Before completion of the First Clark Acquisition in July 2022, majority of our revenue were generated from our business operations in the PRC and Hong Kong. After completion of the First Clark Acquisition, we expect to generate substantial revenue from the business operations of the Clark Group in the UK and the US. As a result, the major geographical coverage of our business would include the PRC, the UK, the US and Hong Kong, and this section summarises certain aspects of the laws and regulations which are relevant to our operation and business in these jurisdictions. In addition, we generated an insignificant amount of revenue from sales to customers in certain Countries subject to International Sanctions during the Track Record Period, and we also set out summaries of applicable International Sanctions laws.

LAWS AND REGULATIONS IN THE PRC

Laws and regulations in relation to our multi-brand apparel and footwear business

Regulations on product quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") on 22 February 1993 and was last amended and took effect on 29 December 2018, producers and sellers shall establish and improve their internal system for product quality control, and are responsible for the product quality.

According to the Part III of the Civil Code of the PRC (《中華人民共和國民法典》), or the Civil Code, which was promulgated by the National People's Congress of the PRC (the "**NPC**") on 28 May 2020 and became effective on 1 January 2021, where the purpose of a contract cannot be achieved because the quality of the subject matter does not comply with the quality requirements, the buyer may refuse to accept the subject matter or terminate the contract. If the terms in relation to quality are not met, the liability for breach of contract shall be borne by the seller.

According to the Part VII of the Civil Code, in the event of an injury caused by a defective product, either the manufacturer or seller of such product, as a tortfeasor, may be subject to tortious liability and relevant remedies sought by the consumers.

Regulations on consumer protection

According to the Protection of Consumer Rights and Interests Law of the PRC (《中華人民共和國消費者權益保護法》), or the Consumers Protection Law, which was promulgated on 31 October 1993, and was further revised on 25 October 2013 and took effect from 15 March 2014, business operators must ensure that the goods they sell satisfy the requirements for personal or property safety protection, provide consumers with authentic information about the goods, and guarantee the quality, function, usage and term of validity of the goods. Failure to comply with the Consumers Protection Law could result in administrative sanctions, such as the issuance of a warning, confiscation of illegal income, imposition of a fine, an order to cease business operations, revocation of business licenses, as well as potential civil or criminal liabilities.

The Provisions of the Supreme People's Court on Several Issues Concerning the Application of Laws in the Trial of Cases Involving Disputes over Online Consumption (I) (《最高人民法院關於審理網絡消費糾紛案件適用法律若干問題的規定(一)》), or the Provision (I), which was promulgated by the Supreme People's Court on 1 March 2022 and became effective on 15 March 2022, stipulates, among others, the validation of certain standard terms provided by E-commerce operators, the legal responsibilities of live-streaming room operators and the operators of online live-streaming marketing platform, and the legal responsibilities of E-commerce operators in promotion activities.

Regulations on anti-unfair competition

The Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-Unfair Competition Law, which was promulgated by the SCNPC on 2 September 1993, and last amended and became effective on 23 April 2019, prohibits business operators from performing unfair competitions. Among others, business operators shall not perform any confusing acts that will enable people to mistake its products for another business's products or believe certain relations exist between its products and any business's products, Where a business operator performs any confusing act, the supervision and inspection authority shall order it to cease the offense, and confiscate its illicit commodities. If the illicit turnover exceeds RMB50,000, it shall be fined up to five times the illicit turnover. If there is no illicit turnover or the illicit turnover is less than RMB50,000, it shall be fined up to RMB250,000; where the circumstance is serious, its business license shall be revoked. Furthermore, business operators shall not conduct commercial promotions for the performance, function, quality, sales status, user evaluation, honor received concerning its products in a false or misleading manner, attempting to cheat or mislead consumers. Where a business operator conducts commercial promotions for its commodities in a false or misleading manner, or assists other business operators with commercial promotions in a false or misleading manner by way of organising false transactions or by other means, the competent supervision and inspection authority shall order the business operator to cease its violations and impose on it a fine of between RMB200,000 and RMB1,000,000; where the circumstance is serious, it shall be fined between RMB1,000,000 and RMB2,000,000, and its business license may be revoked.

Regulations on pricing

According to the Pricing Law of the PRC (《中華人民共和國價格法》), promulgated by the SCNPC on 29 December 1997, and became effective on 1 May 1998, business operators shall not commit any illegitimate price acts. Where a business operator commits any illegitimate price acts, such operator shall be ordered to make correction, and the illegal gains thereof shall be confiscated, a fine not more than five times the illegal gains may be imposed on such operator; if there are no illegal gains, such operator shall be given a warning and may also be fined; if the circumstances are serious, such operator shall be ordered to suspend the business for rectification, or have the business license thereof revoked by the administrative department for industry and commerce.

Regulations on commercial franchises

Commercial Franchises are subject to the supervision and administration of the Ministry of Commerce, or the MOFCOM, and its local competent commercial departments in accordance with the Regulations on the Administration of Commercial Franchises (《商業特許經營管理條例》) promulgated by the State Council on 6 February 2007 and implemented from 1 May 2007, which was supplemented by the Administrative Measures for the Record-filing of Commercial Franchises (《商業特許經營備案管理辦法》) issued by the MOFCOM on 30 April 2007 and most recently amended on 12 December 2011 and effective from 1 February 2012 and the Administrative Measures for the Information Disclosure of Commercial Franchises (《商業特許經營信息披露管理辦法》) issued by the MOFCOM on 30 April 2007, and most recently amended on 23 February 2012 and effective from 1 April 2012.

