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Overview of PRC Regulations

Our operating subsidiaries in the PRC are mainly engaged in the production and sale of aluminum products. A summary of important provisions of the relevant PRC laws and regulations governing enterprises in the aluminum products industry is set out below.

Foreign Investment in the Aluminum Products Industry

On February 11, 2002, the State Council promulgated the Provisions on Guiding Foreign Investment (《指導外商投資方向規定》), or the Foreign Investment Provisions. According to the Foreign Investment Provisions, all foreign investment projects are classified into four categories: “encouraged” projects, “permitted” projects, “restricted” projects and “prohibited” projects. Foreign investment projects belonging to all categories except “permitted” projects are listed in the Catalog of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》), or the Foreign Investment Catalog.

On October 31, 2007, the NDRC and MOFCOM jointly promulgated a revised version of the Foreign Investment Catalog (2007 version), which came into force on December 1, 2007 and was replaced by the current version (2011 version) issued on December 24, 2011. According to the 2007 and 2011 versions of the Foreign Investment Catalog, the manufacture of high-tech non-ferrous metal materials, including specialty large-scale aluminum alloy extrusion products and precision parts forged with aluminum alloys, is an “encouraged” foreign investment project. The production of ordinary aluminum extrusion products is a “permitted” foreign investment project.

The Wholly Foreign-Owned Enterprise Law of the PRC (《中華人民共和國外資企業法》), or the WFOE Law, was issued on April 12, 1986 and revised on October 31, 2000. In accordance with the WFOE Law, a wholly foreign-owned enterprise, or WFOE, must apply for approval of its establishment from the relevant foreign trade and economic cooperation authority or other competent authorities which handle the examination and approval of any subsequent division, merger or other important changes to the WFOE. The above establishment of and changes to the WFOE must also be registered with the relevant administration of industry and commerce. Foreign investors in a WFOE may remit abroad profit lawfully earned from the WFOE and other lawful income and funds obtained following liquidation of the WFOE.

Industry Entry Regulations

The Regulations on the Conditions for Entry into the Aluminum Industry (《鋁行業准入條件》), or the Industry Entry Regulations, were promulgated by the NDRC and came into force on October 29, 2007. The Industry Entry Regulations apply to all manufacturing enterprises engaged in bauxite mining, aluminum smelting and processing industries in the PRC. The Industry Entry Regulations specify certain conditions that must be satisfied by any manufacturing enterprise intending to enter the above industries, including, among others, conditions concerning the enterprise’s location, scale, product mix and external condition requirements, processing techniques and equipment, consumption and use of energy and resources, environmental protection, production safety and others.

According to the Industry Entry Regulations, newly established aluminum-processing projects must mainly engage in the production of aluminum plates, aluminum billets, aluminum foil, extruded aluminum or industrial profiles. The production capacity of multiple product aluminum-processing projects must be 100,000 MT or more per year. The production capacity of single product aluminum-processing projects must reach the following amounts: 50,000 MT per year for the production of aluminum plates and billets, 30,000 MT per year for the production of aluminum foil and 50,000 MT per year for the production of extruded aluminum. The Industry Entry Regulations also require that newly established aluminum-processing projects use continuous processing techniques such as continuous roll-casting and hot rolling, which are more efficient and automated, utilize advanced

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technology and result in higher product quality and comprehensive yield rates. The use of certain low-quality rolling machine techniques are strictly prohibited in production and processing. The Industry Entry Regulations also set out specific quantitative requirements for newly established and existing aluminum-processing projects in terms of coal, electricity and metal consumption and finished product rate.

