registration Form, submit it to the competent commerce authority together with a copy of its business license, and obtain the Enterprise Overseas Investment Certificate from the competent commerce authority.

For any violation of the Measures for the Administration of Overseas Investment, the competent commerce authority has the right to revoke the overseas investment registration of the enterprise, give a warning, and issue a penalty decision in accordance with the law, and the enterprise shall not apply for the approval again within one or three years and is not applicable to the incentives or supporting measures under relevant national policies within three years. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

Laws and regulations on foreign exchange

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Administration Regulations**”), which was promulgated by the State Council on January 29, 1996 and came into effect since April 1, 1996, the Foreign Exchange Administration Regulations classify all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to such approval. The Foreign Exchange Administration Regulations were subsequently amended on January 14, 1997 and August 1, 2008, and came into effect on August 5, 2008. The latest amendment to the Foreign Exchange Administration Regulations clearly states that the PRC will not impose any restriction on international current payments and transfers.

On December 26, 2014, the SAFE issued the Notice of the SAFE on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), pursuant to which a domestic company shall, within 15 business days from the closing date of its overseas listing issuance, register the overseas listing with the SAFE’s local branch at the place of its incorporation; and the proceeds from an overseas listing of a domestic company may be remitted to a dedicated domestic account or deposited in a dedicated overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《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 the SAFE on June 9, 2016, domestic institutions may settle their foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. The tentative percentage of discretionary settlement of foreign exchange receipts under the capital account of domestic institutions is 100%, subject to the adjustment of the SAFE in due time based on international revenue and expenditure situations.

Laws and regulations relating to intellectual property rights

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) last amended by the SCNPC on October 17, 2020 and came into effect on June 1, 2021, and the Implementation Regulations for the Patent Law of the PRC (《中華人民共和國專利法實施細則》) last amended by the State Council on December 11, 2023 and came into effect on January 20, 2024, patents are divided into 3 categories, i.e. invention patents, utility model patents and design patents. The validity period of patents for inventions is 20 years, while the validity period of patents for utility models is 10 years, and the validity period of patents for designs is 15 years, all starting from the date of application.

REGULATORY OVERVIEW

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) last amended by the SCNPC on November 11, 2020 and came into effect on June 1, 2021, works of Chinese citizens, legal persons or unincorporated organizations, i.e. intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form, whether published or not, are entitled to copyright in accordance with the law. Copyright includes a series of personal and property rights such as the right of publication, the right of authorship, the right of modification, the right to protect the integrity of the work and the right of reproduction.

According to the Measures for the Computer Software Copyright Registration (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, and the Regulations on the Computer Software Protection (《計算機軟件保護條例》) amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National Copyright Administration shall be the competent governmental authority for the nationwide administration of software copyright registration and the China Copyright Protection Center is designated as the software registration authority which shall grant registration certificates to the computer software copyrights applicants according to the Measures for the Computer Software Copyright Registration and the Regulations on the Computer Software Protection.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) last amended by the SCNPC on April 23, 2019 and came into effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) last amended by the State Council on April 29, 2014 and came into effect on May 1, 2014, the trademarks registered with the Trademark Office of China National Intellectual Property Administration are registered trademarks, including commodity trademarks, service trademarks, collective marks and certificate marks. The registration of a trademark shall be valid for ten years from the date of approval. If there is a continued need for the use of the trademark, a renewal shall be made in accordance with requirements within 12 months before the expiry of the trademark registration. Each renewal of registration of a trademark shall be valid for ten years from the date after the expiry of the previous trademark registration.

Domain names

According to the Administrative Measures on the Internet Domain Names (《互聯網域名稱管理辦法》) issued by the MIIT on August 24, 2017 and came into effect on November 1, 2017, domain names registrations are handled through domain name service agencies established according to the relevant regulations, and the applicants become domain name holders upon successful registration.

Regulations on taxation

Enterprise income tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council and was latest amended in December 6, 2024 (collectively referred to as the ‘**EIT Law**’), a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC government will enjoy a reduced tax rate of 15% for enterprise income tax.

REGULATORY OVERVIEW

Value-added tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the Implementation Rules for the Provisional 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 promulgated by the Ministry of Finance and was latest amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

According to the Notice of the Ministry of Finance and the State Taxation Administration on Adjusting Value-added Tax Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) effective in May 1, 2018, the value-added tax rates of 17% and 11% on sales and imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales and imported goods shall be adjusted to 13% and 9%, respectively.

According to the Announcement on the Weighted Value-added Tax Deduction Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43 of the Ministry of Finance and the State Taxation Administration) (《關於先進製造業企業增值稅加計抵減政策的公告》) promulgated on September 3, 2023 and effective from January 1, 2023, with effect from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct weighted 5% of the current deductible input tax amount from the Value-added Tax payable.

Laws and regulations on employment and social welfare

Employment

The Labor Law of the People's Republic of China (中華人民共和國勞動法) was promulgated by the SCNPC on July 5, 1994 and was latest revised on December 29, 2018. An employer shall establish a sound system of employment rules so as to ensure that its workers enjoy the labor rights and perform the employment obligations. Employers must establish comprehensive labor safety and health policies. They must strictly implement national labor safety and health regulations and standards, provide labor safety and health education to workers, prevent accidents at work, and reduce occupational hazards.

The Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) (promulgated by the SCNPC on June 29, 2007 and latest revised on July 1, 2013) and the Regulations on the Implementation of the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法實施條例) (promulgated by the State Council on September 18, 2008 and came into effect on the same day) stipulate the rights and obligations of the parties to the labor contract, including the conclusion, performance, modification, rescission and termination of the labor contract, etc. Employers must enter into written labor contracts with workers and pay labor remuneration to workers timely and in full amount in accordance with the provisions of the labor contract and national regulations. Employers may terminate labor contracts with workers under certain circumstances and pay economic compensation to workers according to law.

Social insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》), or the Social Insurance Law, issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems

REGULATORY OVERVIEW

of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

On July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), (the **“New Judicial Interpretation”**), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

Housing provident

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

Prevention and control of occupational diseases

Pursuant to the provisions of 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》) promulgated on 27 October 2001 and amended on December 31, 2011, July 2, 2016, November 4, 2017 and December 29, 2018 respectively, the employer shall provide environments and conditions that meet the occupational health standards and health requirements of the State, take measures to ensure occupational health protection for the workers, establish and improve the responsibility system for the prevention and control of occupational diseases, reinforce the management of occupational disease prevention and control, enhance the level of occupational disease prevention and control, and assume responsibility for harms caused by occupational diseases. Besides, where there are occupational disease hazard factors listed in the catalog of occupational diseases in the work

REGULATORY OVERVIEW

site, production entities shall truthfully declare the hazardous project to the local health administrative department in a timely manner and be subject to their supervision.

Based on the advice from our legal advisors as to PRC laws, our Directors confirmed that we had complied with the applicable laws and regulations rules of the PRC in any material respects.

