



MEMORANDUM
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To Viva Goods Company Limited

FROM Hogan Lovells

DATE June 20, 2023

By Electronic Mail
Privileged and confidential

SUBJECT Memorandum of Advice – International laws and Regulations relating to Trade Sanctions analysis in accordance with the HKEX guidance letter HKEX-GL101-19

1. INTRODUCTION AND SCOPE

1.1 We have acted as the international sanctions counsel to Viva Goods Company Limited (the "**Company**") in connection with the proposed transfer of listing of shares of the Company from GEM to the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEX**") (the "**Transfer of Listing**").

1.2 In light of the HKEX guidance letter HKEX-GL101-19 (the "**Guidance Letter**") effective from March 2019, this memorandum assesses whether (i) the Company and its subsidiaries (the Company and its subsidiaries together, the "**Group**") engaged in Primary Sanctioned Activity (as defined below) that violates applicable laws or regulations in the Relevant Jurisdiction(s) (as defined below), and/or results in any material sanctions risk to the Relevant Persons (as defined below); (ii) the Group engaged in Secondary Sanctionable Activity (as defined below) that would likely result in the imposition of any sanctions against the Relevant Persons; and (iii) the Group is a Sanctioned Target (as defined below), is located, incorporated, organized or resident in a Sanctioned Country (as defined below), or is a Sanctioned Trader (as defined below). We understand the Company has not engaged us to advise on export controls so we have not included export controls analysis herein.

1.3 This memorandum is provided for the purposes of the Transfer of Listing only. However, our advice is applicable whether or not the Company proceeds with the Transfer of Listing.

1.4 For the purpose of this memorandum and consistent with the Guidance Letter, the following terms and expressions shall have the respective meanings set out below:

"International Sanctions" means rules and regulations related to economic sanctions programs administered by the Relevant Jurisdictions.

"Primary Sanctioned Activity" means any activity in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target by the Company incorporated or located in a Relevant Jurisdiction (if applicable) or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation. This definition is in line with the definition of Primary Sanctioned Activity as set out in the Guidance Letter.

"Relevant Jurisdiction" means any jurisdiction that is relevant to the Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, persons or entities targeted by such law or regulation. For the purpose of this memorandum, the Relevant Jurisdictions include United States ("**U.S.**"), European Union ("**EU**"), United Nations ("**UN**"), the United Kingdom ("**UK**"), the UK Overseas Territories and Australia. As of January 1, 2021, the UK is no longer an EU Member State. Pursuant to the terms of Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (Withdrawal Agreement), EU law including sanctions law continued to apply to and in the UK until December 31, 2020. The UK was still an EU Member State during part of the Track Record Period and the EU sanctions analysis fully applies thereto until December 31, 2020. For the part of the Track Record Period starting on January 1, 2021, UK sanctions applied.

"Relevant Persons" means the Company, together with its investors and shareholders and persons who might, directly or indirectly, be involved in permitting the listing, trading, clearing and settlement of its shares, including the HKEX and related group companies.

"Sanctioned Activity" means Primary Sanctioned Activity and Secondary Sanctionable Activity.

"Sanctioned Country" means any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction.

"Sanctioned Target" means any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii). This definition is in line with the definition of Sanctioned Target as set out in the Guidance Letter.

"Sanctioned Trader" means any person or entity that does a material portion (10% or more) of its business with Sanctioned Targets and Sanctioned Country entities or persons. This definition is in line with the definition of Sanctioned Trader as set out in the Guidance Letter.

"Secondary Sanctionable Activity" means certain activity by the Company that may result in the imposition of sanctions against the Relevant Person(s) by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the Company is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus with that Relevant Jurisdiction. This definition is in line with the definition of Secondary Sanctionable Activity as set out in the Guidance Letter.

- 1.5 This memorandum provides preliminary analysis in accordance with the Guidance Letter based on the facts provided to date to assess the Group's compliance with the International

Sanctions and, where appropriate, sets forth certain recommendations in regard to Sanctioned Activities. This memorandum is not intended as a full due diligence review of these issues, nor is it intended to provide any assessment of the Group's existing policies or wider procedures implemented to manage its compliance with rules and regulations related to the International Sanctions.

- 1.6 In preparing this memorandum, Hogan Lovells reviewed the Company's responses to the "*International Sanctions Due Diligence Checklist*" dated June 9, 2022 and updated on February 14, 2023 (the "**Sanctions DD Checklist**"), prepared by Hogan Lovells, and related e-mail correspondence. We have also reviewed the information contained in the Company's listing document prepared in connection with the Transfer of Listing, as that document being amended from time to time during the Transfer of Listing (the "**Listing Document**"). We have also screened the list of customers and counterparties in the Relevant Regions (excluding Hong Kong) provided by the Group using Accuity screening tool against the lists of Sanctioned Persons maintained by the Relevant Jurisdictions. The Group's responses to the Sanctions DD Checklist have included various spreadsheets of sales records and other documents that relate to the subject matter of the Sanctions DD Checklist, and we have reviewed those documents as part of our preparation of this memorandum. For the Group business activities in Hong Kong, we understand that, to the best knowledge of the Company, the Group business activities in Hong Kong did not involve sanctioned persons designated under EO 13936 (as defined below) and the sales were denominated in Hong Kong dollars. As to matters of fact material to the conclusion stated herein, we have relied on the representations and statements of fact made in the documents we reviewed or made by the Group. We have not independently verified or established the facts so relied on.
- 1.7 As of the date of this memorandum, Sanctioned Countries within the meaning of the Guidance Letter include: Cuba, Iran, North Korea, Syria and the Crimea region of Ukraine/Russia, the so-called Donetsk People's Republic ("**DPR**") and Luhansk People's Republic ("**LPR**") regions, Kherson region and Zaporizhzhia region of Ukraine. Based on the information available to us, we have identified the Group's limited historical activities with Iran from 2020 to 2021, during the five years ended December 31, 2022 (the "**Review Period**").
- 1.8 We have also identified the Group's business activities during the three years ended December 31, 2022 (the "**Track Record Period**") with the following countries or territories for which Relevant Jurisdictions maintain various forms of sanctions programs in place (albeit not a "general and comprehensive export, import, financial or investment embargo" within the meaning of the Guidance Letter): Hong Kong, Lebanon, Myanmar, Venezuela and Yemen (these countries together with Iran are collectively referred as the "**Relevant Regions**", and each a "**Relevant Region**").
- 1.9 This memorandum is based on the understanding and assumptions detailed herein. Hogan Lovells relies on the completeness and accuracy of the information given to it by the Company. If any of the assumptions are incorrect, or any changes occur in or correction to the information given, the Company is recommended to inform Hogan Lovells so that it can confirm the content of this analysis.
- 1.10 This memorandum is given only with respect to International Sanctions in force up to the date of this memorandum. Hogan Lovells underlines that sanctions measures adopted by the international community remain under constant review. Therefore, the scope and application of the measures discussed below are subject to change and should be carefully monitored. We, however, have no obligation to notify any recipient or other person of any change in International Sanctions or their applications after the date of this memorandum.

No opinion or/advice is expressed or implied as to the laws of any other territory, or as to matters of fact, except for International Sanctions discussed below.

2. CONCLUSION

2.1 On the basis of the information received from the Company and after carrying out its procedures and analysis set out below, Hogan Lovells is of the view that the Company:

- (a) During the Track Record Period, the Group did not engage in Primary Sanctioned Activity because it had no activities in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target, by the Company and other subsidiaries incorporated or located in a Relevant Jurisdiction (if applicable) or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation. The Group's Primary Sanctioned Country Transactions with Iran did not involve any U.S. nexus (including no U.S. dollars ("**USD**") payments) and thus were not in violation of U.S. sanctions for the reasons explained below. Therefore, those sales to Iran would not represent Primary Sanctioned Activity. As such, the Group would not appear to have violated applicable sanctions law or regulation in the Relevant Jurisdictions that could result in any material sanctions risk to the Relevant Persons;
- (b) The Group did not engage during the Track Record Period in Secondary Sanctionable Activity because it had no activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. As such, it is highly unlikely that the Group's activities would result in the imposition of sanctions on the Relevant Persons;
- (c) The Company has not been designated as a Sanctioned Target, nor is it located, incorporated, organised or resident in a Sanctioned Country; and
- (d) the Company is not a Sanctioned Trader because it did not derive a material portion of its revenue (10% or more) during the Track Record Period from business activities with Sanctioned Country entities or persons in Iran or with Sanctioned Targets.

2.2 As no material sanctions risks appear to be present, the Company and/or its shareholders are not required to make undertakings pursuant to the Guidance Letter.

3. EXECUTIVE SUMMARY

3.1 The Group is a multi-brands operator principally engaged in design and development, branding and sales of non U.S. origin sports and lifestyle apparel and footwear, and provision of sports experience under a multi-brands strategy. During the Track Record Period, the Group sold and delivered its non U.S.-origin lifestyle apparel to the Relevant Regions, in particular, the Group had sales and deliveries denominated in Euros ("**EUR**") to Iran (the "**Iranian EUR Sales and Deliveries**") and sales to other Relevant Regions that were denominated in EUR or USD.

3.2 United States

- (a) On the basis of our due diligence conducted and the Company's confirmations that, to the best knowledge, information and belief of the directors of the Company:
 - (i) there are no U.S. persons for purposes of U.S. sanctions in the Group, neither the Company nor any of its Group entities are incorporated in the

United States and the Company does not otherwise maintain any subsidiaries, branches or affiliates which are either incorporated, domiciled or otherwise located in the territory of the United States;

- (ii) no U.S. persons employed or otherwise engaged by the Company, or its Group entities have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of the Company or its Group entities involving the Iranian EUR Sales and Deliveries or other Relevant Regions;
- (iii) other than the placing of shares in Li Ning Company Limited (stock code: 2331) pursuant to the placing agreement dated 18 May 2021 and entered into by a wholly-owned subsidiary of the Company, no financing or financial assistance has been received by the Group, either directly or indirectly, from any company, entity or body incorporated or located in the United States for the three years ended December 31, 2022 (being the track record period as defined in the Listing Document);
- (iv) no products supplied, sold, exported or otherwise transferred by the Group to the Relevant Regions incorporates 10% or more (by value) of U.S.-origin content, nor was any U.S.-origin content sourced specifically to fulfill any Iran orders;
- (v) other than Iranian EUR Sales and Deliveries, the Company has not undertaken, either directly or indirectly, any contract or any other activity with a counterparty, nor has otherwise provided goods or services to any person, in Sanctioned Countries;
- (vi) no products have been exported (either directly or indirectly) to any persons or entities identified on the U.S. Department of Commerce, Bureau of Industry and Security's Entity List, Denied Parties List, Unverified List, Military-End User List, or Military-Intelligence End User List (collectively, "**BIS List**");
- (vii) no Specially Designated Nationals and Blocked Persons ("**SDNs**") have been identified as being involved in the sales and deliveries conducted by the Group to the Relevant Regions during the Track Record Period and to Iran during the Review Period;
- (viii) the Group's sale of products did not involve industries or sectors that are currently subject to specific sanctions by the United States;
- (ix) the Company has reviewed all transaction records since January 2017 and has not identified any payments in U.S. dollars related to Sanctioned Countries during that time (as noted above, sales to Iran involved Euro payments); and
- (x) the Company did not instruct its customers to use any particular payment route. However, all products involved in the Iranian EUR Sales and Deliveries Transactions, were quoted in EUR, and were paid in EUR,

Hogan Lovells' assessment is that the business dealings of the Group with the Relevant Regions do not appear to violate or implicate any breaches of applicable U.S. sanctions laws and regulations.