Production Licenses for Industrial Products

The PRC Administrative Regulations on Production Licenses for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》), or the Production License Regulation, which were promulgated by the State Council on July 9, 2005 and came into effect on September 1, 2005, the Implementing Measures for the Production License Regulations (《中華人民共和國工業產品生產許可證管理條例實施辦法》), the Implementation Rules of the Production Licenses for Aluminum and Titanium Alloy Processing Products (2011 version) (《鋁、鈦合金加工產品生產許可證實施細則(2011)》) and other relevant regulations establish a production licensing system for enterprises engaged in the manufacture of important industrial products, including aluminum alloy profiles used in construction. These regulations govern the production, sale and use in the course of business of products listed in the Catalog of Industrial Products (《國家實行生產許可證制度的工業產品目錄》), or the Industrial Products Catalog. Any enterprise that has not obtained a production license for a product listed in the Industrial Products Catalog is prohibited from producing that product. Additionally, no entity or individual may sell or use in the course of business any product listed in the Industrial Products Catalog for which a production license has not been granted. The manufacturing enterprise shall label its production license mark and serial number on its products or the packaging and specifications thereof. No enterprise that has obtained a production license may lease, lend or transfer in another form its production license, or the symbol or serial number of its production license. Any enterprise without a production license to manufacture a product listed in the Catalog of Industrial Products may commission another enterprise with such production license to manufacture, provided that registration has been filed with the provincial quality and technology supervisory authority or its local branch.

Except for the food processing industry, a production license is valid for five years. When an enterprise seeks to continue producing a product listed in the Industrial Products Catalog, it must apply to the relevant quality and technology supervisory authority at the provincial level six months prior to the expiration of the production license. During the validity period of the production license, if there is a significant change in the production conditions, testing methods, production technology or production processes (including a change of the production premises, significant technological changes in production lines and others), the enterprise must apply to the relevant quality and technology supervisory authority at the provincial level and be subject to a new round of examination and inspection.

If an enterprise produces, sells or uses in the course of business any product listed in the Industrial Products Catalog without a production license, the relevant quality and technology supervisory authorities may order the enterprise to stop production, have the products and any illegal gains confiscated, fine the enterprise or impose other penalties. Any enterprise that has a production license revoked may not apply for a new production license for the same product listed in the Industrial Products Catalog within three years.

Production Standardization

The Standardization Law of the PRC (《中華人民共和國標準化法》), or the Standardization Law, came into effect on April 1, 1989, and its implementation regulations were promulgated on April 6, 1990. According to the Standardization Law, products that fail to meet mandatory standards are prohibited from being manufactured, sold or imported. Standards imposed to safeguard human health and safety and to ensure the safety of property, as well as those legally prescribed as mandatory are mandatory standards, while any others are voluntary standards. Local standards

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formulated by the standardization administrative departments of provinces, autonomous regions and municipalities for the safety and sanitary requirements of industrial products are mandatory standards within their respective administrative areas. The PRC government encourages, but does not mandate, the adoption of voluntary standards by enterprises. Standard GB5237-2008 (Aluminum Alloy Profiles for Construction (鋁合金建築型材)), which came into force on September 1, 2009, is a mandatory national production standard set by the Standardization Administration of China, a standards organization authorized by the State Council. Standard GB5237-2008 sets out the mandatory regulations related to the basic materials, surface processing and thermal conductivity of aluminum alloy profiles used in construction, and prohibits the production and sale of products that fall short of the mandatory standard.

Environmental Protection

The laws and regulations governing environmental protection in the PRC include, among others, the PRC Environmental Protection Law (《中華人民共和國環境保護法》), 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》), 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》), the Law of the PRC on the Prevention and Control of Noise Pollution (《中華人民共和國環境噪聲污染防治法》), the Law of the PRC on the Prevention and Control of Solid Waste Pollution (《中華人民共和國固體廢物污染環境防治法等》), the Law of the PRC on the Environmental Impact Assessment (《中華人民共和國環境影響評價法》), the Administrative Regulation on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) and the Administrative Measures on the Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收管理辦法》). The Ministry of Environmental Protection of the PRC (formerly the State Environmental Protection Administration of the PRC) (中華人民共和國環境保護部 (原國家環境保護總局)) is tasked with establishing the national environmental quality standards, and local provincial and municipal governments may establish local environmental quality standards for items not specified in the national standards. Enterprises must register with the competent environmental protection authorities for discharging pollutants, and enterprises that discharge pollutants in excess of the prescribed national or local standards must pay a fee for excessive discharge and assume responsibility for eliminating and controlling the pollution.