OVERVIEW OF THE LAWS AND REGULATIONS IN INDONESIA IN RESPECT OF CERTAIN ASPECTS OF THE GROUP

Regulations pertaining to limited liability companies in Indonesia

Indonesian companies (especially in the form of limited liability companies) are governed by Law No. 40 from 2007 on Limited Liability Company (the “**Company Law**”). The Company Law has been subsequently amended by Law number 6 of 2023 on the Stipulation of Government Regulation No. 2 of 2022 in Lieu of Law No. 11 of 2020 on Job Creation into Law (the “**Job Creation Law**”).

Under the Company Law (as amended), each company operating in Indonesia must consist of at least two shareholders. The Company Law governs the structural organ of a company in Indonesia, being the general meeting of shareholders (“**GMS**”), the board of directors (“**BOD**”) and the board of commissioners (“**BOC**”). The BOD (which must consist of at least 1 individual director) manages the executive functions of the company, holding the responsibility of acting as the company’s legal representative, while the BOC (which must consist of at least 1 individual commissioner) is responsible as the supervising authority and for providing counsel to the BOD. The BOC does not have an executive function or authority, except in the absence of all members of the BOD or if all members of the BOD have a conflict of interest with the company. With the BOD and BOC holding the management of a company, the **GMS** shall have the authority that are not given to the BOD or BOC.

Furthermore, the Company Law stipulates further obligations related to the company’s day-to-day management. These include, among others, creating a shareholders’ register, issuing share certificates, and maintaining net profits. The Company Law also outlines governance protocols, including quorum requirements for shareholders meetings and votes on specific corporate actions. These corporate actions include, among others, the appointment or dismissal of directors and commissioners, amendments to the company’s constitutional document, mergers and acquisitions, and the company’s liquidation. Although the Company Law does not specify sanctions for non-compliance, these provisions serve as guidelines for corporate best practices in Indonesia. Nonetheless, a violation of these guidelines could provide stakeholders with legal grounds to file a claim against the company, particularly if the stakeholder can prove a loss directly attributable to the breach.

Regulations pertaining to the business and foreign investment in Indonesia

Investment Law

Business and foreign investment in Indonesia is regulated by Law No. 25 of 2007 on Investments which then was amended by the Job Creation Law, the President Regulation No. 77 of 2007 which was last amended by the President Regulation No. 10 of 2021 regarding Investment Business Fields, which was partially amended by the Presidential Regulation No. 49 of 2021 (collectively, the “**Indonesian Investment Law**”).

The Indonesian Investment Law states that all business sectors shall be opened to investment activities, except for (i) business activities that are declared closed for investment, or (ii) business activities that can only be carried out by the Indonesian central government. Moreover, the law states that the aforementioned open business sectors refer to the business sectors that are commercial in nature.

REGULATORY OVERVIEW

Currently, investment activities in Indonesia are coordinated and supervised by the Ministry of Investment and Downstream/Indonesian Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*) (“**BKPM**”) as the authorized agency in the investment field.

Capital requirements

Indonesian laws also regulate the capital requirement for companies in accordance with their sizes, i.e., micro, small, medium, or large-scale businesses. Article 26 of Guidelines and Procedures for Risk-Based Business Licensing Services and Investment Facilities through Electronic Integrated Business Licensing System (OSS) (“**BKPM Regulation 5/2025**”) stipulates that (every) business that is classified as a Foreign Direct Investment (*Penanaman Modal Asing*) Company shall be categorized as a large-scale business, which therefore must comply with the minimum investment value of more than Indonesian Rupiah (“**IDR**”) 10 billion for each line of business according to the KBLI codes (5 digits) per project location, and also a minimum capital requirements of IDR 2.5 billion, unless specified otherwise by the laws and regulations.

Indonesia Standard Industrial Classification (Klasifikasi Baku Lapangan Usaha di Indonesia - “KBLI”)

In performing and monitoring the business sectors in Indonesia, the Indonesian Government has issued the Indonesia Standard Industrial Classification or “**KBLI**”, which serves as a classification for the existing and regulated business lines. KBLI is used to determine such company’s minimum investment value, required licensing, and also foreign shareholder restrictions. Currently, the applicable KBLI is as stipulated and regulated under Statistics Indonesia (*Badan Pusat Statistik* - BPS) Regulation No. 2 of 2020, which revoked the prior applicable KBLI that was regulated under Head of BPS Regulation No. 19 of 2017. KBLI is also used to determine such company’s minimum investment value, required licensing, and also foreign shareholder restrictions.

Mandatory Investment Report (Laporan Kegiatan Penanaman Modal - “LKPM”)

In relation to investment activities that are being conducted in Indonesia, BKPM has issued a set of regulations, which stipulate the need for companies to submit LKPM to the BKPM periodically. The obligation of submitting LKPM varies, depending on the size and capitalization of the company.

Regulations pertaining to license in Indonesia

General license

The Government Regulation No. 28 of 2025 on the Implementation of Risk-Based Business Licensing (“**GR 28/2025**”) stipulates that businesses are required to fulfill certain general requirements for business licensing and/or risk-based business licensing in order to conduct its business in the territory of Indonesia. Under Article 206 of the GR 28/2025, businesses shall obtain a business identification number (“**NIB**”) as a business identity and legality of the business, which remains valid as long as the company still conducts its business activities. Furthermore, Articles 130 - 133 of GR No. 5/2025. regulate the business licensing obligations i.e. NIB, standard certificate, and business license depending on the level of risk of the relevant business activity.

Industrial business license

For nickel smelting activities that are not integrated with mining activities, governance falls under the industrial regulatory framework. These activities are subject to Law No. 3 of 2014 concerning Industry (“**Industrial Law**”), as amended by the Job Creation Law. To conduct industrial activities legally, it is mandatory to obtain an Industrial Business License (*Izin Usaha Industri*, or IUI), effective from the date of issuance and remaining valid so long as the company conducts its industry business activities.

REGULATORY OVERVIEW

To maintain the operational licenses, companies must fulfill certain reporting obligations via the National Industry Information System (*Sistem Informasi Industri Nasional*, or SIINAS) as required by Ministry of Industry Regulation Number 13 of 2025 (previously was regulated under Ministry of Industry Regulation Number 2 of 2019). This entails submitting quarterly reports on industrial activity and further complemented by the LKPM through the Online Single Submission (OSS) system. Reports must consistently be lodged both before and after the company initiates commercial production.

Building license

In compliance with Indonesian regulatory statutes, building proprietors are obligated to procure Building Approval, known locally as *Persetujuan Bangunan Gedung* or PBG, prior to the initiation of any construction-related activities. These activities encompass new construction, modifications, expansions, reductions, and maintenance of a structure in adherence to determined technical standards.

Environmental license

Article 40 (1) of Law No. 32 of 2009 on Environmental Protection and Management as partially amended by the Job Creation Law (as amended, the “**Indonesian Environmental Law**”), stipulates that an environmental license is preliminary required for a company to obtain a business license. In general, the environmental license under the law of Indonesia is divided into three categories: (i) Environmental Impact Assessment (*analisis mengenai dampak lingkungan* or “**AMDAL**”); (ii) Environmental Management Efforts and Environmental Monitoring Efforts (*Upaya Pengelolaan Lingkungan–Upaya Pemantauan Lingkungan* or “**UKL-UPL**”); or (iii) the Statement of Capability for Environmental Management and Monitoring (*Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup* or “**SPPL**”), depending on the environmental risk of each activity and/or business.