3.3 UN

- (a) On the basis that:
- (i) the Group's activities involving the Relevant Regions were limited to sales and deliveries of its non U.S.-origin lifestyle apparel, and did not involve any products that are export-controlled; and
 - (ii) the Company, for and on behalf of the Group, has confirmed that it does not have business dealings with parties targeted by UN sanctions,

Hogan Lovells' assessment is that the Group's business dealings do not implicate restrictive measures adopted by the UN.

3.4 European Union, UK and UK Overseas Territories

- (a) On the basis of our due diligence conducted and the Company's confirmations that, to the best knowledge, information and belief of the directors of the Company:
- (i) the Company was incorporated in the Cayman Islands on January 13, 2020 and is consequently subject to the rules and regulations applicable in the UK Overseas Territories;
 - (ii) all activities involving the Relevant Regions were negotiated, entered into and performed without any involvement (including in any approval or decision making capacity) by any national of or entity incorporated, domiciled, or otherwise located in either the territories of the EU, the UK, or the UK Overseas Territories;
 - (iii) the Company's activities are limited to the sales and deliveries of non U.S.-origin lifestyle apparel, and did not involve any products that are subject to sectoral sanctions in the EU, the UK or UK Overseas Territories;
 - (iv) neither the Company nor any of its affiliates, agents, directors, officers, or employees has or is engaged in transactions, business or financial dealings that directly or indirectly involve or benefit a person or entity listed under EU, UK or UK Overseas Territories sanctions, or has or is engaged in any other activity subject to restrictions under sectoral EU sanctions;
 - (v) the Company has not been, directly or indirectly, involved in the export from the EU, the UK and/or UK Overseas Territories of any items listed in the EU Common Military List or the EU Dual Use list (Annex I Council Regulation 428/2009, as replaced by Annex I to Regulation (EU) 2021/821), Annex I to Council Regulation 428/2009 as retained by the European Union (Withdrawal) Act 2018 (the "**UK Dual-Use Regulation**"), or any items listed under Schedule 2 or 3 of the UK Export Control Order 2008 as amended destined to any of the Relevant Regions,

Hogan Lovells' assessment, based on a review of the declarations provided by the Company on behalf of the Group, is that the prohibitions and wider restrictions under EU, the UK and UK Overseas Territories sanctions measures as applicable during the Track Record Period are not implicated by the Group's business activities with the Relevant Regions.

3.5 Australia

(a) On the basis that:

(i) Save for the Clark Group, as defined in the listing document ("**Listing Document**") issued by the Company in respect of the Transfer of Listing, which did not engage in Group's activities in the Relevant Regions (excluding Hong Kong), the Group or any of its subsidiaries is not:

- (1) a person in Australia;
- (2) an Australian citizen or Australian-registered body;
- (3) owned or controlled by Australians or persons in Australia;
- (4) a person using an Australian flag vessel or aircraft to transport goods or transact services subject to Australian autonomous sanctions; or
- (5) engaged in any activities in Australia,

Australia has not imposed any targeted sanctions (autonomous or otherwise) in relation to Hong Kong during the Track Record Period. Hogan Lovells' assessment is that International Sanctions measures administered and enforced by the Government of Australia do not appear to be implicated by the Group's activities.

4. COMPANY BACKGROUND

4.1 Viva Goods Company Limited was incorporated in the Cayman Islands on January 13, 2020. We have relied on the Listing Document for the Group's shareholding structure upon completion of the Transfer of Listing.

4.2 The Company has confirmed that it is not owned 50% or more, or controlled, by one or more U.S. persons as defined under U.S. economic sanctions laws and regulations

4.3 The Company has confirmed that, to the best knowledge, information and belief of the directors of the Company, except Mr. Victor HERRERO; one Spanish director and one British director at subsidiary level companies; and the Clark Group, as defined in the Listing Document, that did not engage in Group's activities in the Relevant Regions (excluding Hong Kong), none of its, its subsidiaries, or the Group's Directors or Shareholders that own 10% or more (individually or in the aggregate) of the Company and the Group companies is a U.S., EU, UK or Australian national.

4.4 The following table sets out the information regarding Directors of the Viva Goods Company Limited.

Director	Name	Nationality
Executive Directors	Mr. LI Ning (李寧先生)	Chinese
	Mr. LI Chunyang (李春陽先生)	Chinese
	Mr. LI Qilin (李麒麟先生)	Chinese
	Mr. Victor HERRERO	Spanish

Non-executive Directors	Mr. MA Wing Man (馬詠文先生)	Chinese
	Ms. LYU Hong (呂紅女士)	Chinese
Independent Non-executive Directors	Mr. LI Qing (李勅先生)	Chinese
	Mr. PAK Wai Keung, Martin (白偉強先生)	Singaporean
	Mr. WANG Yan (汪延先生)	Chinese

4.5 The table below sets forth the revenues and commission received by the Group from its sales or deliveries to the Relevant Regions (excluding Hong Kong) and the corresponding percentage of the Group's total revenues during the Track Record Period.

Year/Period Ended	Total consolidated revenues (HKD'000)	Consolidated revenues attributable to the Relevant Regions (excluding Hong Kong) (HKD'000)	Percentage of the Group's total revenues (%)
Year ended December 31, 2020	819,036.0	2,594.8	0.3
Year ended December 31, 2021	1,381,637.0	4,063.1	0.3
Year ended December 31, 2022	6,859,573.0	1,868.0	0.03

5. U.S. SANCTIONS: ECONOMIC SANCTIONS

5.1 U.S. Economic Sanctions

- (a) There are two types of U.S. economic sanctions potentially applicable to the Group:
- (i) "Primary" U.S. sanctions applicable to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency or activities involving U.S.-origin goods, software, technology or services even if performed by non-U.S. persons);
 - (ii) "Secondary" U.S. sanctions applied extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus;
- (b) **Primary Sanctions Applicable to U.S. Persons**
- (i) The U.S. Treasury Department's OFAC administers primary U.S. sanctions programs against targeted countries, entities, and individuals. As the economic sanctions are intended to further the foreign policy goals of the United States, they vary considerably from program to program. Likewise,

OFAC has wide latitude to interpret and enforce its regulations based on the foreign policy goals of the U.S. Government.

- (ii) When the U.S. Government imposes economic sanctions against a foreign country, entity, or individual, U.S. law prohibits (with limited exceptions that do not apply in this case) U.S. companies or U.S. persons from engaging in any transaction with or providing almost any goods or services for the benefit of the targeted country, entity or individual. Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" any assets/property interests owned, controlled or held for the benefit of a Sanctioned Country, entity, or individual when such assets/property interests are in the United States or within possession or control of a U.S. person. A "blocked" asset means no transaction may be undertaken or effected with respect to the asset/property interest – no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) – except pursuant to an authorization or license from OFAC.

(iii) **Persons Governed by U.S. Sanctions**

- (1) In general, U.S. economic sanctions apply to "U.S. persons." The term "U.S. persons" includes:
- (A) entities organized under U.S. Law (such as U.S. companies and their U.S. subsidiaries);
 - (B) any U.S. company's domestic and foreign branches;
 - (C) any individual who is a U.S. citizen or permanent resident alien ("green card" holder), regardless of his or her location in the world;
 - (D) any individual, regardless of his or her nationality, who is physically present in the United States; and
 - (E) U.S. branches or U.S. subsidiaries of non-U.S. companies.
- (2) In the case of U.S. sanctions applicable to Iran and Cuba, primary sanctions specifically apply to all foreign subsidiaries of U.S. companies and any other entities owned or controlled by U.S. persons (such as 50/50 joint ventures, for example). See Section 218 of the Iran Threat Reduction and Syria Human Rights Act of 2012, H.R. 1905 (PL 112-158), implemented by OFAC as section 560.215 of the Iranian Transactions and Sanctions Regulations ("ITSR"), which makes parent companies liable for their foreign subsidiaries' Iranian sanctions violations, and Section 515.329 of the Cuban Assets Control Regulations ("CACR").
- (3) In the case of U.S. sanctions applicable to other countries in the Relevant Regions, such primary sanctions only apply to U.S. persons as defined above, not to their foreign subsidiaries or to non-U.S. companies.
- (4) In addition, primary sanctions prohibit U.S. persons, wherever located, from approving, financing, facilitating, or guaranteeing any

transaction by a foreign person where the transaction by that foreign person would be prohibited if performed by a U.S. person or within the United States. This is generally known as the "facilitation" prohibition and is a broad extension of the jurisdictional reach of U.S. sanctions applicable to U.S. persons in countries subject to comprehensive sanctions prohibitions. See, e.g., ITSR, 31 C.F.R. § 560.208. The processing of payments by U.S. banks or U.S. payment processors for Iran-related trade by non-U.S. companies would constitute "facilitation" of such trade and is prohibited.

- (5) The facilitation concept is broad. In general, a U.S. person is not permitted to facilitate in any way activities of a third party with a Sanctioned Country or a sanctioned person if the U.S. person itself could not directly engage in the underlying activity. Usually it arises in the context of parent companies and their subsidiaries or between affiliates, where one entity is jurisdictionally required to comply but the other is not. The issue may also arise in the dealer/sub-dealer context, where the dealer is dependent on support from its supplier/partner. "Facilitation" may include the following activities:

"...a prohibited facilitation or approval of a transaction by a foreign person occurs, among other instances, when a U.S. person:

- (A) Alters its operating policies or procedures, or those of a foreign affiliate, to permit a foreign affiliate to accept or perform a specific contract, engagement or transaction involving a party in or the government of Iran without the approval of the U.S. person, where such transaction previously required approval by the U.S. person and such transaction by the foreign affiliate would be prohibited by this part if performed directly by a U.S. person or from the United States;
- (B) Refers to a foreign person purchase orders, requests for bids, or similar business opportunities involving a party in or the government of Iran to which the U.S. person could not directly respond as a result of U.S. sanctions laws or regulations; or
- (C) Changes the operating policies and procedures of a particular affiliate with the specific purpose of facilitating transactions that would be prohibited by this part if performed by a U.S. person or from the United States." ITSR § 560.417.

(iv) **Targets of Primary U.S. Sanctions Programs**

- (1) There are two types of primary U.S. sanctions programs – country-based programs (which are territorial in nature) and list-based programs (which are not territorial in nature, as they do not apply to the entire country or all of its territory). Violations of either type of primary U.S. sanction program can result in "strict" civil liability (not a negligence standard) where fines and penalties may be imposed.

In addition, wilful violations may result in criminal liability punishable by imprisonment and elevated fines.

(A) *Country-based sanctions programs.* U.S. sanctions programs targeting specific countries fall into two categories: programs that are comprehensive in scope and programs that are limited in scope.