Violation of these laws, rules or regulations may result in the imposition of fines and penalties, the suspension of operations, an order to cease operations, or even criminal liability in severe cases. Furthermore, enterprises may not commence a construction project unless the environmental impact statement of the project has been approved by the relevant authorities and unless facilities to prevent and control pollution are installed to comply with relevant environmental standards. Facilities for pollution prevention and control must be designed, built and commissioned together with the principal part of the construction project. The relevant authorities will not grant permission for a construction project to be commissioned or used until the project's pollution prevention and control facilities have been examined and meet the standards set by the competent department of the environmental protection administration that examined and approved the environmental impact statement. If a construction project is commissioned or delivered into use without completed facilities for pollution prevention and control or such facilities fail to meet relevant environmental requirements, the competent environmental protection administration responsible for the approval of the environmental impact statement for the construction project must order the suspension of operations or use, and may concurrently impose a fine.

Work Safety

The PRC Work Safety Law (《中華人民共和國安全生產法》), or the Work Safety Law, was promulgated on June 29, 2002, came into effect on November 1, 2002 and was revised on August 27, 2009. Pursuant to the Work Safety Law, the production and business operation entities must be equipped for safe production as provided in laws, administrative regulations, national standards and industry standards. Any entity that is not equipped for safe production may not engage in any production and business operation activities. Manufacturers must establish and strengthen a sound

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work safety responsibility system and improve work conditions to ensure work safety. The general requirements include, among others, (i) production safety education and training programs to ensure that employees have the necessary knowledge of production safety; (ii) special training and certifications for workers with certain job functions; (iii) prominent warning signs at relevant dangerous operation sites, facilities and equipment; (iv) safety equipment that conforms with national or industrial standards, as well as periodic maintenance and testing of the equipment to ensure proper functioning; (v) inspection and testing of dangerous or hazardous equipment, containers and vehicles by qualified testing institutions; (vi) use of technology and equipment that does not endanger work safety and has not been expressly prohibited by the PRC government; and (vii) timely measures to effectively organize rescues, mitigate disasters and submit accurate reports to the relevant local department after a production accident occurs.

Violations of the PRC Work Safety Law may result in the imposition of fines and penalties, the suspension of operation, an order to cease operation, and/or criminal liability in severe cases.

Taxation

Enterprise Income Tax

According to the EIT Law, the income tax rate for both domestic and foreign-invested enterprises is 25%, and the existing tax exemptions, reductions and preferential treatment which had been enjoyed by foreign-invested enterprises were abolished unless otherwise specified.

Pursuant to the EIT Law, enterprises established outside the PRC whose “de facto management bodies” are located in the PRC are considered “resident enterprises” and subject to the uniform 25% EIT rate for their global income.

Pursuant to the Notice of the State Council on the Implementation of the Transitional Preferential Policies in respect of Enterprise Income Tax (《國務院關於實施企業所得稅過渡優惠政策的通知》), which was promulgated on December 26, 2007 and became effective on January 1, 2008, the preferential tax rate enjoyed by foreign-invested and domestic enterprises established prior to the promulgation of the EIT Law pursuant to the then-current tax laws and administrative regulations will be granted a transitional period. An enterprise subject to an applicable enterprise income tax rate lower than 25% before the EIT Law became effective will have its tax rate gradually increased to the statutory tax rate within a transitional period of five years from the effective date of the EIT Law. As of January 1, 2008, enterprises that previously enjoyed the two-year EIT exemption followed by three years at 50% of the standard EIT rate or the five-year EIT exemption followed by five years at 50% of the standard EIT rate tax holidays and other preferential treatment in the form of tax deductions and exemptions within specified periods may, after the implementation of the EIT Law, continue to enjoy the relevant preferential treatments for the time period prescribed in the former tax law and other regulations until the expiration of the said time period.