Based on Article 22 of Indonesian Environmental Law, should an activity and/or business be deemed as having significant impact on the environment, the relevant activity and/or business is mandated to obtain AMDAL. In addition, pursuant to Article 34 of Indonesian Environmental Law, every activity and/or business that does not have a significant impact on the environment and is not included in the mandatory AMDAL criteria must have UKL-UPL. Moreover, the activity and/or business that does not have a significant impact on the environment and is not included in the mandatory UKL-UPL criteria must have an SPPL.

The Indonesian law also provides an exception for companies that are located within an industrial area as regulated under Ministry of Industry Regulation No. 1 of 2020 (“**MOI Regulation 1/2020**”). Under MOI Regulation 1/2020, industrial companies that are (i) required to obtain AMDAL based on their business activity, and (ii) located in an industrial area, are only required to submit a detailed environmental management plan-environmental monitoring plan (*RKL-RPL Rinci*) to the industrial area owner for approval. Such approval will be equivalent to the environmental license under the Indonesian Environmental Law.

Regulations pertaining to land ownership

In Indonesia, the framework of land ownership is delineated by Law No. 5 of 1960 on Basic Agrarian Provisions (“**Indonesian Agrarian Law**”), which has been expanded by the Job Creation Law and further defined by Government Regulation No. 18 of 2021 (“**GR 18/2021**”). GR 18/2021 elaborates on rights to manage the land, structures in the airspace and subsurface, and recognizes electronic documentation associated with land transactions.

The principal land rights accessible to companies in Indonesia are identified as follows:

- (a) Right to Build (*Hak Guna Bangunan* or “**HGB**”), which permits the construction and ownership of buildings on the land. Eligible recipients include Indonesian citizens and legal entities

REGULATORY OVERVIEW

incorporated and based in Indonesia. HGB can be obtained over state land, Right of Management land, and Right to Own land. The initial duration of HGB is up to 30 years, extendable by another 20 years, and renewable thereafter for up to 30 years. The process of extension or renewal is subject to specific procedural timelines.

- (b) Right to Cultivate (Hak Guna Usaha or “**HGU**”), which is granted to Indonesian citizens and legal entities, this right allows for the cultivation of state land and Right of Management land, including other agricultural-related activities. The term is set for a specified period.
- (c) Right to Use (Hak Pakai), which is segmented into two types based on the duration of the grant:
 - (a) *Fixed-term Right to Use*: Available to various entities, including foreign residents and legal entities in Indonesia, for utilisation on state land, Right to Own land, and Right of Management land. Duration extends to 30 years with an option for a 20-year extension and a 30-year renewal.
 - (b) *Indefinite-term Right to Use*: Exclusive to government bodies, religious and social institutions, and foreign representatives, specified for state land and Right of Management (*hak pengelolaan*) land.

Holders of these titles will receive land certificates as evidence of ownership. In case of transfer of land titles, it is done through a deed of transfer made before the land deed officer (“**PPAT**”). Following the signing of the land transfer deed (and after completion of certain actions as may be required), the PPAT, will submit an application to the relevant National Land Agency (“**BPN**”) office where the property is located, to register the name of the new owner in the land book at the BPN for BPN being able to issue the land certificates.

Regulations pertaining to employment, work safety and health requirements

Employment

Law No. 13 of 2003 as partially amended by the Job Creation Law (as amended, the “**Employment Law**”) governs employment related issues. Based on Article 42 of the Employment Law in conjunction with Article 6 of Government Regulation No. 34 of 2021 regarding the Recruitment of Foreign Workers (“**GR No. 34/2021**”), the employment of foreign workers necessitates a Foreign Workers Recruitment Plan (*Rencana Penggunaan Tenaga Kerja Asing* or “**RPTKA**”) validated by the Ministry of Manpower. After obtaining the RPTKA, pursuant to Article 27 of GR No. 34/2021, the employer is required to obtain stay permits for their foreign workers residing in Indonesia, namely Limited Stay Permit (*Izin Tinggal Terbatas* or “**ITAS**”), which is further regulated by the Minister of Law and Human Rights Regulations No. 22 of 2023 on Visa and Stay Permit. GR No. 34/2021 further stipulates additional requirements whereby failure to comply shall result in the company being subject to administrative sanctions.

In addition, Law No. 7 of 1981 on the Mandatory Manpower Report in a Company (the “**Manpower Report Law**”) states that every company in Indonesia must submit an annual report regarding its manpower (known as *Wajib Laporan Ketenagakerjaan di Perusahaan* or “**WLKP**”) to the relevant authority. The consequences for not complying with the obligation to report WLKP pursuant to Article 10 of the Manpower Report Law include: (a) fine up to the maximum amount of IDR 1,000,000 or (b) detention for up to 3 (three) months if the employer has failed to comply with its obligations for the second time or more.

Pursuant to Article 108 of Employment Law, a company that employs at least 10 (ten) employees must have company regulations regulating: (a) the rights and obligations of the employees and employers; (b) working terms and conditions; (c) company procedure; and (d) the validity period of the company regulations. Furthermore, pursuant to Article 111 of Employment Law, company regulations will remain to be effective for the period of 2 (two) years. The company regulations will be effective after it has been ratified by the Ministry of Manpower.

REGULATORY OVERVIEW

Work Safety and Health Requirements

Article 87 of the Employment Law mandates that all employers must protect every employee's right to safe working conditions, which is governed by the Law No. 1 of 1970 on Occupational Health and Safety ("**Occupational Health and Safety Law**"). The provisions set out in the Occupational Health and Safety Law cover all working places conducted in the territory of the Republic of Indonesia and stipulate the employers which would be required to implement Occupational Health and Safety Management Systems. Any violation of Article 87 of the Employment Law would result in administrative sanctions to be imposed in stages governed under Article 190 of Employment Law.

Employee Manpower and Health Insurance

Pursuant to Article 14 and 15 of Law No. 24 of 2011 on Agency of Employee Social Security (*Badan Penyelenggaraan Jaminan Sosial* or "**BPJS**") as partially amended by the Job Creation Law (as amended, "**BPJS Law**"), Indonesian employers are obliged to register themselves and their workers for BPJS. Pursuant to Article 14 of the BPJS Law, domestic and foreign employees who work for a minimum of 6 (six) months in Indonesian territory are obliged to obtain BPJS, which is registered by employers. Pursuant to Article 6 of BPJS Regulation No. 6 of 2018 on Health Insurance Program Participation Administration as recently amended by BPJS Regulation No. 5 of 2020 on Health Insurance Program Participation Administration ("**BPJS Regulation No. 6/2018**"), everyone is obliged to participate and contribute to the health insurance program.

According to Article 19 of BPJS Law, the employer is also obliged to contribute to the BPJS of its employees on a monthly basis. The contribution shall be collected from both the employer and the employee.