(I) Comprehensive sanctions programs prohibit U.S. persons from dealing in any manner with Sanctioned Countries and their governments, as well as with any persons or entities in those countries or territories. Currently, the United States maintains comprehensive sanctions against: Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine/Russia, and LPR or DPR regions (comprehensive OFAC sanctions against Sudan were terminated as of October 12, 2017). Generally, comprehensive country sanctions prohibit transactions with or services in, from or benefitting the targeted country or any persons/entity in it. However, the comprehensive country sanctions may also be applicable to transactions outside the country (for example, restricting dealings in goods or services originating from a Sanctioned Country, or with persons who ordinarily reside in the Sanctioned Country).

(II) Limited sanctions programs prohibit U.S. persons from participating in certain types of transactions with sanctioned countries and/or governments, such as the provision of services, financing, investments, exports, and/or imports. Prohibited activities vary from program to program, and they generally are not as broad (for example, they do not target activities with all persons or entities in that country). Currently, the U.S. government maintains limited sanctions programs in relation to countries such as Iraq and Libya, and OFAC has issued a series of general licenses authorizing numerous activities.

(B) *List-based sanctions programs.* In addition to country-based sanctions programs, primary U.S. sanctions include list-based sanctions that prohibit U.S. persons from dealing with or facilitating dealings with individuals, entities and organizations that have been designated as SDNs by OFAC for a variety of reasons. Although some of these programs reflect the name of a particular country in its title (e.g., Belarus, Central African Republic, the Democratic Republic of Congo, Lebanon, Somalia, South Sudan, Yemen, Zimbabwe), these sanctions are not territorial in nature and do not apply to the country as a whole, and they do not target the government of such country as a whole nor all persons and entities in the country. Instead, the restrictions apply

only to persons and entities that are on the SDN List, which may include some government officials or other parties designated for a variety of reasons (the restrictions also apply to entities owned, at 50% or higher level, by designated SDNs). The names of these designated parties are published on the OFAC SDN List; they include persons or entities targeted for a variety of reasons including but not limited to:

- (I) terrorists and terrorist organizations;
 - (II) narcotics traffickers;
 - (III) persons involved in the proliferation of weapons of mass destruction;
 - (IV) persons or entities undermining democratic processes, freedom of expression, or those involved in human rights abuses or censorship activities, among other targeted activities; and
 - (V) individuals and entities that the U.S. Government considers to be "arms" of the sanctioned governments identified above.
- (C) U.S. persons are not permitted to have any dealings whatsoever with or facilitate dealings with parties designated on the SDN List (or entities owned at 50% or higher level, directly or indirectly, by SDNs) unless authorized by OFAC. The SDN List is updated often and is available on OFAC's website at <https://sdnsearch.ofac.treas.gov/>. Numerous vendors also provide screening solutions that can be tailored to fit a particular business' needs and IT systems.

(v) **Application to Hong Kong**

- (1) On July 14, 2020, the Hong Kong Autonomy Act (the "**Act**") became law authorizing the imposition of sanctions on certain parties related to certain activities in the Hong Kong Special Administrative Region ("**HKSAR**"). The Act provides a range of sanctions available to the U.S. government to target foreign persons or foreign financial institutions determined to have engaged in "significant transactions" with certain foreign persons, such as designated senior Hong Kong or Chinese government officials or Chinese companies involved in the erosion of Hong Kong's autonomy. The Act did not designate any foreign officials; instead, the Act requires the Secretary of State to prepare a list of foreign persons who are materially contributing, have materially contributed, or attempt to materially contribute to China's failure to meet its obligations under the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong (December 19, 1984) and the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China. If such persons are designated under the Act, then foreign financial institutions could face exposure

themselves to restrictive measures if they engage in "significant" transactions with such designated persons.

- (2) On the same day, the President issued the Executive Order on Hong Kong Normalization ("**EO 13936**"). This EO, among other actions, authorizes the imposition of sanctions on foreign persons determined to be involved in developing, adopting, and/or implementing China's National Security Law, among other actions. The EO blocks any transactions or transfers involving any and all property and/or interests in the United States of anyone the Secretary of State in consultation with the Secretary of Treasury (or vice versa):
- (A) To be or have been involved, directly or indirectly, in the coercing, arresting, detaining, or imprisoning of individuals under the authority of, or to be or have been responsible for or involved in developing, adopting, or implementing, the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Administrative Region.
 - (B) To be responsible for or complicit in, or to have engaged in, directly or indirectly, any of the following:
 - (I) Actions or policies that undermine democratic processes or institutions in Hong Kong.
 - (II) Actions or policies that threaten the peace, security, stability, or autonomy of Hong Kong.
 - (III) Censorship or other activities with respect to Hong Kong that prohibit, limit, or penalize the exercise of freedom of expression or assembly by citizens of Hong Kong, or that limit access to free and independent print, online, or broadcast media.
 - (IV) The extrajudicial rendition, arbitrary detention, or torture of any person in Hong Kong or other gross violations of internationally recognized human rights or serious human rights abuse in Hong Kong.
 - (C) To be or have been a leader or official of:
 - (I) An entity, including any government entity, which has engaged in, or whose members have engaged in, any of the activities described above.
 - (II) An entity whose property and interests in property are blocked pursuant to EO 13936.
 - (III) To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked by EO 13936.

- (IV) To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked by EO 13936.
- (D) To be a member of the board of directors or a senior executive officer of any person whose property and interests in property are blocked by EO 13936.
- (E) Under the authority of EO 13936, OFAC has already designated as SDNs several government officials in Hong Kong, including those in top political leadership. As a result of their SDN designation, US sanctions extend to dealings with any non-listed entity in which those SDNs hold, directly or indirectly, a 50% or greater interest.
- (F) On September 25, 2020, OFAC issued Frequently Asked Question (FAQ) 840 on the effect of designating several political leaders of Hong Kong. FAQ 840 states that the designation of an official of the Government of the HKSAR does not itself block the HKSAR government or any government agency where the SDN is an official or otherwise exercises control. Accordingly, engaging in a routine interaction with an agency in which an SDN is an official, but which does not involve the SDN directly or indirectly, is not prohibited. FAQ 840 further states that U.S. persons may enter into HKSAR government contracts signed by a non-SDN official of the HKSAR to whom the HKSAR government has delegated the authority to enter such contracts.

(vi) **Application to Iran**

(1) **Primary Sanctions**

- (A) The Iranian Assets Control Regulations, 31 C.F.R. Part 535, The Iranian Transaction and Sanctions Regulations, 31 C.F.R. Part 560, The Iranian Financial Sanctions Regulations, 31 C.F.R. Part 561, and the Iranian Human Rights Abuses Sanctions Regulations, 31 C.F.R. Part 562 broadly implement comprehensive country sanctions against Iran. U.S. persons, including foreign subsidiaries of U.S. corporations, are prohibited from engaging in any transaction involving the purchase, sale, transportation, financing or brokering of goods or services to or from Iran.
- (B) In addition, multiple U.S. Executive Orders block the property of specified Iranian persons and entities identified as SDNs, including the Government of Iran, the Central Bank of Iran, the Iranian Republic Guard Corps, the Iranian Republic Shipping Line, and Mahan Airlines, among others. U.S. persons are prohibited from dealing in the property of these SDNs. Additionally, a number of Iranian banks were designated under Executive Order 13902. OFAC also

issued a General License L to authorize banks designated under EO 13902 to participate in humanitarian transactions.

(2) **Secondary Sanctions**

- (A) Beginning in 1996, the U.S. has passed legislation establishing "secondary sanctions" applicable to non-U.S. persons and entities who engage in certain defined economic activity with Iran. This legislation includes the Iran Sanctions Act of 1996, as amended, 50 U.S.C. § 1701; the Comprehensive Iran Sanctions Accountability and Divestment Act of 2010 ("**CISADA**"), PL 111-195; the Iran Threat Reduction and Syria Human Rights Act of 2012, H.R. 1905 (PL 112-158) ("**ITRA**"); the National Defense Authorization Act for Fiscal Year 2012 PL 112-81; and the Iran Freedom and Counter-Proliferation Act of 2012 ("**IFCA**") (PL 112-239).
- (B) Secondary sanctions legislation grants broad discretion to the President and his delegated representatives to deny access to the U.S. economic system to non-U.S. persons who have been determined to engage in certain specified transactions involving the Iranian banking, energy, shipping and shipbuilding sectors. Under Section 1244(e) of IFCA, there is no secondary sanctions exposure for persons conducting or facilitating a transaction for the sale of agricultural commodities, food, medicine or medical devices to Iran, or for the provision of humanitarian assistance to the people of Iran.
- (C) In January 2016, the United States, Iran, and other powers signed the Joint Comprehensive Plan of Action ("**JCPOA**"), which vastly eased secondary sanctions in exchange for Iranian actions in relation to its nuclear program.
- (D) On May 8, 2018, the Trump Administration announced that the United States would withdraw from JCPOA. As such, the nuclear-related secondary sanctions that had been eased pursuant to the JCPOA were re-imposed on August 7, 2018 after a 90-day wind down period with the second round of sanctions re-imposed on November 5, 2018 after a 180-day wind down period, depending on the sector the sanctions target.
- (E) Additionally, secondary sanctions programs, involving certain specified activities and dealings with SDNs, that had not been eased pursuant to the JCPOA are still in force. Such transactions include proliferation of weapons of mass destruction, support for human rights abuses in Iran and Syria, support for terrorism, dealings with the Islamic Revolutionary Guard Corps, and others.
- (F) Executive Order 13846 (August 6, 2018) includes secondary sanctions for any person who has engaged in a significant

transaction for the sale, supply, or transfer to Iran of significant goods or services used in connection with Iran's automotive sector.

- (G) On November 5, 2018, the United States re-imposed the remaining nuclear-related secondary sanctions administered by OFAC against Iran that previously had been lifted pursuant to the United States' commitment to JCPOA. This action includes the designation of 50 Iranian banks and their foreign and domestic subsidiaries; the identification of more than 400 targets, including over 200 persons and vessels in Iran's shipping and energy sectors, and an Iranian airline and more than 65 of its aircraft; and the placement on the list of SDN List of nearly 250 persons and associated blocked property that appeared until today on the List of Persons Identified as Blocked Solely Pursuant to Executive Order (E.O.) 13599 (E.O. 13599 List).
- (H) On May 8, 2019, the Executive Order 13871 includes secondary sanctions for persons determined to be operating in the iron, steel, aluminium or persons that own, control or operate an entity that is part of those sectors; to have knowingly engaged in a significant transactions for the sale, supply, or transfer to Iran of significant gods or services used in connection with those sectors, to have materially assisted, sponsored, or provided financial, material, or technological support for or goods or services in support of any SDNs; or to be owned or controlled by, or to have acted or purported to act for or on behalf of directly or indirectly by SDNs.
- (I) On January 10, 2020, the Executive Order 13902 includes secondary sanctions for persons determined to be operating in the construction, mining, manufacturing, or textiles sectors of the Iranian economy, or any other sector of the Iranian economy as determined by the Secretary of the Treasury; to have knowingly engaged in a significant transaction for the sale, supply, or transfer to or from Iran of significant goods or services used in connection with a sector of the Iranian economy specified in, or determined by the Secretary of the Treasury; to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any SDN blocked pursuant to these sanctions; or to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any SDN blocked pursuant to these sanctions. On October 8, 2020, the Secretary of the Treasury identified the financial sector of the Iranian economy and designated eighteen major Iranian banks.
- (J) On September 21, 2020, the Executive Order 13949 includes secondary sanctions on any person determined by the Secretary of State, in consultation with the Secretary of the Treasury, to engage in any activity that materially contributes to the supply, sale, or transfer, directly or

indirectly, to, or from Iran, or for the use in or benefit of Iran, of arms and related material, including spare parts; any person determined by the Secretary of State, in consultation with the Secretary of the Treasury, to provide to Iran any technical training, financial resources or services, advice, other services, or assistance related to the supply, sale, transfer, manufacture, maintenance, or use of arms and related material described above; any person determined by the Secretary of State, in consultation with the Secretary of the Treasury, to have engaged, or attempted to engage, in any activity that material contributes to, or poses a risk of materially contributing to, the proliferation of arms or related material or items intended for military end-uses or military end-users, including any efforts to manufacture, acquire, possess, develop, transport, transfer, or use such items, by the Government of Iran (including persons owned or controlled by, or acting for or on behalf of the Government of Iran) or paramilitary organizations financially or militarily supported by the Government of Iran; any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked pursuant to these sanctions; or any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to these sanctions.