VAT and Export VAT Refund

Pursuant to the Provisional Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which were promulgated on December 13, 1993 and amended on November 10, 2008 and its implementation rules, entities or individuals in the PRC engaged in the sale of goods, provision of specific services and importation of goods are required to pay a VAT, on the value added during the course of the sale of goods or provision of services. Unless otherwise specified, the applicable VAT rate for the sale or importation of goods and provision of processing, repair and maintenance services is 17%.

According to several notices promulgated by the Ministry of Finance of PRC and other relevant PRC central government departments in 2006 and 2007 relating to the adjustment of tax rebates for exported products, such as the Notice on Adjusting the Tax Refund Rates of Certain Commodities

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and Supplementing the Catalog of Prohibited Commodities in Contract Processing Arrangement (Caishui[2006] NO.139) (財稅 [2006] 139 號《關於調整部分商品出口退稅率和增補加工貿易禁止類商品目錄的通知》), the Notice on Reducing the Export Rebate Rates for Some Commodities (Caishui [2007] No.90) and its Supplementary Notice (Caishui [2007] No.97) (財稅 [2007] 90 號《關於調低部分商品出口退稅率的通知》及其補充通知財稅 [2007] 97 號), the PRC government gradually reduced and in some cases discontinued VAT refunds on the export of some low value-added aluminum products (such as un-forged aluminum, non-alloy aluminum profiles and some aluminum alloy profiles).

Withholding Tax on Dividends

According to the EIT Law, PRC-resident enterprises are levied a withholding tax of 10% on dividends to their non-PRC-resident corporate investors for profits earned since January 1, 2008. However, under the Arrangement between the Mainland and the Hong Kong SAR for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), a qualified Hong Kong company is liable for withholding tax at a rate of 5% for dividend income derived from the PRC if the Hong Kong company is a “beneficial owner” and holds at least a 25% equity interest in the PRC company directly.

Labor and Social Insurance

According to the PRC Labor Law (《中華人民共和國勞動法》) promulgated on January 1, 1995, workers are entitled to fair employment, choice of occupation, labor remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare and certain other rights. The working time for workers may not exceed eight hours a day and no more than 44 hours a week on average. Employers shall establish and improve their work safety and sanitation system, educate employees on safety and sanitation and provide employees with a working environment that meets the national work safety and sanitation standards.

The PRC Labor Contract Law (《中華人民共和國勞動合同法》) was promulgated on June 29, 2007 and came into effect on January 1, 2008, and its implementation regulations were implemented on September 18, 2008. According to the Labor Contract Law, labor contracts must be executed in writing to establish labor relationships between employers and employees. Employees who fulfill certain criteria, including having worked for the same employer for 10 years or more, may demand that the employer execute a permanent labor contract. Wages paid by employers may not be lower than the local minimum wage. Both employers and employees must perform their respective obligations stipulated in the labor contracts. Where workers are provided by a staffing company, the staffing company is the employer and performs the legal obligations of an employer toward the dispatched workers, including, among others, entering into a labor contract with a fixed term of more than two years with the workers and paying remuneration for their labor. The staffing company must conclude a labor dispatch agreement with the entities that receive labor services. In the event of a violation of any legal provisions of the Labor Contract Law, administrative penalties may be imposed on employers by the competent PRC government authority in charge of labor administration, including warnings, rectification orders, fines, orders for payment of wages and compensation to employees, revocation of business licenses and other penalties. An entity receiving workers from a staffing company may be held jointly and severally liable together with the staffing company in case harm is done to workers as a result of the staffing company’s violation of the Labor Contract Law.