Regulations pertaining to transactions in Indonesia

Mandatory use of Rupiah Currency

Bank of Indonesia ("**BI**"), as the authorized authority which supervises the monetary and the banking system of Indonesia, issued Bank Indonesia Regulation No. 17/3/PBI/2015 on Mandatory Use of Rupiah in the Territory of the Republic of Indonesia ("**BI Regulation No. 17/2015**") and Circular Letter of Bank Indonesia No. 17/11/DKSP of 2015 on Mandatory Use of Rupiah in the Territory of the Republic of Indonesia ("**BI Circular Letter No. 17/2015**"), in order to achieve and maintain the stability of Rupiah as the official currency of Indonesia.

Under Article 2 and 3 of BI Regulation No. 17/2015, BI provides the obligation for all parties (regardless of the nationality) to use Rupiah as the lawful currency of Indonesia in any transactions (both cash and non-cash) conducted within the territory of the Republic of Indonesia. The mandatory use of Rupiah is applicable to any transaction that is: (1) intended for payment purposes; (2) intended to fulfill obligations that must be performed by money; and (3) intended for other financial services transactions, such as the deposit of money into a bank account—whether it is conducted by Indonesian or non-Indonesian parties. Article 4 and 5 of BI Regulation No. 17/2015 further set out certain exemptions to the mandatory use of Rupiah. Transactions which are exempted from the mandatory use of Rupiah are:

- (a) Transactions related to the implementation of the state budget;
- (b) Receipt or grant of offshore grants;
- (c) International commercial transactions (such as export-import of goods and services);
- (d) Bank deposits in foreign currency;

REGULATORY OVERVIEW

- (e) International financing transactions; or
- (f) Transactions in foreign currency conducted based on prevailing laws and regulations (such as any business in foreign currency conducted by banks; transactions in the primary and secondary market of securities issued by the government in foreign currency).

Indonesian language requirements

The requirement to use Indonesian language is regulated under Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem (“**Language Law**”) and Presidential Regulation No. 63 of 2019 on the Use of Indonesian Language (“**PR 63**”) as the implementing regulation of the Language Law. Article 31 paragraph (1) of Language Law requires the use of Indonesian language in memoranda of understanding (MOU) and agreements involving state institutions, Indonesian government authorities, Indonesian private institutions or Indonesian individuals. The elucidation of Article 31 of the Language Law states that agreement in this context includes international agreements made within the framework of public international law.

Article 31(2) of Language Law further states that if memoranda of understanding or agreements involve foreign parties, the national language of those foreign parties and/or the English language can also be used. Please note that the elucidation of Article 31(2) states that if an agreement is executed in multiple languages, (i.e. Indonesian language, the national language of the foreign party and/or English language), each version will be equally authentic.

Based on the advice from our legal advisors as to Indonesian laws, our Directors confirmed that we had complied with the applicable laws and regulations of Indonesia in any material respects during the Track Record Period and up to the Latest Practicable Date.

OVERVIEW OF THE LAWS AND REGULATIONS IN SOUTH KOREA IN RESPECT OF CERTAIN ASPECTS OF THE GROUP

Companies in South Korea are governed by Korean Commercial Code. The Korean Commercial Code (“**KCC**”) provides the legal foundation for joint-stock companies (chusik hoesa), the most common corporate form in South Korea. The KCC governs corporate structure, shareholder rights and disclosure obligations, aiming to balance efficient management with investor and creditor protection.

Under the KCC, the shareholders’ meeting is the highest decision-making body, with authority over amendments to articles of incorporation, election or removal of directors and auditors, approval of mergers and dissolution. The Code sets out procedures, quorum requirements and voting thresholds to ensure fairness and minority shareholder protection. The board of directors is responsible for the company’s overall management, and directors owe fiduciary duties of loyalty and care. Companies incorporated in the form of a joint-stock company in Korea are required to operate in accordance with the internal procedures prescribed under the KCC.

Regulations pertaining to foreign investment in Korea

With regard to foreign exchange transactions

Foreign investors in South Korea are primarily governed by the Foreign Exchange Transactions Act (“**FETA**”) and the Foreign Investment Promotion Act (“**FIPA**”).

In the event of a natural disaster, war or armed conflict, a significant and sudden change in domestic or international economic conditions, or any other comparable circumstance deemed unavoidable, specific measures, including the temporary suspension of foreign exchange payments, may be taken (Article 6 of

REGULATORY OVERVIEW

FETA). Under FETA, foreign investors must comply with reporting or filing requirements when investing in Korean companies, including reporting or filing with the Bank of Korea or relevant authorities of inbound or outbound foreign exchange transactions.

Under FIPA, where a foreigner (as defined in Article 2, Paragraph 1, Item 1 of the FIPA), including a corporation established under foreign laws, intends to establish a continuous economic relationship with a Korean corporation by participating in its business activities — such as acquiring 10 percent or more of the total voting shares of the Korean corporation (Article 2, Paragraph 1, Item 4 of the PIPA; Article 2, Paragraph 2 of the Enforcement Decree of the PIPA) — such foreigner must file a foreign investment report in advance (Article 5, Paragraph 1 of the PIPA), and the Korean corporation receiving the investment must be registered as a foreign-invested company (Article 21, Paragraph 1 of the same Act). Filing ensures eligibility for incentives, including tax benefits, simplified administrative procedures, and protection under the Act. Under FIPA, a person who has made a registration must file an updated registration if there are any changes to the information previously submitted.

Certain restrictions still apply despite Korea's open investment regime. Foreign investors may face sector-specific ownership limits, mandatory prior approvals, and disclosure obligations to regulatory authorities. Compliance with both FETA and FIPA is critical to avoid penalties, delays, or transaction invalidation.

With regard to dividends

Pursuant to Korean tax regulations, a corporation incorporated under the laws of the Republic of Korea is obligated to withhold tax at a rate of 22% (inclusive of local income surtax) on dividends paid to foreign recipients. However, for Korean-source dividend income received by residents of countries that have entered into a tax treaty with Korea, the withholding tax rate may be reduced or exempted in accordance with the applicable treaty provisions.

In cases where the foreign recipient is a corporation established in China or Hong Kong and is the beneficial owner of the dividend income, assuming the corporation does not have a permanent establishment in Korea (Article 10 of the Korea-China Tax Treaty and Article 10 of the Korea-Hong Kong Tax Treaty):

- **Reduced Tax Rate for Significant Shareholdings:** A withholding tax rate of 5% (China-Korea Tax Treaty) or 10% (Hong Kong-Korea Tax Treaty) applies if the recipient directly holds 25% or more of the shares of the dividend-paying corporation.
- **General Tax Rate:** A withholding tax rate of 10% (China-Korea Tax Treaty) or 15% (Hong Kong-Korea Tax Treaty) applies in all other cases.

In cases where dividends are paid to shareholders who acquired shares by filing a foreign investment report, no prior report or approval is required for the payment of such dividends. Dividends may be disbursed upon submission of the requisite documentation to the designated foreign exchange bank (e.g., foreign invested company registration certificate, minutes of shareholders' meeting concerning dividend payment, financial statements, evidence of withholding tax). However, if the distribution of stock dividends results in changes to the details specified in the original foreign investment report, the amendment registration in accordance with the Foreign Investment Promotion Act must be filed within 60 days of the occurrence of the event necessitating such changes.