(vii) **Application to Lebanon**

- (1) Currently, the U.S. government maintains targeted list-based sanctions against Lebanon. These sanctions only block the property and interests in property of SDNs as well as those entities which an SDN owns (defined as an ownership interest of 50% or more, individually or in the aggregate). These regulations are set forth at 31 C.F.R. Part 549. For Lebanon sanctions purposes, persons and entities can be designated as SDNs for having engaged in the following activities in violation of Executive Order 13441:
 - (A) to have taken, or to pose a significant risk of taking, actions, including acts of violence, which have the purpose or effect of undermining Lebanon's democratic processes or institutions, contributing to the breakdown of the rule of law in Lebanon, supporting the reassertion of Syrian control or otherwise contributing to Syrian interference in Lebanon, or infringing upon or undermining Lebanese sovereignty;
 - (B) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, such actions, including acts of violence, or any person described above; or

(C) to be a spouse or dependent child of any person described above.

(2) Under Executive Order 13441, with certain exceptions, transactions by U.S. persons, or in or involving the United States, are prohibited if they involve dealing with, or involving property of, a person or entity designated as an SDN under Executive Order 13441 and appearing on the OFAC SDN List with the identifier "[LEBANON]". The property and interests in property of an entity that is 50% or more owned, directly or indirectly by a person on the OFAC SDN List is also blocked, regardless of whether the entity itself appears on the OFAC SDN List.

(viii) **Application to Myanmar/Burma**

(1) The United States historically had imposed comprehensive sanctions against Myanmar/Burma, which primarily prohibited new investment in the country and exports of financial services (exports of goods to non-SDNs were not widely restricted even in the past). Responding to democratic reforms in Myanmar/Burma, the United States eased these sanctions in 2012, allowing for the export of financial services and certain new investment, while generally continuing to prohibit transactions involving SDNs.

(2) Under the Burmese Sanctions Regulations ("**BSR**"), 31 C.F.R. 537, after 2012, U.S. persons were generally not prohibited from exporting goods, software or technology to Myanmar/Burma unless an SDN is involved. Property and interest in property belonging to SDNs generally may not be transferred, paid, exported, withdrawn or otherwise dealt with by U.S. persons.

(3) New investment in Myanmar/Burma and the exportation of financial services to Myanmar/Burma were authorized after the 2012 easing under the general licenses contained in the regulations. However, given human rights considerations, the general licenses imposed certain restrictions on transactions involving the Burmese Ministry of Defense, state or non-state armed groups (which includes the military), or entities owned by these organizations.

(4) On December 7, 2015, in an effort to facilitate the flow of trade with Myanmar/Burma, OFAC further authorized most transactions ordinarily incident to the export of goods, technology, or non-financial services to or from Myanmar/Burma when an SDN is involved indirectly (not as a recipient/sender of the goods). However, transactions to, from, or on behalf of any SDN were still prohibited.

(5) On October 7, 2016, OFAC's sanctions against Myanmar/Burma were lifted in their entirety. There are no remaining sanctions against Myanmar/Burma, although certain restricted parties in the country may continue to be designated by OFAC for their involvement in narcotics trafficking or other illicit activities. On August 17, 2018, OFAC added four Burmese Military and Border Guard Police ("**BGP**") commanders and two Burmese military units to the SDN

List. Effective June 16, 2017, the BSR have been removed from the OFAC's regulations in Part V of the Code of Federal Regulations.

- (6) On February 10, 2021, OFAC issued Executive Order 14014, which provides the Secretary of the Treasury with authority to designate persons
- (A) determined to be operating in the defense sector of the Burmese economy or any other sector of the Burmese economy as may be determined by the Secretary of the Treasury;
 - (B) who have been responsible for, complicit in, or engaged or attempted to engage in:
 - (I) actions or policies that undermine democratic processes or institutions in Burma;
 - (II) actions or policies that threaten the peace, security, or stability of Burma;
 - (III) actions or policies that prohibit, limit, or penalize the exercise of freedom of expression or assembly by people in Burma, or that limit access to print, online, or broadcast media in Burma; or
 - (IV) the arbitrary detention or torture of any person in Burma or other serious human rights abuse in Burma;
 - (C) to be a leader or official of:
 - (I) the military or security forces of Burma, or any successor entity to any of the foregoing;
 - (II) the Government of Burma on or after February 2, 2021;
 - (III) an entity that has, or whose members have, engaged in any activity described in subsection (B) above relating to the leader's or official's tenure; or
 - (IV) an entity whose property and interests in property are blocked pursuant to this order as a result of activities related to the leader's or official's tenure;
 - (D) to be a political subdivision, agency, or instrumentality of the Government of Burma;
 - (E) to be a spouse or adult child of any person whose property and interests in property are blocked pursuant to EO 14014;
 - (F) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of any person whose property and interests in property are blocked pursuant to EO 14014; or

- (G) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, the military or security forces of Burma or any person whose property and interests in property are blocked pursuant to EO 14014.
 - (7) OFAC has designated as SDNs several persons and entities under EO 14014. Restrictions extend to any entity which such SDNs own at 50% or greater level, directly or indirectly.
- (ix) **Application to Yemen**
- (1) On May 16, 2012, the President of the United States issued Executive Order 13611, declaring a national emergency to deal with the unusual and extraordinary threat to the national security and foreign policy of the United States posed by the actions and policies of certain members of the Government of Yemen and other individuals and entities that threaten Yemen's peace, security, or stability. Such actions and policies include obstructing the implementation of the November 23, 2011 agreement between the Government of Yemen and those in opposition to it, which provides for a peaceful transition of power that meets the legitimate demands and aspirations of the Yemeni people and obstructing the political process in Yemen. Executive Order 13611 does not impose broad-based sanctions against the country of Yemen or its government or people.
 - (2) Executive Order 13611 authorizes the blocking of property and interests in property of individuals and entities determined by the Secretary of the Treasury, in consultation with the Secretary of State, to:
 - (A) have engaged in acts that directly or indirectly threaten the peace, security, or stability of Yemen;
 - (B) be a political or military leader of an entity that has engaged in such acts;
 - (C) have provided support for such acts or to a person whose property and interests in property are blocked by Executive Order 13611; or
 - (D) be owned or controlled by or have directly or indirectly acted for or on behalf of, such blocked persons.
 - (3) Under Executive Order 13611, with certain exceptions, transactions by U.S. Persons, or in or involving the United States, are prohibited if they involve dealing with, or involving property of, a person or entity designated as an SDN under Executive Order 13611 and appearing on the OFAC SDN List with the identifier "[YEMEN]". The property and interests in property of an entity that is 50% or more owned, directly or indirectly by a person on the OFAC SDN List is also blocked, regardless of whether the entity itself appears on the OFAC SDN List.
- (x) **Application to Venezuela**

- (1) On March 8, 2015, the United States imposed targeted sanctions against Venezuela under Executive Order 13692 in response to anti-democratic events. The sanctions do not constitute a broad or territorial embargo against trade with Venezuela, but instead froze the assets of the seven targeted officials, heads of the country's security agencies or law enforcement officials.
- (2) Under Executive Order 13692, with certain exceptions, transactions by U.S. Persons, or in or involving the United States, are prohibited if they involve dealing with, or involving property of, a person or entity designated as an SDN under Executive Order 13692 and appearing on the OFAC SDN List with the identifier "[VENEZUELA]". The property and interests in property of an entity that is 50% or more owned, directly or indirectly by a person on the OFAC SDN List is also blocked, regardless of whether the entity itself appears on the OFAC SDN List.
- (3) OFAC has also imposed sanctions on various other designated Venezuelan businesses and individuals. With certain exceptions, U.S. persons are prohibited from dealing with persons listed on OFAC's SDN List, and all property in which any blocked person has an interest is blocked if it is in the United States or in the possession or control of a U.S. person, wherever located.
- (4) On August 25, 2017, the U.S. imposed more limited restrictions targeting the debt (in excess of specific maturity terms) and equity of the Government of Venezuela ("**GOV**"). The restrictions apply to the GOV's and Petroleos de Venezuela, S.A.'s ("**PdVSA**") ability to access capital from the United States including profits and dividends from its U.S. assets, such as CITGO Holdings, Inc., the PdVSA-owned American subsidiary. These restrictions were largely superseded by Executive Order 13884 discussed below, which is much broader in scope of restrictions imposed on GOV. Additionally, PdVSA was designated as an SDN on January 28, 2019.
- (5) On November 1, 2018, the U.S. issued Executive Order 13850, to target corrupt practices in Venezuela and imposed sanctions on any person determined by the Secretary of the Treasury, in consultation with the Secretary of State,
 - (A) to operate in the gold sector of the Venezuelan economy or in any other designated sector of the Venezuelan economy (after the issuance of EO 13850, OFAC subsequently issued designations of three additional sectors of Venezuelan economy as targeted by this order: oil, financial and defense/security sectors);
 - (B) to be responsible for or complicit in, or to have directly or indirectly engaged in, deceptive or corrupt transactions involving the GOV or projects or programs it administers, or to be an immediate adult family member of such a person;

- (C) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any activity described in section (ii); or
 - (D) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property were blocked pursuant to Executive Order 13850.
- (6) On August 5, 2019, the United States issued Executive Order 13884, which blocks all property and interest in property of the GOV; prohibits any transactions with the GOV that would involve a U.S. nexus (i.e. U.S.-origin goods or services, U.S. person involvement, USD-denominated transactions); and blocks the property of persons who, after determination by the Secretary of the Treasury, in consultation in the Secretary of State,
- (A) Have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of persons included on the SDN List whose property or interests in property are blocked pursuant to Executive Order 13884; or
 - (B) Are owned or controlled by or have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to Executive Order 13884.
- (7) OFAC has issued several general licenses authorizing certain limited transactions with GOV including for example, activities related to issuance of local permits, payment of local taxes and similar administrative activities that are incidental to day-to-day operations of a non-sanctioned entity in Venezuela as well as dealings with customs authorities and ports for shipments of goods to Venezuela. Most types of transactions involving GOV that have any U.S. nexus remain prohibited, with the exception of specific activities identified in various OFAC general licenses that are authorized if terms and conditions of such general licenses are met.
- (xi) **Application to the Group**
- (1) To the best knowledge, information and belief of the directors of the Company, neither the Company nor any of its affiliates, agents, directors, officers, or employees has or is engaged in transactions, business or financial dealings that directly or indirectly involve or benefit a person or entity listed under US sanctions or has or is engaged in any other activity subject to restrictions under US sanctions.
 - (2) Save for the Clark Group, as defined in the Listing Document, which did not engage in Group's activities in the Relevant Regions (excluding Hong Kong), none of the Group entity is a U.S. person for purposes of U.S. sanctions. As such, these entities are not subject to any of the above described primary U.S. sanctions

administered by OFAC, either country-based or list-based, when the activity otherwise has no U.S. nexus.