The PRC Employment Promotion Law (《中華人民共和國就業促進法》), which became effective on January 1, 2008, requires that individuals have equal employment opportunities, both in hiring and in employment terms, without discrimination on the basis of ethnicity, race, gender, religious belief, communicable disease or rural residence. Under this law, enterprises are also required to provide employees with vocational training. Administrative authorities at the county level or above are responsible for implementing policies to promote employment.

Pursuant to the PRC Social Insurance Law (《中華人民共和國社會保險法》) promulgated on October 28, 2010, which became effective on July 1, 2011, employers in the PRC must register with

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the relevant social insurance authority and make contributions to the pension insurance fund, basic medical insurance fund, unemployment insurance fund, maternity insurance fund and work-related injury insurance fund. Pursuant to the PRC Social Insurance Law, pension insurance, basic medical insurance and unemployment insurance contributions must be paid by both employers and employees, while work-related injury insurance and maternity insurance contributions must be paid solely by employers. An employer must declare and make social insurance contributions in full and on time. The social insurance contributions payable by employees must be withheld and paid by employers on behalf of the employees. Employers who fail to register with the social insurance authority may be ordered to rectify the failure within a specific time period. If the employer fails to rectify the failure to register within a specified time period, a fine of one to three times the actual premium may be imposed. If the employer fails to make social insurance contributions on time and in full, the social insurance collecting agency shall order the employer to make up the shortfall within the prescribed time period and impose a late payment fee amounting to 0.05% of the unpaid amount for each day overdue. If the non-compliance continues, the employer may be subject to a fine ranging from one to three times the unpaid amount owed to the relevant administrative agency.

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) effective on April 3, 1999, as amended on March 24, 2002, companies must register with the local housing fund management center and establish a special housing fund account with an entrusted bank. Employers are also required to make adequate contributions of no less than 5% of each employee's average monthly salary in the previous year to the housing fund for their employees on a timely basis.

Foreign Exchange Control

The principal regulation governing foreign currency exchange in the PRC is the Regulation on Foreign Exchange Control (《中華人民共和國外匯管理條例》), which was promulgated on January 29, 1996 and came into effect on April 1, 1996, and subsequently amended on January 14, 1997 and August 5, 2008. The Regulation on Foreign Exchange Control classifies all international payments and transfers into current account items and capital account items. According to the Regulation on Foreign Exchange Control, foreign currency payments under current account items by domestic institutions, including payments for imports and exports of goods and services and payments of income and current transfers into and outside the PRC must be either paid with their own foreign currency with valid documentation or with the foreign currency purchased from any financial institution engaged in foreign currency sale and settlement, in accordance with the administrative provisions on payment and purchase of foreign currency promulgated by SAFE. Foreign currency income accounted for under current account items may be retained or sold to financial institutions engaged in foreign currency sale and settlement in accordance with the relevant PRC laws and regulations. Foreign currency payments under capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans, and must, in accordance with the SAFE regulations relating to foreign currency payments and purchases, be made out of a domestic institution's own foreign currency with valid documentation or be made with foreign currency purchased from any financial institution engaged in foreign currency sale and settlement. For foreign-invested enterprises wound up in accordance with the law, funds denominated in Renminbi that belong to a foreign investor after liquidation and after payment of tax may be used to purchase foreign currency from any financial institution engaged in foreign exchange sale and settlement in order to remit the foreign currency outside of China.

On August 29, 2008, the General Affairs Department of SAFE issued the Notice with Regard to the Issues of Administration of Settlement of Foreign Currency Capital of Foreign Investment Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》). This notice further regulates the administration of settlement of foreign currency capital of foreign investment enterprises within the PRC. According to the notice, the capital of a foreign investment enterprise converted from foreign currency and settled in Renminbi may not be used for equity investment within the PRC, but may only be used for purposes as approved by the authorities in

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charge of the foreign investment. The use of such Renminbi capital may not be changed without SAFE's approval and may not in any case be used to repay Renminbi-denominated loans if the proceeds of such loans have not been used. In addition, any transfer of funds for the sake of equity investment in the PRC by foreign-invested enterprises approved by MOFCOM must first undergo examination and be approved by SAFE or its local branches. Any profits obtained by PRC entities or individuals through the sale of equities or interests in PRC enterprises to foreign investors must be conducted through an account reserved exclusively for foreign exchange. The opening of such account and any related transfer of funds must undergo examination and be approved by the local branches of SAFE as provided by the relevant regulations.