Regulations pertaining to construction

The Korean Building Act ("**Building Act**") provides the legal framework for the planning, construction, use, and maintenance of buildings in South Korea. Its primary objectives are to ensure public

REGULATORY OVERVIEW

safety, promote efficient land use, preserve the environment, and enhance the quality of urban living. The Building Act regulates matters such as building permits, design standards, construction procedures, inspections, and safety requirements.

Specifically, any person intending to construct or substantially renovate a structure must obtain a permit from the competent authority, such as the mayor (Article 11, Paragraph 1 of the Building Act, Article 9, Paragraph 2 of the Enforcement Decree, and Article 8, Paragraph 1, Form 2 of the Enforcement Rules). Also, any person intending to construct a temporary structure on urban or military planning facilities must obtain a permit from the competent authority, such as the mayor (Article 20 of the Building Act).

Regulations pertaining to employment

Companies operating in South Korea with five or more employees are subject to the Labor Standards Act (“**LSA**”), which sets minimum employment standards to ensure fair treatment and worker protection. Key obligations under the LSA include limits on working hours, provision of rest periods and paid annual leave, proper wage payment, maintenance of written employment rules. The LSA also regulates termination procedures, severance pay, and protections against unfair dismissal.

In addition to LSA compliance, employers are required to enroll eligible employees in Korea’s four major social insurance programs, which provide comprehensive social protection such as National Pension, National Health Insurance, Employment Insurance and Industrial Accident Compensation Insurance. Enrollment in these programs is mandatory, with contributions generally shared between the employer and employee. Compliance ensures both legal conformity and access to social benefits for employees, while non-compliance may result in fines, labor inspections, and liability for unpaid contributions.

Regulations pertaining to safety and environment

With regard to work safety

Companies operating in Korea with five or more employees that deals with materials or products harmful to human bodies shall comply with the Serious Accidents Punishment Act (“**SAPA**”).

Under SAPA, the term “serious accident” means (i) serious industrial accident, which means an industrial accident with at least one person has died, at least two persons have been injured due to the same accident requiring medical treatment for at least six months, or developed certain occupational diseases or at least three persons have developed certain occupational diseases such as acute poisoning attributable to the same hazardous factor, within one year, and (ii) serious civic accident, meaning an accident resulting from a defect in design, manufacturing, installation and management of a specific raw material or product, which causes death of at least one person, injury requiring medical treatment for at least two months, or developing of diseases to at least ten people for the same cause, requiring medical treatment for at least three months (Article 2 of SAPA).

According to SAPA, a business owner or a responsible managing officer shall take appropriate measures to prevent hazards or risks to the safety and health of workers in the business or place of business that the business owner or corporation actually controls, operates or manages such business, such as establishment and implementation of a safety and health management system, such as human resources and budget necessary to prevent accident or formulation and implementation of schemes to prevent recurrence of accidents, when any accident occurs (Article 4 of SAPA). Further, where a business owner or a corporation has awarded a contract or outsourced, entrusted, etc. any work to a third party, the business owner or responsible managing officer, etc., shall, as far as he or she is responsible for controlling , operating or managing the relevant facility or equipment, take such measures as contemplated in Article 4 of SAPA to prevent the third party’s worker from suffering a serious accident (Article 5 of SAPA).

REGULATORY OVERVIEW

With regard to air environment

Companies that establish and use air pollutants emitting facilities are subject to the Clean Air Conservation Act (“CACA”). Under CACA, “air pollutant” means gas or particulate which is acknowledged as a cause of air pollution as a result of the examination and assessment, such as aluminum, zinc, carbon monoxide, ammonia or any other substance as prescribed in the Presidential Decree of CACA. Any person who intends to install emission facilities shall obtain permission from the relevant mayor, governor or the Minister of Environment, and any modification on what has been permitted requires amendment reports to relevant authority (Article 23 of CACA). Also, when a person who has obtained permission or permission for modification under Article 23 shall install air pollution prevention facilities to ensure that pollutants from such emission facilities meet certain permissible emission levels.

With regard to chemical use

Any person who handles chemical substances shall take necessary measures, such as maintaining appropriate facilities and equipment, education of employees, technological development, and exchange of information, to prevent risks posed by chemical substances to people’s health and the environment, and participate and cooperate in national policies for the proper management of chemical substances (Article 5 of the Chemical Substances Control Act (“CSCA")). Under CSCA, certain substances are regulated as prohibited or subject to permission and for handling, manufacturing, importing or using such substances, permission from the Minister of Environment (Article 18 of CSCA).

With regard to soil environment

In relation to soil environment, Soil Environment Conservation Act (“SECA”) applies. According to SECA, where any damage occurs due to soil contamination, a person (corporation) who has caused the contamination shall compensate for such damage and take measures, such as remediating contaminated soil, unless such soil contamination is caused by a natural disaster, war, or any other force majeure (Article 10-3 of SECA). Also, person who causes soil contamination by discharging, leaking, dumping, or neglecting soil contaminants, or committing other acts or the owner, occupant, or operator of a facility subject to the control of soil contamination constituting a cause for soil contamination as at the time soil contamination occurs shall conduct a detailed soil survey or appropriate remediation of contaminated soil as contemplated in the SECA (Article 10-4 of SECA).

With regard to water environment

Under the Water Environment Conservation Act (“WECA”), any activities such as Leaking, discharging, or dumping a specific substance harmful to water quality, designated wastes, substances such as a petroleum product, a fake petroleum product, petroleum substitute fuel, crude oil, or a toxic substance is not allowed unless there is a good cause to do such leakage or discharge (Article 15 of WECA). In case such leakage or discharge is likely to cause water pollution, the offender, a corporation to whom such offender belongs, and an employer of such offender shall take measures to prevent and eliminate pollution, such as removing the relevant substances as prescribed in the WECA its Presidential Decree. Also, permissible limits for water pollutants discharged from wastewater discharge facilities are regulated under the WECA (Article 32 of WECA). Any person who intends to install discharging facilities shall obtain permission from the Minister of Environment or report thereon to the Minister of Environment, and any material modification to the report or the permitted items requires modification report (Article 33 of WECA).

Regulations pertaining to intellectual property

Under the Patent Act, an invention having industrial applicability is patentable, provided that (i) an invention publicly known or practiced in Korea or in a foreign country prior to the filing of a patent

REGULATORY OVERVIEW

application or (ii) an invention published in a publication distributed in Korea or in a foreign country or an invention disclosed to the public via telecommunications lines prior to the filing of a patent application is excluded from such patentable invention (Article 29 of Patent Act).

Where at least two patent applications for an identical invention are filed on different dates, only the applicant of the application having the earlier filing date is entitled to a patent on the invention, and where at least two patent applications for an identical invention are filed on the same date, only the person agreed upon by all patent applicants may obtain a patent on the invention, provided that if patent applicants fail to, or are unable to, reach agreement, none of the patent applicants is entitled to a patent on the invention. (Article 36, Paragraphs 1 and 2 of Patent Act).