- (3) No U.S. persons employed or otherwise engaged by the Company, or its Group entities have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of the Company or its Group entities involving the Relevant Regions.
- (4) the Company has reviewed all transaction records since January 2017 and has not identified any payments in U.S. dollars related to Sanctioned Countries during that time except for the Iranian EUR Sales and Deliveries.
- (5) the Company did not instruct its customers to use any particular payment route. However, all products involved in the Iranian EUR Sales and Deliveries Transactions, were quoted in EUR, and were paid in EUR.
- (6) No products supplied, sold, exported or otherwise transferred by the Group to the Relevant Regions incorporates U.S.-origin content.
- (7) No U.S. persons employed or otherwise engaged by the Group have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of the Company or its Group entities involving Iran. As noted above, the involvement of U.S. persons with activities involving other Relevant Regions would not present issues under U.S. sanctions when no Sanctioned Parties are involved, and the Company confirmed for and on behalf of the Group that such transactions with other Relevant Regions did not involve Sanctioned Parties.
- (8) To the best knowledge, information and belief of the directors of the Company, other than the Iranian EUR Sales and Deliveries, the Group has not engaged in activities involving Crimea region, DPR/LPR, Kherson or Zaporizhzhia regions, Cuba, Iran, North Korea, or Syria. The Group is not subject to any of the above described primary U.S. sanctions administered by OFAC, either country-based or list-based, when the activity does not involve U.S. nexus.
- (9) The Company has advised, for and on behalf of the Group, the Group did not instruct its customers to use any particular payment route, but, the Group had received payments from its sales of products in relation (i) to Iran in EUR, and (ii) the Relevant Regions other than Iran in USD and EUR, which is consistent with its international sales practice.
- (10) The Company confirmed for and on behalf of the Group, the Group's customers and suppliers are not SDNs (or, to the Company's knowledge, owned by SDNs at 50% or greater level), including Mr. Li Ning and Li Ning Sporting Goods, and neither the Group nor any of its affiliates, agents, directors, officers or employees are engaged in other transactions, business or financial

dealings that directly or indirectly involve North Korea, Cuba, Syria, or the Crimea, Kherson, Zaporizhzhia, DPR or LPR regions of Ukraine/Russia. There are no territorial sanctions with respect to Hong Kong, Lebanon, Myanmar, Venezuela and Yemen. Accordingly, the Group's sales of non U.S.-origin lifestyle apparel to non-sanctioned parties in the Relevant Regions would not have triggered relevant sanctions regulations.

- (11) The Group did not, in any circumstances, make any payment (including refund) to any party in the Relevant Regions during the Track Record Period.
- (12) No financing or financial assistance has been received by the Group up to the date of this memorandum, either directly or indirectly, from any company, entity or body incorporated or located in the United States that relates to the Group's activities with Iran as Sanctioned Countries.
- (13) No products have been exported (either directly or indirectly) to any persons or entities identified on the BIS List.
- (14) The Group's activities did not involve industries or sectors that are currently subject to specific sanctions by the United States
- (15) Hogan Lovells assessment is that the business dealings of the Group with the Relevant Regions, including the Primary Sanctioned Country Transactions, do not appear to violate or implicate any breaches of the applicable U.S. sanctions.

(c) Secondary Sanctions Applicable to Non-U.S. Persons

- (i) The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in certain defined activities, including:
 - (1) those who are dealing in "confiscated" property in Cuba;
 - (2) those who are engaging in certain Syria- or Iran-related activities, including certain targeted sectors of Iranian, North Korean, Belarussian, Burmese, Russian and Venezuelan economy;
 - (3) those who are found to "operate in" the Crimea or DPR/LPR regions or in the targeted sectors of Venezuelan economy (gold, oil, financial, defense/security), Burmese economy (defense) Russian economy (quantum computing, defense, technology, maritime, aerospace, electronics, financial services, metals and mining, or accounting, management consulting and corporate/trust formation services), North Korean (construction, energy, financial services, fishing, information technology, manufacturing, medical, mining, textiles, or transportation), or Belarussian (defense and related materiel, security, energy, potassium chloride (potash) sector, tobacco products, construction, or transportation);
 - (4) those engaging in a "significant" importation from or exportation to North Korea of any goods, services, or technology;

- (5) those engaging in "significant" transactions with Iranian or Russian SDNs; and
 - (6) those who are engaging in the provision of "material assistance" or support to most types of SDNs (including SDNs designated under the Ukraine/Russia sanctions programs, among others).
- (ii) The Company has, for and on behalf of the Group has confirmed that based on their due diligence process, except for the Iranian EUR Sales and Deliveries, it has no dealings involving Crimea, DPR/LPR, Kherson/Zaporizhzhia regions, Cuba, Iran, North Korea, Syria, and Venezuela or with any SDNs. As the Iranian EUR Sales and Deliveries of apparel and footwear products do not involve targeted sectors in Iran (exporting such products into Iran would not be viewed as the Group's "operating in" the textiles sector of Iran according to OFAC's FAQ 831 which defines the term "textiles sector of the Iranian economy" to mean "the fiber synthesis, dyeing, weaving, knitting, or felting in Iran of textiles, including apparel, carpets, cloths, fabric, or related goods, that are for export from Iran) or SDNs, they would not create exposure to secondary sanctions related to such Sanctioned Countries. The nature of the Group's business with Relevant Regions should not trigger U.S. secondary sanctions targeting certain industries. Accordingly, secondary sanctions are not likely to be triggered by the Group's business operations, based on our due diligence process, the Group's due diligence in this respect, as well as the information provided by the Group. For those reasons, Hogan Lovells' assessment is that the Group or Relevant Persons would not face exposure to secondary U.S. sanctions.

(d) **The Transfer of Listing**

- (i) Given the scope of the Transfer of Listing and, in particular, no fund raising is involved, we are of the view that the involvement by parties in the Transfer of Listing will not implicate any applicable International Sanctions on such parties, including the Company, the potential investors, Shareholders, the Stock Exchange and its listing committee and group companies and accordingly, the sanctions risk exposure to our Company, potential investors and Shareholders, and persons who might, directly or indirectly, be involved in permitting the listing, trading and clearing of our Shares (including the Stock Exchange, its listing committee and related group companies) is very low
- (ii) We also note that none of the Company and its subsidiaries, their respective shareholders, directors or officers disclosed in the Listing Document is a person or entity named on the SDN List.

6. **UN SANCTIONS**

- 6.1 UN sanctions measures are adopted via a Resolution of the UN Security Council ("**UNSC**"). The UNSC can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. UN Security Council Resolutions are binding upon all members of the UN, including the United States, Member States of the European Union and Australia. UN Member States are required to bring into force (i.e. implement, administer and enforce) national measures to ensure compliance with the measures prescribed in the UN Resolution. The main aim of UN sanctions measures, as set out in

the UN Charter, is to maintain or restore international peace and security. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes. Decision of UNSC bind members of the UN and override other obligations of UN member states.

6.2 The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation. There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees. United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter.

6.3 **Application to Hong Kong**

(a) During the five year period prior to the date of this memorandum, the UN has not imposed any sanctions on Hong Kong.

6.4 **Application to Iran**

(a) The UN first adopted sanctions against Iran on July 31, 2006, pursuant to UN Security Council Resolution 1696. These measures targeted Iran's nuclear and enrichment related activities and imposed an asset freeze on a list of persons involved in proliferation-sensitive activities. The measures were extended on December 23, 2006, pursuant to UN Security Council Resolution 1737.

(b) In 2007, UN sanctions measures were extended to introduce wide ranging asset freezes targeting specifically named Iranian persons and entities, and a ban on Iran's arms exports. These measures were introduced via UN Security Council Resolution 1747, which was adopted on March 24, 2007.

(c) In 2008, UN sanctions measures were extended by UN Security Council Resolution 1803 which established a travel ban on some individuals, added further individuals and entities to the list of persons subject to assets freezes, and extended the scope of the embargo on proliferation-sensitive items by adding dual use items.

(d) On June 9, 2010, UN sanctions measures were significantly extended pursuant to UN Security Council Resolution 1929. These measures specifically targeted Iran's oil and gas sector and Iranian financial institutions.

(e) On July 20, 2015, the UN adopted UN Security Council Resolution 2231 endorsing the international community's agreement with Iran concluded on July 14, 2015 in respect of the Iranian nuclear issue (the "JCPOA") and providing for the eventual removal of all UN Security Council resolutions against Iran. On January 16, 2016, the UN terminated the provisions of previous UN Security Council resolutions including UN Security Council Resolutions 1696, 1737, 1747, 1803 and 1929.

(f) UN Security Council Resolution 2231 establishes specific restrictions on Iran which include:

- (i) a requirement for UN Security Council approval for nuclear-related activities and transfers to or with Iran;
- (ii) a requirement for UN Security Council approval of ballistic missile related activities with and transfers to Iran;
- (iii) a requirement for UN Security Council approval of arms-related transfers to and from Iran;
- (iv) asset freezes on individuals and entities designated on the 2231 list; and
- (v) travel bans on individuals designated on the 2231 list.

6.5 Application to Lebanon

- (a) On October 31, 2005, the UNSC adopted Resolution 1636 (2005) imposing travel and financial sanctions in relation to Lebanon, in response to the terrorist bombing in Beirut on February 14, 2005 that killed former Lebanese Prime Minister Rafiq Hariri and 22 others. Additional sanctions measures were introduced with the adoption of Resolution 1701 (2006) following the conflict between Israel and Hezbollah in July 2006. These measures prohibit:
 - (i) the unauthorized supply, sale or transfer to Lebanon of arms or related material;
 - (ii) the unauthorized provision to Lebanon of any technical training or assistance related to the provision, manufacture, maintenance or use of goods referred to above; and
 - (iii) the use or dealing with the assets of, and the making available of assets to, persons and entities listed by the UNSC or by the Committee established by the UNSC sanctions pursuant to Resolution 1636.
- (b) To date, the relevant UN Security Council Sanctions Committee has not designated any targets under the relevant Lebanon related UNSCRs.

6.6 Application to Myanmar/Burma

- (a) During the Track Record Period, the UN has not maintained sanctions on Myanmar/Burma. This means that the Group would not have been able to breach any UN sanctions in its activities with Myanmar/Burma.