Dividend Distribution

The laws and regulations governing the distribution of dividends by foreign-invested enterprises in the PRC include the Companies Law of the PRC (《中華人民共和國公司法》), as amended on October 27, 2005, the WFOE Law promulgated on October 31, 2000 and its implementation rules promulgated on April 12, 2001, the Equity Joint Venture Law issued on March 15, 2001 and its implementation rules amended on July 22, 2001 and the Cooperative Joint Venture Law issued on October 31, 2000 and its implementation rules promulgated on September 4, 1995.

Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. After making up for any deficit in prior years pursuant to the PRC laws, a foreign-invested enterprise in the PRC is required to set aside each year as general reserves at least 10% of its after-tax profit, determined in accordance with PRC accounting standards and regulations, until the cumulative amount of such reserves reaches 50% of the enterprise's registered capital. These reserves are not distributable as cash dividends. A foreign invested enterprise that is in deficit or liquidation may not distribute dividends.

Overview of Macau Regulations

Our operating subsidiary in Macau, OPAL Macao, engages in offshore trading of aluminum products and is regulated as a commercial offshore company in Macau.

Commercial Offshore Company Regulations

Commercial offshore companies in Macau are regulated by Decree-Law no. 58/99/M, or the Macau Offshore Law, which governs the establishment requirements, licensing process and activities of commercial offshore services in Macau; the Commercial Code, approved by Decree-Law no. 40/99/M; Order no. 236/GM/99, as amended by Chief Executive Dispatch no. 205/2005, which lists permitted commercial activities; and Order 237/GM/99, which provides the setting up and operational tariffs for commercial offshore companies.

Under the Macau Offshore Law, save for whatever is essential for the operations of the offshore company, including the office premises, a commercial offshore company may not buy or rent properties located in Macau, act as a guarantor in any kind of guarantee in the name of a Macau resident or conduct any operations in Macau patacas or engage in any kind of banking or insurance operations. A commercial offshore company may only carry on its activities in a single location, and may not open any branches.

Taxation

Pursuant to Section 12 of the Macau Offshore Law, Macau offshore companies benefit from: (i) an exemption from income tax when the income is generated through offshore business; (ii) an exemption from industrial tax; and (iii) an exemption from stamp duties on: (a) insurance policies concerning offshore risks; (b) contracts with entities not domiciled in Macau, as a result of engaging in offshore business; and (c) the incorporation of and capital increase to offshore companies.

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Dividend Restrictions

The payment of dividends by a Macau-based company is governed by the Macau Commercial Code, under which dividends can only be paid to its shareholders out of profit. If there are losses from the previous year, the profit of the current accounting year cannot be distributed without first covering such losses, and then accumulating or replenishing any compulsory reserves that cannot be distributed to shareholders.

The distribution of profits must be decided by a shareholders' resolution, with the restriction that no less than 25% of the profit of the current accounting year must be retained by the company as a legal reserve until the legal reserve reaches an amount equal to half of the total registered share capital.

Dividends payable by a Macau-based company are subject to income tax at a rate of up to 12% for amounts over MOP300,000.

Tariff Rules of Australian Customs

Import tariffs are imposed on goods imported into Australia, and Australian Customs may refuse to release imported goods until customs duties, including any anti-dumping and countervailing duties, have been paid. In effect, the duty is paid by the party seeking to clear the goods, which is typically the importer or its customs broker. Additionally, Australian Customs has no legal power to seek an import duty from a foreign exporter because it has no jurisdiction outside Australia.