For patent application, a patent application shall be filed with the Commissioner of the Korean Intellectual Property Office, along with a specification containing the description of the invention and the claims, necessary drawings, and an abstract (Article 42 of Patent Act). Such application is reviewed by an examiner in the Korean Intellectual Property Office, and the examiner determines to grant a patent unless he or she finds ground to reject the patent application (Article 66 of Patent Act).

The term of a patent begins on the registration date of the grant of the patent right and lasts for 20 years from the filing date of the patent application in principle (Article 88 of Patent Act). A patentee may file a complaint to seek injunction against, or prevention of, infringement against a person who infringes, or is likely to infringe, his/her rights (Article 126 of Patent Act), and also may claim compensation for a loss inflicted by a person who has intentionally or negligently infringed the patent (Article 128 of Patent Act).

Regulations pertaining to product liability

Companies that manufacture products may be liable for any damages resulted from such products in accordance with Product Liability Act (“PLA”). Under PLA, “product” means movables which are industrially manufactured or processed (including movables incorporated into another movables or immovables, and “manufacturer” means (i) a person who is engaged in the business of manufacturing, processing or importing products or (ii) a person who made a misleading indication that he/she is the person under (i) (Article 2, Subparagraph 1 and 3 of PLA).

Under PLA, a manufacturer shall compensate for damages to the life, body or property of a person caused by a defect of a product (excluding damages inflicted only to the relevant product) (Article 3 of PLA), and where the injured person proves that (i) the damage was caused to the injured person while the product was being used normally, (ii) the damage referred to in (i) was attributable to a cause practically controllable by the manufacturer and (iii) That the damage referred to in subparagraph 1 would not ordinarily be caused if it were not for the relevant defect of the product, it shall be presumed that the product had a defect at the time the product was supplied and damage was caused because of the defect, unless the manufacturer proves that such damage was caused by the causes other than the defect of the product.

In relation to such presumption of defect, where a person who is liable for damages in accordance with the provisions of Article 3 proves (i) the manufacturer did not supply the product, (ii) the existence of the defect could not be identified by the state of scientific or technical knowledge of the time when the manufacturer supplied the product, (iii) the defect is attributable to the manufacturer who complied with the standard prescribed by any Act or subordinate statute of the time when he/ she supplied the product or (iv) in the case of raw materials or components, that the defect is attributable to the design or the instruction on manufacturing by the manufacturer of the product made of the relevant raw materials or components, the manufacturer presumed to be liable for the defect under Article 3 of PLA is exempted from such liability.

Based on the advice from our legal advisors as to South Korean laws, our Directors confirmed that we had complied with the applicable laws and regulations of South Korea in any material respects during the Track Record Period and up to the Latest Practicable Date.

REGULATORY OVERVIEW

OVERVIEW OF THE LAWS AND REGULATIONS IN MOROCCO IN RESPECT OF CERTAIN ASPECTS OF THE GROUP

Regulation on commercial companies in Morocco

Morocco's company law provides the fundamental legal framework governing the formation, management, and operation of commercial entities within the Kingdom. Primarily set out in Law n°17-95 on public limited companies (*sociétés anonymes*) and Law n°5-96 on other forms of companies, as subsequently amended, it defines the different types of corporate structures available—such as the Limited Liability Company (in French, “*société à responsabilité limitée*” or *SARL*), the Public Limited Company (in French, “*société anonyme*” or *SA*), or the Simplified Public Limited Company (in French, “*société par actions simplifiée*” or *SAS*) — and establishes the rules governing their incorporation, governance, shareholders' rights, and dissolution.

A Public Limited Company (“*société anonyme*” or *SA*) in Morocco is a corporate form designed for medium to large-scale enterprises seeking a legally structured and credible governance framework. It must have at least five shareholders and a minimum share capital of MAD 300,000, with at least one-quarter of cash contributions paid up upon incorporation and full payment of any remaining amount within three years. Contributions in kind must be fully paid upon incorporation. The company is managed either by a board of directors with a chairman and general manager, or by a board of directors and a Chief Executive Officer (acting in the dual capacity as general manager and chairman of the board). Moroccan law strictly regulates the appointment, powers, and duties of management bodies. Meetings must be convened with at least 15 days' prior notice. The company may issue various types of securities, including ordinary shares, preferred shares, and bonds, with financial and voting rights generally linked unless specific exceptions apply. Shares are, in principle, freely transferable, though restrictions such as pre-emption or approval clauses may be included in the articles of association. Overall, the *SA* offers a high level of credibility and legal security due to its robust capital requirements, transparency obligations, and strict governance standards.

Regulation on foreign investment in Morocco

With regard to foreign investment

Foreign investment in Morocco is governed by Law No. 03-22 on Investment Charter (the “**Investment Charter**”), Decree No. 2-23-1 implementing investment support mechanisms (the “**Investment Decree**”).

These laws establish the legal framework for attracting and supporting foreign investment through tax incentives, administrative facilitation, and special economic zones with preferential regimes.

The Investment Charter, published December 15, 2022 and implemented through Decree No. 2-23-1, establishes Morocco's current foundational framework for foreign investment. Article 8 creates two distinct support mechanisms: a main mechanism applicable to general investments and a specific mechanism targeting strategic investment projects. While the Investment Charter and Decree provide the statutory foundation, the Law No. 19-94 on Industrial Acceleration Zones delivers the most concrete and immediately valuable incentives for manufacturing operations.

With regard to Industrial Acceleration Zones

Industrial Acceleration Zones are governed by Law No. 19-94 relating to Industrial Acceleration Zones.

Industrial Acceleration Zones constitute specific areas within Morocco's customs territory where industrial activities and related services benefit from advantageous customs, tax, and foreign exchange treatment. Establishment in these zones requires authorization but unlocks substantial benefits that significantly improve project economics.

REGULATORY OVERVIEW

The tax advantages begin with complete corporate tax exemption during the first five consecutive years from operations commencement, followed by a reduced 20% rate thereafter—far below Morocco’s standard corporate tax rate. Value added tax exemption applies to products delivered and services rendered to Industrial Acceleration Zones originating from the taxable territory. Professional tax faces fifteen-year exemption. Registration and stamp duties disappear for incorporation acts, capital increases, and land acquisitions necessary for project realization. On the customs side, goods entering or leaving Industrial Acceleration Zones, along with those obtained or remaining there, enjoy exemption from all duties, taxes, and surcharges affecting importation, circulation, consumption, production, or export.

With regard to Foreign exchange regulation

Foreign exchange control is governed by the General Instruction Governing Currency Exchange Operations published January 2, 2024 by the Moroccan Foreign Exchange Office (the “**General Instruction**”).

The General Instruction establishes a convertibility regime for foreign investments, ensuring that foreign investors can freely invest in Morocco with foreign currency and repatriate profits and proceeds.

Morocco’s foreign exchange regime operates on a fundamental principle of convertibility favoring foreign investors, provided their investments meet the statutory definition. Section 155 of the General Instruction specifically defines Foreign Investments as those made in Morocco in foreign currency by foreign companies or individuals (whether residents or non-residents) and Moroccan individuals living abroad. This definition’s emphasis on foreign currency financing proves critical, as only investments funded through foreign currency qualify for the convertibility regime’s protections.