6.7 Application to Yemen

- (a) On February 26, 2014, the UN Security Council adopted Resolution 2140 (2014) imposing a sanctions regime in response to the on-going political, security, economic and humanitarian challenges in Yemen, including on-going violence. Pursuant to Resolution 2140 (2014), the UN Security Council Committee was established on February 26, 2014 to oversee the relevant sanctions measures. UN sanctions on Yemen were supplemented by Resolution 2216 (2015) and Resolutions 2511 (2020), 2564 (2021) and 2624 (2022), which set out a targeted arms embargo, asset-freezing measures against parties threatening the peace, security or stability of Yemen, engaging in sexual violence in armed conflict and obstructing the delivery of humanitarian assistance in Yemen, as well as a travel ban.

- (b) All member states shall freeze without delay all funds, other financial assets and economic resources which are on their territories, which are owned or controlled, directly or indirectly, by the designated individuals or entities or by individuals or entities acting on their behalf or at their direction. All member states should also ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any individuals or entities within their territories, to or for the benefit of the designated individuals or entities. The UN also implemented a travel ban by dictating that all member states shall take the necessary measures to prevent the entry into or transit through their territories of designated individuals. An arms embargo is also in place, prohibiting the export or transfer of arms to Yemen or for use in Yemen.

6.8 **Application to Venezuela**

- (a) During the Track Record Period, the UN has not imposed any sanctions with respect to Venezuela.

6.9 **Application to the Group**

- (a) On the basis of the Company's confirmations that neither the Company nor any of its affiliates, agents, directors, officers, or employees is engaged in transactions that directly or indirectly involve or benefit a person on the sanctions list of the UN;
- (b) Based on the Company's confirmations that the Group's business dealings in the Relevant Regions do not implicate the restrictive measures adopted by UN because the Group does not have any business dealings with persons on the list of persons and entities designated by the UN with whom member states of the UN are prevented from doing business with; and
- (c) Based on the Company's confirmations that all of the Company's business in relation to the Relevant Regions was in relation to the sales of non U.S.-origin lifestyle apparel, which were not conducted in relation to, or otherwise involve any export-controlled products,

Hogan Lovells' assessment is therefore that the Company's business dealings do not implicate restrictive measures adopted by the UN and implemented by the United States, European Union, UK Overseas Territories and Australia.

7. **EU AND UK SANCTIONS**

7.1 **Overview of EU Sanctions Measures**

Sanctions are one of the EU's tools to promote the objectives of its Common Foreign and Security Policy ("**CFSP**"), being peace, democracy and the respect for the rule of law, human rights and international law.

- (a) Sanctions applicable in the EU stem from:
 - (i) sanctions adopted by the UN; or
 - (ii) autonomous sanctions regimes adopted by the EU without any UN action.
- (b) The EU implements sanctions measures via a unanimous decision of the Council of the European Union (the "**Council**"). Members States of the EU are then legally bound to act in conformity with the decision.

- (c) Certain sanctions, such as arms embargoes and travel bans, are implemented directly by EU Member States. Such measures only require a decision by the Council. Economic sanctions measures require separate implementing legislation in the form of a Council Regulation.
- (d) Council Regulations are directly applicable in EU Member States. However, some Member States may nevertheless enact national legislation implementing the EU sanctions measures. In addition, individual Member States are responsible for establishing measures to set and impose penalties and their implementation and enforcement, and for establishing relevant competent licensing authorities.
- (e) EU sanctions regimes are generally targeted, meaning that the relevant prohibitions or restrictions are focused on individual people or organizations, certain sectors of the target's economy, specified goods, technology, technical assistance and wider associated services, or specific activities.

As of January 1, 2021, the UK is no longer an EU Member State. Pursuant to the terms of Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the "**Withdrawal Agreement**"), EU law including sanctions law continued to apply to and in the UK until December 31, 2020. The UK was still an EU Member State during part of the Track Record Period and the EU sanctions analysis fully applies thereto until December 31, 2020. For the part of the Track Record Period starting on January 1, 2021, UK applied its own sanctions programs.

7.2 Overview of UK sanctions

- (a) Sanctions are one of the UK's tools to promote the objectives of its foreign policy, being peace, democracy and the respect for the rule of law, human rights and international law.
- (b) As of January 1, 2021, sanctions applicable in the UK stem from:
 - (i) Sanctions adopted by the UN; or
 - (ii) Autonomous sanctions regimes adopted by the UK; Some of which have been retained from EU legislation and have been transitioned into UK law.
- (c) UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018 (the "**UK Sanctions Act**"), which enables the transition of existing EU sanctions programs and the establishment of autonomous UK regimes. The UK Sanctions Act is implemented through regulations setting out the specific measures under each UK sanctions regime.
- (d) Specifically, Section 63(3)(c) of the UK Sanctions Act provides that the UK may by way of Order extend the application of the sanctions regulations to any of the Channel Islands, the Isle of Man, and any of the British Overseas Territories. UK sanctions measures have also been extended by the UK on a regime by regime basis to apply to and in the UK Overseas Territories (without requiring enactment of any further legislation by them), including the Cayman Islands as of January 1, 2021.

7.3 Application of Sanctions Measures

- (a) EU and UK sanctions measures broadly apply to: (i) any company incorporated under the laws of the EU or the UK; (ii) any EU or UK national; and (iii) any business done in whole or in part within the EU or the UK.
- (b) EU and UK sanctions measures will therefore apply to:
 - (i) Before December 31, 2020, the Company as a company incorporated in the Cayman Islands and any of the Group's subsidiaries or affiliates incorporated in the EU, UK or a UK Overseas Territory, including the UK incorporated subsidiary. As of January 1, 2021, EU sanctions will apply to any of the Group's subsidiaries or affiliates incorporated in the EU and UK sanctions will apply to the Company as a company incorporated in the Cayman Islands and any of the Group's subsidiaries or affiliates incorporated in the UK or a UK Overseas Territory, including the UK incorporated subsidiary.
 - (ii) any EU and UK nationals employed by or otherwise engaged on behalf of the Group regardless of where they are located, such as in Singapore, in the EU, the UK or in any other country;
 - (iii) any business of the Group conducted within the EU, the UK or a UK Overseas Territory;
 - (iv) any counterparty incorporated in the EU, the UK or a UK Overseas Territory with whom the Group does business including for example, suppliers, customers, distributors, agents, manufacturers, shipping agents and freight forwarders;
 - (v) any EU or UK incorporated financial institution that the Group or any of its companies uses to provide payment processing services, trade finance services, short or long term debt financing or any other service; and
 - (vi) any entity incorporated in the EU or the UK, or national of these regions who subscribes for shares in the Group.
- (c) EU and UK sanctions will not apply to:
 - (i) Non-EU and non-UK nationals in their personal capacity, including the Company's Directors (to the extent that they are not carrying out business of the Group in the territory of the EU or the UK); and
 - (ii) any company subsidiary that is not incorporated under the laws of an EU Member State, the UK or a UK Overseas Territory, which acts in a wholly independent manner from its parent company, and which does not carry out any activities in the EU, the UK or a UK Overseas Territory.

7.4 Restrictions under EU and UK Sanctions Measures

- (a) The restrictions applied under an EU or UK sanctions regime (including where extended to apply in the UK Overseas Territories) depend on the jurisdiction targeted by the regime. However, there are broadly four main offences:

- (i) making any funds or economic resources (see below) directly or indirectly available to or for the benefit of a sanctioned person or entity (a "**Designated Person**");
 - (ii) dealing with any funds or economic resources that are owned, held or controlled, directly or indirectly, by a Designated Person;
 - (iii) exporting, selling, transferring or making certain controlled or restricted products¹ available (either directly or indirectly) to, or for use in, a jurisdiction subject to sanctions measures (a "**Prohibited Activity**"); and
 - (iv) participating knowingly and intentionally in activities the object or effect of which is to: (i) directly or indirectly circumvent the restrictions listed above; or (ii) enable or facilitate the commission of the offences.
- (b) The meaning of "economic resources" is defined widely to be "assets of every kind, whether tangible or intangible, movable or immovable, which are not funds, but may be used to obtain funds, goods or services". Therefore, the Group's products would fall within the definition of "economic resources".
- (c) Under EU and UK sanctions measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. While it is prohibited for a person or entity to whom EU or UK sanctions apply to make any product of the Group available directly or indirectly to or for the benefit of a Designated Person, or to finance such activity, it is not generally prohibited (or otherwise restricted) for that person or entity to do business (involving non-controlled or restricted items) with a counterparty in a country subject to EU or UK sanctions that is not a Designated Person or engaged in non-Prohibited Activities.

7.5 EU and UK sanctions: Dealing with Relevant Jurisdictions

- (a) As noted above, under EU and UK sanctions legislation it is prohibited for any person or entity to whom EU or UK sanctions apply to:
- (i) make any product of the Group directly or indirectly available to, or for the benefit of, a Designated Person; or
 - (ii) export, finance, or facilitate the transfer of any controlled or restricted products to a third country including a Relevant Jurisdiction.
- (b) **Application to Hong Kong**
- (i) During the Track Record Period, the EU has not imposed any sanctions on Hong Kong.
 - (ii) In June 2019, the UK restricted the sale of certain crowd control equipment to Hong Kong. Further, in July 2020, the UK extended the existing arms embargo with mainland China fully to Hong Kong in response to China's introduction of the National Security Law. The items covered by the arms embargo covers the export of the following items from the UK to China (inclusive of Hong King):

¹ An analysis of the parameters of what amounts to a controlled product is outside the scope of this advice memorandum. Hogan Lovells can provide further advice on this point as required.

- (1) lethal weapons, such as machine guns, large-calibre weapons, bombs, torpedoes, rockets and missiles;
- (2) specially designed components of the above and ammunition;
- (3) military aircraft and helicopters, vessels of war, armoured fighting vehicles and other weapons platforms;
- (4) any equipment which might be used for internal repression.

(c) **Application to Iran**

- (i) The EU economic sanctions on Iran are set out in two sets of regulations:
 - (1) Council Decision 2010/413/CFSP of July 26, 2010, as last amended by Council Decision (CFSP) 2022/1019 of June 27, 2022, and Council Regulation (EU) 267/2012 of March 23, 2012, as last updated by Council Implementing Regulation (EU) 2022/1010 of June 27, 2022 ("**EU Iran Nuclear Sanctions**"), which aims to disrupt Iran's nuclear weapons program; and
 - (2) Council Decision 2011/235/CFSP of April 12, 2011, as last amended by Council Implementing Decision (CFSP) 2022/2433 of December 12, 2022, and Council Regulation (EU) 359/2011 of April 12, 2011, as last amended by Council Implementing Regulation (EU) 2022/2428 of December 12, 2022 ("**EU Iran Human Rights Sanctions**"), which relates to Iran's violations of human rights.
- (ii) The EU Iran Nuclear Sanctions in the past included a ban on exports to Iran, a ban on the export of oil products, as well as certain prohibition on the transfer of funds to and from Iran using Iranian banks and financial institutions. These restrictions were lifted on October 18, 2015 through Council Decision (CFSP) 2015/1863 and Council Regulation 2015/1861, which terminated all nuclear-related economic and financial restrictive measures, following the conclusion of the Joint Comprehensive Plan ("**JCPOA**") of Action of July 14, 2015. Council Decision (CFSP) 2015/1836 took effect as of January 16, 2016, by virtue of Council Decision 2016/37, bringing into force regulations providing for sanctions relief that were previously issued pursuant to the EU's commitments under JCPOA. By virtue of these legislative acts, the EU lifted most of its restrictions under the EU Iran Sanctions Regulation. Consequently, these restrictions were not applicable during the Track Record Period.
- (iii) While the overall ban on exports to Iran has been broadly lifted, three categories of items remain restricted under the EU Iran Nuclear Sanctions:
 - (1) listed goods, technology and software on the Nuclear Suppliers Group list;
 - (2) any goods and technology that could contribute to activities related to reprocessing, enrichment, production of heavy water, or other activities inconsistent with the JCPOA; and
 - (3) listed goods and technology on the Missile Technology Control Regime list.