The scope of qualifying Foreign Investments encompasses diverse transaction types spanning both equity and debt instruments. Companies may be established through new entity creation, existing company shareholding purchases, or capital increase subscriptions. Alternative structures include establishing branches or representation offices in Morocco. Financial instruments extend beyond shares to include Moroccan securities like bonds, shareholder loans paid in cash or supplier credit, and interest-free short-term financing. Real estate transactions qualify when involving property purchases, possession rights acquisitions, or in-kind contributions, as does equity financing of construction works. Finally, individual undertakings may be established or acquired under this regime.

Foreign investors qualifying under this framework enjoy three fundamental freedoms without requiring prior Foreign Exchange Office approval. First, they possess total freedom to make Foreign Investments in Morocco across all qualifying transaction types. Second, they may finance these investments using foreign currencies, maintaining capital in their original currency rather than forcing immediate conversion. Third, and most significantly for repatriation planning, they may freely repatriate all income resulting from such Foreign Investments along with any profits realized upon sale or liquidation. This repatriation right extends comprehensively to dividends, profits generated by Moroccan branches of foreign companies, rental incomes from real property, interest on shareholders’ loans, and proceeds from share sales, asset dispositions, or company liquidations.

The convertibility regime’s benefits, while substantial, remain conditional on procedural compliance. Free repatriation requires the bank executing the transfer to receive documentary evidence establishing the connection between the transfer and a qualifying Foreign Investment. This documentation requirement, though not onerous, must be satisfied before funds leave Morocco. Additionally, certain specific transfers fall outside the automatic convertibility regime and require prior authorization from the Foreign Exchange Office. Performance of guarantees granted to foreign investors represents a notable example of transfers requiring such pre-approval. Investors should identify early in transaction structuring which planned transfers might require authorization to avoid delays in fund movements.

REGULATORY OVERVIEW

Regulations on business qualifications and permits

With regard to unhealthy, inconvenient or dangerous establishments

The Law No. 11-03 of 12 May 2003 regarding the protection and enhancement of the environment promulgated by Dahir n°1-03-59 of 12 May 2003 lays out the basic rules and general principles of the national environmental policy.

The objectives of these rules and principles mainly consist of protecting the environment from any form of pollution and deterioration, regardless of the source, defining the basic directions taken in the legal, technical and financial framework concerning the protection and management of the environment and implementing a specific scheme of responsibility ensuring the reparation of damages caused to the environment and compensation for victims.

With regard to the performance of an environmental impact assessment

Following article 7 of the Law No. 12-03 on environmental impact assessments (the “**Law No.12-03**”) authorization of all projects subject to an environmental impact assessment is subject to an environmental acceptability decision.

Moreover, pursuant to article 9 of the Law No.12-03, all projects subject to an environmental impact assessment requires the completion of a public enquiry which is used during the examination of the environmental impact assessment.

Annex to Law 12-03 provides a list of activities or projects for which an environmental impact assessment is necessary and consequently an environmental acceptability decision must be obtained by the project developer.

With regard to protection against air pollution

Law No. 13-03 relating to the fight against air pollution promulgated by Dahir No. 1-03-61 of May 12, 2003 (the “**Law No. 13-03**”) aims to protect the air from the various forms of pollution that contribute to the degradation of its quality, global warming and the depletion of the ozone layer.

Article 2 provides that the Law No. 13-03 applies “to any natural or legal person subject to public or private law, owning, owning, using or operating buildings, mining, industrial, commercial or agricultural installations, or installations relating to the craft industry or vehicles, motor vehicles, combustion, waste incineration, heating or refrigeration appliances”.

Article 4 of the Law No. 13-03 stipulates that it is prohibited to release, emit or discharge, to allow the release, emission or discharge into the air of pollutants such as toxic or corrosive gases, fumes, vapors, heat, dust, odors in excess of the quantity or concentration authorized by the standards set by regulation.

Article 4 of the Law No. 13-03 also requires that any person referred to in the before-mentioned article 2 of the said Law must prevent, reduce and limit emissions of pollutants into the air likely to harm human health, fauna, flora, monuments and sites or having harmful effects on the environment in general, in accordance with the standards referred to in the previous paragraph.

With regard to protection against water pollution

Law No. 36-15 on water was promulgated by Dahir No. 1-16-113 of 1 August 2016 (the “**Law No. 36-15**”).

Article 98 of Law No. 36-15 establishes the principle that any spill likely to affect the public hydraulic domain is subject to authorization by the water basin agency and the payment of a fee.

REGULATORY OVERVIEW

Moreover, article 109 of the Law No. 36-15 also provides that no industrial waste may be discharged into a public sewerage system without prior authorization from the operator of the system.

With regard to waste Management

The Law No. 28-00 on waste management and disposal promulgated by Dahir No. 1-06-153 of 22 November 2006 (the “**Law n°28-00**”) aims to protect the environment from the harmful effects of waste.

Pursuant to article 3 of Law No. 28-00 waste is considered as “all residues resulting from a process of extraction, exploitation, transformation, production, consumption, use, control or filtration, and generally speaking, all objects and materials abandoned or that the holder must dispose of in order not to harm health, public health and the environment”.

The Law No. 28-00 provides for general and specific obligations for the different types of waste (household and equivalent, hazardous, medical, and pharmaceutical, agricultural, and non-hazardous industrial) on generators and/or holders of waste.

Article 6 of Law No. 28-00 provides that any person who holds or produces waste, under conditions likely to produce harmful effects on the soil, fauna and flora, to damage sites or landscapes, to pollute the air or water, to generate odors, or in general to harm human health and the environment, is required to ensure or have ensured their elimination under conditions likely to avoid such effects, in accordance with the provisions of this Law and its implementing regulation.

In particular, Article 30 of the Law No. 28-00 provides that the collection and transport of hazardous waste is subject to authorization by the administration.

With regard to construction

Construction activities are governed by Law No. 12-90 relating to urban planning (the “**Law No. 12-90**”), General Construction Regulations, and Law No. 19-94 for Industrial Acceleration Zones.

These regulations establish the permit system for construction projects, ensuring compliance with urban planning, safety standards, and zoning requirements.

For projects within Industrial Acceleration Zones, Law No. 19-94 establishes a streamlined single-authorization process replacing the multiple permits typically required. The investor submits an authorization request to the zone’s development and management organization, which instructs the application and submits it to a local commission chaired by the Wali or Governor of the concerned prefecture or province.

The authorization decision, notified to the investor by the development and management body, sets deadlines for project completion and specific investment conditions, particularly regarding dangerous or environmentally harmful activities. Critically, this authorization exempts the applicant from all other formalities relating to constructions and installations necessary for project realization—a dramatic simplification eliminating multiple permit applications, agency consultations, and approval processes that would otherwise apply. However, authorization comes with enforcement teeth: if investments are not carried out within prescribed timeframes, the Wali or Governor withdraws authorization based on commission advice. To obtain authorization, investors must submit comprehensive documentation and commitments as specified in the zone’s internal regulations, which the development and management organization establishes to define activity modalities and rules within the zone.

For projects outside Industrial Acceleration Zones, or for understanding the baseline requirements from which zone projects are exempted, Law No. 12-90 and General Construction Regulations establish a

REGULATORY OVERVIEW

traditional permit system. Article 40 of Law No. 12-90 prohibits proceeding with construction projects without obtaining a building permit—a fundamental requirement establishing criminal liability for violations. The Municipal Council President grants building permits when proposed construction complies with applicable laws and regulations, including zoning and development plan provisions. Petitioners must submit requests with comprehensive documentation, the specific contents of which are detailed in Annex 2 to this memorandum, typically including architectural plans, technical specifications, land titles, and various compliance certificates.

Once construction completes, Law No. 12-90's subsequent provisions prohibit construction use until obtaining a compliance certificate. The Municipal Council President issues this certificate at the petitioner's request declaring work completion. The application file must include the petitioner's completion declaration, compliance certificates from competent telecommunications services (in applicable cases), and where required, architect certificates confirming work execution in accordance with authorized plans. This two-stage permitting process—building permit before construction, compliance certificate before utilization—ensures both design compliance and execution fidelity to approved plans.

Regulation on employment in Morocco

Moroccan Labor Law No. 65-99, enacted on September 11, 2003, forms the foundation of labor relations in Morocco. It governs employment contracts, working hours, wages, leave entitlements, workplace safety, and termination procedures. The law recognizes two main types of employment contracts: the Permanent Contract (CDI), which is the default and offers job stability, and the Fixed-Term Contract (CDD), which is allowed only in specific cases such as employee replacement, seasonal work, or the launch of a new business. A CDD must be in writing and is limited to one year, renewable once if initially under six months; otherwise, it converts into a CDI.

The law also regulates working conditions, setting the legal workweek at 44 hours, with mandatory rest periods and overtime compensation ranging from 25% to 100% depending on the time and day worked. Employees are entitled to 18 days of annual leave, increasing by 1.5 days every five years of service, up to a maximum of 30 days. Additional leave is granted for events like marriage, childbirth, bereavement, and sickness. A seniority bonus is also mandated, increasing salary by up to 25% after 25 years of service.

Termination procedures require adherence to notice periods based on tenure and role, with severance pay calculated accordingly. Employers must uphold anti-discrimination and health and safety standards, contribute to social security schemes, and respect the right to unionize. The law emphasizes fair treatment, transparency, and protection of employee rights, making it essential for businesses operating in Morocco to ensure full compliance.

Regulations on data protection and cybersecurity regulations in Morocco

Data protection and cybersecurity are governed by Law No. 09-08 on protection of individuals regarding personal data processing, Law No. 05-20 on cybersecurity, Decree No. 2-09-165 implementing Law 09-08, Decree No. 2-15-712 implementing Law 05-20, and CNDP (National Commission for Data Protection Control) decisions and deliberations.

These regulations protect individuals' personal data, establish cybersecurity requirements for information systems, and regulate data transfers to ensure privacy and security of sensitive information.

With regard to data protection

Morocco's personal data protection regime under Law No. 09-08 applies to processing operations carried out by entities established on Moroccan territory, and additionally reaches controllers not established in Morocco when they use automated or non-automated means located in Morocco for processing purposes, excluding purely transit processing or processing in states whose legislation is recognized as equivalent.

REGULATORY OVERVIEW

The authorization and declaration regime creates a bifurcated system distinguishing higher-risk from routine processing. Prior CNDP authorization becomes mandatory for processing concerning sensitive data (revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership), genetic data, data relating to offenses, convictions, or security measures, data containing national identity card numbers, use of personal data for purposes other than collection purposes, and interconnection of files belonging to entities managing different public services or other entities with different main purposes. All other processing requires prior declaration to CNDP, a less burdensome administrative step acknowledging processing while providing CNDP oversight. Importantly, any modification affecting declared or authorized processing—such as changes to controller identity, processing purposes, or data types—requires new CNDP applications under Article 27 of the Data Protection Decree.

The CNDP has simplified certain routine processing categories through deliberations establishing streamlined procedures. Deliberation No. 98-AU-2015 simplifies notification for supplier management processing involving databases containing supplier-related natural person data. Deliberation No. 32-2015 addresses customer management processing. These simplified procedures reduce administrative burden for common business operations, though entities must still file declarations and maintain compliance with substantive protection requirements.

Cross-border data transfers face the most stringent restrictions, reflecting Morocco's protective stance toward personal data leaving its jurisdiction. Article 43 requires that receiving countries provide adequate privacy protection and fundamental rights and freedoms protection regarding data processing. Deliberation No. 236-2015 issued December 8, 2015 establishes a list of countries offering adequate protection: Austria, Belgium, Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom.

Article 44 provides four pathways for transferring data to non-adequate countries. First, data subjects' express consent permits transfer, though obtaining valid informed consent at scale proves administratively burdensome. Second, transfers necessary for concluding or performing contracts concluded or to be concluded in data subjects' interest proceed without additional authorization. Third, transfers pursuant to bilateral or multilateral agreements to which Morocco is party benefit from agreement protections. Fourth, express CNDP authorization may be obtained when processing guarantees adequate privacy and fundamental rights protection.

With regard to cybersecurity

Law No. 05-20's cybersecurity regime complements data protection by focusing on information system security rather than personal data privacy specifically. Article 3 obligates all entities to ensure information systems comply with directives, rules, regulations, guidelines, and recommendations issued by the national cybersecurity authority. The Critical Infrastructure Decree's Article 10 requires entities to classify information systems based on impact analysis of incidents potentially affecting confidentiality, availability, or integrity of information assets—any resources such as hardware, software, data, or procedures constituting information systems.

The classification system establishes four classes reflecting incident severity. Class A covers systems where at least one cybersecurity incident affecting confidentiality, availability, or integrity of information assets would have very serious impact. Class B encompasses systems where all cybersecurity incidents would have at most serious impact. Class C includes systems where all incidents would have at most moderate impact. Class D captures systems where all incidents would have limited impact. Classes A and B qualify as "sensitive information systems" under Article 11 of Law No. 05-20, triggering two critical requirements: sensitive data processed by these systems must be hosted exclusively on Moroccan national territory, and entities must declare sensitive information systems to the national cybersecurity authority.

REGULATORY OVERVIEW

Critical infrastructures represent a distinct category under the Decree, defined as installations, structures, and systems essential for maintaining vital community functions, health, safety, security, and economic or social well-being, whose damage, unavailability, or destruction would cause failure of these functions. Critical infrastructures are designated per vital activity sector by responsible government authorities after obtaining national authority opinions. These designations remain secret and update at least every two years. Critical infrastructure operators must establish sensitive information system lists based on risk analysis, transmitting these lists and updates to the national authority. The national authority may provide observations requiring list modifications within two months. Like other sensitive information systems, those associated with critical infrastructures must host sensitive data exclusively in Morocco.

Based on the advice from our legal advisors as to Moroccan laws, our Directors confirmed that we had complied with the applicable laws and regulations of Morocco in any material respects during the Track Record Period and up to the Latest Practicable Date.