- (iv) A certain number of key Iranian persons and entities, including banks and Government entities remain subject to asset freezing measures.
 - (v) The EU Iran Human Rights Sanctions includes restrictions on the transfer of internet monitoring and telecommunications equipment and related services to Iran, as well as additional asset-freezing measures. In particular:
 - (1) Prohibition on EU persons and entities to export, directly or indirectly, certain listed equipment, technology or software that can be used for internal repression, and telecommunication equipment that can be used to intercept communications to any person or entity in Iran or for use in Iran, unless authorised by the competent authorities of the relevant EU Member State.
 - (2) An asset-freeze against certain listed persons and entities and the prohibition to make available, directly or indirectly, funds or economic resources to or for the benefit of listed parties.
 - (vi) As of January 1, 2021, the EU Iran Nuclear Sanctions have been replaced in the UK by the Iran (Sanctions) (Nuclear) (EU Exit) Regulations 2019, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) Regulations 2019, the Sanctions (EU Exit) (Miscellaneous Amendments) Regulations 2020 and the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 3) Regulations 2020. These regulations have replaced, with substantially the same effect, relevant existing EU legislation. These regulations have been extended to apply to the UK Overseas Territories by The Iran (Sanctions) (Nuclear) (Overseas Territories) Order 2020.
 - (vii) As of January 1, 2021, the EU Human Rights Sanctions have been replaced in the UK by the Iran Human Rights (Sanctions) (EU Exit) Regulations 2019, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 2) Regulations 2020 and the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 4) Regulations 2020. These regulations have replaced, with substantially the same effect, relevant existing EU legislation. These regulations have been extended to apply to the UK Overseas Territories by The Iran (Sanctions) (Human Rights) (Overseas Territories) Order 2020.
- (d) **Application to Lebanon**
- (i) On September 15, 2006, the EU adopted Council Common Position 2006/625/CFSP and Council Regulation (EC) No 1412/2006 of September 25, 2006, as last amended by Commission Implementing Regulation (EU) 2022/595 of April 11, 2022, establishing an embargo on all arms transfers to Lebanon not authorized by the Government of Lebanon or the UN peacekeeping force in Lebanon. The embargo mirrored a UN embargo established on August 11, 2006. As with the UN embargo, the EU prohibition covers the provision of any technical training or assistance related to the supply, manufacture, maintenance or use of arms and related equipment.
 - (ii) The EU has also imposed asset-freezing measures against Designated Persons through Council Common Position 2005/888/CFSP of December 12, 2005 and Council Regulation (EC) No 305/2006 of February 21, 2006, as last amended through Commission Implementing Regulation (EU)

2022/595 of April 11, 2022. More recently, the EU adopted additional targeted restrictive measures to address the deteriorating situation in Lebanon which provide for the possibility of asset-freezing measures against parties undermining democracy or the rule of law in Lebanon. These measures are set out in Council Decision (CFSP) 2021/1277 of 30 July 2021, as last amended by Council Decision (CFSP) 2022/1314 of July 26, 2022, and Council Regulation (EU) 2021/1275 of 30 July 2021, as last amended by Commission Implementing Regulation (EU) 2022/595 of April 11, 2022.

- (iii) As of January 1, 2021, the UK replaced the EU sanctions on Lebanon with the Lebanon (Sanctions) (EU Exit) Regulations 2020, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 3) Regulations 2020, and the Lebanon (Sanctions) (Assassination of Rafiq Hariri and others) (EU Exit) Regulations 2020, which came into effect on December 31, 2020, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 3) Regulations 2020. Under this regime, the sale or supply of arms and related material, and the provision of related services, is prohibited in Lebanon without the authorisation of the Government of Lebanon or the United Nations Interim Force in Lebanon ("**UNIFIL**"). These regulations have been extended to apply to the British Overseas Territories by the Lebanon (Sanctions) (Overseas Territories) Order 2020 and the Lebanon (Sanctions) (Assassination of Rafiq Hariri and others) (Overseas Territories) Order 2020. These regulations have replaced, with substantially the same effect, relevant existing EU legislation

(e) **Application to Myanmar/Burma**

- (i) The EU sanctions on Myanmar (Burma) are set out in Council Decision 2013/184/CFSP of April 22, 2013, as last amended through Council Decision (CFSP) 2022/2178 of November 8, 2022, and Council Regulation (EU) No 401/2013 of May 2, 2013, as last amended by Council Implementing Regulation (EU) 2022/2177 of November 8, 2022.
- (ii) The EU Myanmar sanctions restrict:
 - (1) the sale, supply, transfer or export, directly or indirectly, equipment which might be used for internal repression, whether or not originating in the EU, to any natural or legal person, entity or body in, or for use in Myanmar/Burma;
 - (2) the provision of technical assistance related to military activities and to the provision, manufacture, maintenance and use of arms and related materiel of any type, including weapons and ammunition, military vehicles and equipment, paramilitary equipment, and spare parts for the aforementioned, directly or indirectly to any natural or legal person, entity or body in, or for use in Myanmar/Burma;
 - (3) the provision of technical assistance related to the equipment which might be used for internal repression, directly or indirectly to any natural or legal person, entity and/or body in, or for use in Myanmar/Burma;
 - (4) the provision of financing or financial assistance related to military activities, including, in particular, grants, loans and export credit

- insurance for any sale, supply, transfer or export of arms and related materiel, directly or indirectly to any natural or legal person, entity or body in, or for use in Myanmar/Burma;
- (5) the export of dual-use goods for military and Border Guard Police end-users;
 - (6) the export of equipment for monitoring communications that might be used for internal repression; and
 - (7) impose asset-freezing measures against certain natural persons from the Myanmar Armed Forces (Tatmadaw) and the Border Guard Police.
- (iii) As of January 1, 2021, the UK replaced the EU sanctions on Myanmar by the Burma (Sanctions) (EU Exit) Regulations 2019 which came into effect on December 31, 2020, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 2) and (No. 4) Regulations 2020. On April 29, 2021, the Burma (Sanctions) (EU Exit) Regulations 2019 have been replaced by the Myanmar (Sanctions) Regulations 2021 (the "**UK Myanmar Regulations**").
- (iv) The UK Myanmar Regulations impose financial, trade and immigration sanctions for the purposes of promoting peace, stability and security in Myanmar; promoting respect for democracy, the rule of law and good governance in Myanmar, including in particular promoting the successful completion of Myanmar's transition to a democratic country; discouraging actions, policies or activities which repress the civilian population in Myanmar; and promoting compliance with international human rights law and respect for human rights in Myanmar. The UK Myanmar Regulations impose asset freeze on designated persons and prohibitions on making funds or economic resources available. This involves the freezing of funds and economic resources (non-monetary assets, such as property or vehicles) of designated persons and ensuring that funds and economic resources are not made available to or for the benefit of designated persons or entities, either directly or indirectly.
- (v) The restrictions in the UK Myanmar Regulations impose trade prohibitions relating to:
- (A) military goods and military technology (as specified in Schedule 2 to the Export Control Order 2008);
 - (B) dual-use goods and technology (as specified in Annex 1 to the UK Dual-Use Regulation);
 - (C) goods and technology which might be used for internal repression in Myanmar (as specified in Schedule 2 to the UK Myanmar Regulations);
 - (D) goods and technology which might be used for the monitoring and interception of telecommunications (as specified in Schedule 3 to the UK Myanmar Regulations);

- (E) provision of interception and monitoring services to or for the benefit of the Government of Myanmar; and
 - (F) provision of technical assistance, armed personnel, financial services or funds or associated brokering services to or for the benefit of the Tatmadaw (or persons acting on its behalf or under its direction) where such provision relates to the military activities of the recipient, or otherwise enables or facilitates the conduct of armed hostilities, in Myanmar.
- (vi) The UK Myanmar Regulations prohibit the export to Myanmar of dual-use goods for military use, the export of dual-use goods for military use in Myanmar and the export of dual-use goods to, or for use by, the Myanmar security forces. In addition, regulation 31 prohibits a person from directly or indirectly supplying or delivering dual-use goods for military use from a third country to a place in Myanmar and supplying or delivering dual-use goods from a third country to, or for use by, the Myanmar security forces.
 - (vii) The UK Myanmar Regulations also prohibit making available certain goods and technology. Regulation 32 of the UK Myanmar Regulations prohibits a person from directly or indirectly making available dual-use goods for military use or dual-use technology for military use to a person connected with Myanmar or for military use in Myanmar, and also prohibits the direct or indirect making available of dual-use goods to or for use by the Myanmar security forces. In addition, the transfer of dual-use technology for military use to a place in Myanmar, to a person connected with Myanmar and the transfer of dual-use technology to the Myanmar security forces is also prohibited.
 - (viii) The UK Myanmar Regulations also prohibit the direct or indirect provision of technical assistance relating to restricted goods or technology to a person connected with Myanmar or for use in Myanmar.
 - (ix) The UK Myanmar Regulations also prohibit the direct or indirect provision of financial services or funds in pursuance of or in connection with specific arrangements as set out in regulation 27 or regulation 35. The UK Myanmar Regulations prohibit the direct or indirect provision of brokering services where they relate to specific arrangements as set out in regulation 28 and 36.
 - (x) The UK Myanmar Regulations allow for certain exemptions to the prohibitions. For example, UK Myanmar Regulations include an exception in relation to any prohibition for actions which a responsible officer has determined to be in the interests of national security, or the prevention or detection of serious crime in the UK or elsewhere.
- (f) **Application to Yemen**
- (i) The EU has imposed restrictive measures on Yemen by Council Decision 2014/932/CFSP of December 18, 2014, as last amended by Council Implementing Decision (CFSP) 2022/2035 of October 24, 2022 and Council Regulation 1352/2014 of December 18, 2014, as last amended by Council Implementing Regulation (EU) 2022/2034 of October 24, 2022.

- (ii) EU sanctions on Yemen provide for an export ban on arms and prohibit the provision of technical assistance, financing or financial assistance related to certain arms. Moreover, the sanctions include asset-freezing measures and travel bans against certain listed persons and entities, and the prohibition to make available funds or economic resources to or for the benefit of listed parties.
 - (iii) During part of the Track Record Period ending December 31, 2020, the EU sanctions on Yemen were extended to the UK Overseas Territories, including the Cayman Islands, by The Yemen (Sanctions) (Overseas Territories) Order 2015 and the Yemen (Sanctions) (Overseas Territories) (No.2) Order 2015.
 - (iv) As of January 1, 2021, the UK replaced the EU sanctions on Yemen by the Yemen (Sanctions) (EU Exit) (No. 2) Regulations 2020. These regulations have been extended to apply to the UK Overseas Territories by the Yemen (Sanctions) (Overseas Territories) Order 2020. These regulations have replaced, with substantially the same effect, relevant existing EU legislation.
- (g) **Application to Venezuela**
- (i) The EU imposed sanctions by Council Decision (CFSP) 2017/2074 of November 13, 2017, as last amended through Council Decision (CFSP) 2022/2201 of November 10, 2022, and Council Regulation 2017/2063 of November 13, 2017, as last amended through Council Implementing Regulation (EU) 2022/2194 of November 10, 2022.
 - (ii) The EU sanctions on Venezuela include a ban on the export of arms and equipment that might be used for internal repression, a ban on the export of surveillance equipment and the freezing of funds and economic resources of certain persons, entities and bodies responsible for serious human rights violations or abuses or the repression of civil society and democratic opposition and persons, entities and bodies whose actions, policies or activities otherwise undermine democracy or the rule of law in Venezuela, as well as persons, entities and bodies associated with them.
 - (iii) During part of the Track Record Period ending December 30, 2021, EU sanctions on Venezuela were extended to the UK Overseas Territories, including the Cayman Islands, through the Venezuela (Sanctions) (Overseas Territories) Order 2018.
 - (iv) As of January 1, 2021, the UK replaced the EU sanctions on Venezuela by the Venezuela (Sanctions) (EU Exit) Regulations 2019, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 2) Regulations 2020 and the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 4) Regulations 2020. These regulations have been extended to apply to the UK Overseas Territories by the Venezuela (Sanctions) (Overseas Territories) Order 2020. These regulations have replaced, with substantially the same effect, relevant existing EU legislation.

(h) **Application to the Group**

- (i) On the basis of our due diligence process and the Company's confirmation (for and on behalf of the Group) that, to the best knowledge, information and belief of the directors of the Company:
- (1) all activities involving the Relevant Regions were negotiated, entered into and performed without any involvement (including in any approval or decision making capacity) by any national of or entity incorporated, domiciled, or otherwise located in either the territories of the EU, the UK, or the UK Overseas Territories;
 - (2) the Group's activities involving the Relevant Regions have not identified any person specifically designated (i.e. listed/targeted) under any existing EU or UK sanctions regime;
 - (3) the Group's transactions did not potentially fund or facilitate EU or UK sanctions-prohibited activity, nor grant any benefit towards any sanctioned person or entity;
 - (4) the Group has not exported or directly or indirectly supply arms and related materiel, or equipment which might be used for internal repression;
 - (5) the Group has not provided technical assistance related to military activities, or to the provision, manufacture, maintenance and use of arms and related materiel of any type;
 - (6) the Group has not provided financing or financial assistance related to any activities referred to above; and
 - (7) neither the Company nor any of its affiliates, agents, directors, officers or employees have been engaged in the export of items for use in oil exploration and production in deep water, the Arctic, or shale formations, or in the provision of finance including loans or credit to Russia;

On this basis, Hogan Lovells' conclusion is that the Group's business dealings with respect to the Relevant Regions have not breached the prohibitions or wider restrictions adopted by the EU, including those extended to the UK Overseas Territories.

8. **AUSTRALIAN SANCTIONS**

8.1 **Overview**

- (a) Australia has a dual sanctions regime consisting of sanctions measures imposed by the UN, together with Australian autonomous sanctions imposed by the Australian Government as a matter of its foreign policy. Australia's dual sanctions regime is administered by the Australian Sanctions Office ("**ASO**"), the Australian Government sanctions regulator, which sits within the Department of Foreign Affairs and Trade ("**DFAT**").
- (b) The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to:

- (i) any person in Australia;
 - (ii) any Australian anywhere in the world;
 - (iii) companies incorporated overseas that are owned or controlled by Australians or persons in Australia; and/or
 - (iv) any person using an Australian flag vessel or aircraft to transport goods or transact services subject to UN sanctions.
- (c) The ASO maintains the Consolidated List of all persons and entities designated for the purposes of sanctions regimes implemented under Australian sanction laws.
 - (d) A criminal offence is committed if an individual or a body corporate to whom Australian sanctions measures apply, engages in conduct and the conduct contravenes a sanction law.
 - (e) The Australian autonomous sanctions regimes are primarily implemented under the *Act Autonomous Sanctions 2011* (Cth) (the "**Act**") and the *Autonomous Sanctions Regulations 2011* (Cth) (the "**Regulations**").
 - (f) The Act prohibits a person from engaging in conduct that is in breach of the sanctions laws.
 - (g) Part 3 of the Regulations specifies that section 15.1 of the Criminal Code (being Schedule 1 to the *Criminal Code Act 1995* (Cth)) applies to a person that makes an unauthorised sanctioned supply. This has the effect of making the offence extra territorial if the alleged offence occurs outside of Australia by a person who is an Australian citizen, or a body corporate incorporated under Australian law.
 - (h) The prohibited conduct applies to conduct committed entirely inside or outside Australia if at the time of the alleged offence, the alleged offender is an Australian citizen, or a body corporate incorporated under Australian law.

8.2 Application to Hong Kong

- (a) Australia has not imposed any targeted sanctions (autonomous or otherwise) in relation to Hong Kong during the Track Record Period.

8.3 Application to Iran

- (a) Australia fully implemented the UN sanctions regime in relation to Iran.
- (b) Australia also implements an autonomous sanctions regime in relation to Iran.
- (c) The Government of Australia announced the autonomous sanctions regime in October 2008 in response to Iran's proliferation-sensitive nuclear and missile programs and efforts to contravene UN sanctions. The sanctions regime has been amended on several occasions.
- (d) Currently Australian law sanctions include restrictions (without a sanctions permit) on the direct or indirect supply, sale or transfer to Iran, for use in Iran, or for the benefit of Iran, of the following ("**Export Sanctioned Goods**"):
 - (i) arms or related material;

- (ii) corrosion-resistant high grade steel (with chromium content > 12%) in the form of sheet, plate, tube or bar;
 - (iii) raw or semi-fabricated graphite;
 - (iv) aluminium and alloys in the form of sheet, plate, tube or bar;
 - (v) nickel and alloys in the form of sheet, plate, tube or bar;
 - (vi) titanium and articles thereof, including waste and scrap; and
 - (vii) enterprise resource planning software designed specifically for use in nuclear and military industries.
- (e) Australia's autonomous sanctions law also prohibits the:
- (i) the provision to any person of: technical advice, assistance or training; financial assistance; a financial service; or another service, if it assists with, or is provided in relation to, the supply, sale or transfer of an export sanctioned good to Iran;
 - (ii) (without a sanctions permit) the procurement from Iran, or from a person or entity in Iran, of arms or related materiel;
 - (iii) the sale or otherwise making available of an interest in a 'sensitive commercial activity' (which includes a commercial activity involving uranium mining or production, the use of certain nuclear materials or ballistic missile technology, among other things) to: Iran; an Iranian national, an entity incorporated in Iran or subject to Iranian jurisdiction; or a person or entity acting on behalf of/at the discretion of or owned/controlled by Iran, an Iranian national, or an entity incorporated in Iran or subject to Iranian jurisdiction;
 - (iv) (without a sanctions permit) the use of or dealing with an asset that is owned or controlled by a designated person or entity of Iran, or the making an asset available directly or indirectly to, or for the benefit of, a designated person or entity for Iran; and
 - (v) the entry into or transit through Australia of a designated person or a declared person for Iran (without a waiver).

8.4 Application to Lebanon

- (a) Australia fully implements the UN sanctions regime in relation to Lebanon; and
- (b) Australia has not imposed any targeted autonomous sanctions in relation to Lebanon.

8.5 Application to Myanmar/Burma

The Regulations currently prohibit:

- (a) the direct or indirect supply, sale or transfer to Myanmar/Burma, for use in Myanmar/Burma, or for the benefit of Myanmar/Burma, of arms or related materiel;
- (b) the provision to Myanmar/Burma, or to a person for use in Myanmar/Burma, of technical advice, assistance or training, financial assistance, a financial service or

other service if it assists with or is provided in relation to the direct or indirect supply, sale or transfer of arms or related materiel to Myanmar/Burma, for use in Myanmar/Burma, or for the benefit of Myanmar/Burma; and

- (c) the provision to Myanmar/Burma, or to a person for use in Myanmar/Burma, of technical advice, assistance or training, financial assistance, a financial service or other service if it assists with or is provided in relation to the manufacture or use of arms or related materiel.

8.6 Application to Yemen

- (a) Australia fully implements the UN Security Council sanctions regime in relation to Yemen; and
- (b) Australia has not imposed any targeted autonomous sanctions in relation to Yemen.

8.7 Application to Venezuela

- (a) Australia has not imposed any targeted autonomous sanctions in relation to Venezuela.

8.8 Application to the Group

- (a) The Company has confirmed that, to the best knowledge, information and belief of the directors of the Company, no Australian citizens employed or otherwise engaged by the Group have been involved in any way, including in the negotiation or approval of, or with the on-going performance of, or in any wider decision making capacity, with respect to any of the Group's dealings involving the Relevant Regions; and
- (b) On the basis of the Company's confirmations in paragraph 8.8(a), and that, save for the Clark Group, as defined in the Listing Document, which did not engage in Group's activities in the Relevant Regions (excluding Hong Kong), neither the Group nor any of its subsidiaries is:
 - (i) a person in Australia;
 - (ii) an Australian citizen or Australian-registered body;
 - (iii) owned or controlled by Australians or persons in Australia;
 - (iv) a person using an Australian flag vessel or aircraft to transport goods or transact services subject to Australian autonomous sanctions; or
 - (v) engaged in any activities in Australia,

Australia has not imposed any targeted sanctions (autonomous or otherwise) in relation to Hong Kong during the Track Record Period. Hogan Lovells' assessment is that the Group's activities do not implicate the prohibitions or wider restrictions under international sanctions measures administered and enforced by the Government of Australia.


The conclusion stated in this memorandum is not binding on OFAC, the U.S. Department of State, the European Commission, the competent authorities of European Union Member States, Australia, or on any other regulatory or judicial authority, which have substantial discretion in determining whether to investigate particular transactions or relationships or to pursue sanctions or other enforcement. Accordingly, there can be no assurances that OFAC, the U.S. Department of State or any other such authority will not ultimately pursue sanctions or otherwise take actions that are contrary to the conclusions set forth in this memorandum. Such conclusion is based solely on our interpretation of the applicable laws referred to herein; and we assume no liability based on any conclusion or holding of any such authority that is inconsistent with our interpretation and conclusion.

This memorandum is only intended for the benefit of the person(s) to whom it is addressed.

This memorandum may also be disclosed for information only to (but not relied on by) the Sponsor, the Stock Exchange, and within the period and in accordance with procedure specified in the Listing Document, available for inspection to the public and such disclosure and non-reliance and the liability waiver referred to above are governed by and construed in accordance with the laws of England and Wales.

Save as the above, no recipient may disclose this memorandum to any other person or quote or refer to it in any public document or file it with any person, without our prior written consent in each specific case.

If you have questions or comments regarding this memorandum, or would otherwise like to discuss the information herein, please contact Aleksandar Dukic at aleksandar.dukic@hoganlovells.com or Stephanie Tang at stephanie.tang@hoganlovells.com.



Hogan Lovells