According to the abovementioned applicable regulations, franchisers shall submit draft of the franchise contract and other documents to the provincial competent commercial department where they are registered within 15 days from the date of the initial signing of the franchise contract with franchisees within China. Where a franchiser engages in franchised activities within the scope of two or more municipalities, provinces or autonomous regions, it shall file with the MOFCOM.

In case of any changes to franchisers' filing information, such changes shall also be filed with the relevant commercial department after occurrence. Where a franchiser fails to file in accordance with the provisions above, relevant commercial departments may order the franchiser to file within a stipulated period and impose a fine of more than RMB10,000 but less than RMB50,000. If the franchiser fails to file within such stipulated period, it shall be fined more than RMB50,000 but less than RMB100,000, and an announcement shall also be made.

Regulations on e-commerce activities

Pursuant to the E-Commerce Law of the PRC (《中華人民共和國電子商務法》), which was promulgated by the SCNPC, on 31 August 2018 and became effective on 1 January 2019, e-commerce operators shall complete the market entity registration (except that such registration is not required by laws and administrative regulations) and obtain the relevant administrative licenses for conducting those operational activities which are required by law to obtain administrative licenses. Commodities sold or services offered by e-commerce operators shall meet the requirements to protect personal and property safety and the environmental protection requirements, and e-commerce operators shall not sell or provide any commodity or service prohibited by laws and administrative regulations.

On 15 March 2021, the State Administration for Market Regulation, or the SAMR, issued the Measures for the Supervision and Administration of Online Trading (《網絡交易監督管理辦法》), which took effect on 1 May 2021. The measures imposed various restrictions on the business operations of online transaction operators.

On 6 January 2017, the SAIC issued the Interim Measures for No Reason Return of Online Purchased Products within Seven Days (《網絡購買商品七日無理由退貨暫行辦法》), which became effective on 15 March 2017 and was amended by the SAMR on 23 October 2020, further clarifying the scope of consumers' rights to return commodities, return procedures and online trading platform operators' responsibility to formulate seven-day no-reason return rules and related consumer protection systems, and supervise the sellers and provide technical support for compliance with these rules.

Regulations on advertisement

According to the Advertising Law of the PRC (《中華人民共和國廣告法》) promulgated by the SCNPC on 27 October 1994 and the most recently amended on 29 April 2021, advertisement shall not contain any false or misleading information, and shall not deceive or mislead customers. Where any content of the advertisement is in violation of the foregoing provisions, the market regulation department shall order the cessation of the publishing of advertisements and impose fines of not more than RMB100,000 on the advertiser.

On 4 July 2016, the SAIC promulgated the Interim Measures on Internet Advertisement (《互聯網廣告管理暫行辦法》), which became effective on 1 September 2016. According to the measures, Internet advertisers are responsible for the authenticity of the advertisements content.

According to the Administrative Measures for Online Live-Streaming Marketing (for Trial Implementation)(《網絡直播營銷管理辦法(試行)》), which was promulgated by the Ministry of Public Security, the Cyberspace Administration of China, the MOFCOM, the Ministry of Culture and Tourism, the State Taxation Administration, the SAMR, and the National Radio and Television Administration on 23 April 2021, and became effective on 25 May 2021, operators of live studios and live-streaming marketing personnel engaging in online live-streaming marketing activities shall comply with laws and regulations and the relevant provisions.

Regulations on work safety

Pursuant to the Production Safety Law of the PRC(《中華人民共和國安全生產法》) promulgated by the SCNPC on 29 June 2002 and amended respectively on 27 August 2009, 31 August 2014 and 10 June 2021, a production and operation entity must comply with this law and other laws and regulations related to work safety, strengthen work safety management, establish and improve a work safety responsibility system and work safety rules and systems for all employees, increase efforts to guarantee the input of funds, materials, technology, and personnel in work safety, improve work safety conditions, strengthen standardisation and informatisation of work safety, construct a dual prevention mechanism consisting of graded management and control of safety risks and examination and control of potential risks, improve the risk prevention and resolution mechanism, raise work safety levels, and ensure work safety.

Regulations on foreign trade

Pursuant to the Foreign Trade Law of the PRC promulgated by the SCNPC on 12 May 1994 and most recently amended on 30 December 2022 and effective from the same day, goods and technologies could be imported and exported freely, unless otherwise specified in relevant laws or administrative regulations. The MOFCOM has implemented an automatic licensing system for certain imports and exports, under which the MOFCOM or its authorised agencies shall grant a license to the consignee or consignor who applies for automatic licensing prior to completing customs clearance formalities for imports and exports subject to automatic licensing, and has published a list of such goods.

According to the Customs Law of the PRC(《中華人民共和國海關法》) adopted by the SCNPC on 22 January 1987, most recently amended on 29 April 2021 and effective from the same date, the Customs supervises goods and other articles entering and leaving the country, collects customs duties and other taxes and fees.

According to the Regulations of PRC Customs on Administration of Recordation of Declaration Entities(《中華人民共和國海關報關單位備案管理規定》) adopted by the General Administration of Customs on 19 November 2021 and effective from 1 January 2022, if the consignees and consignors of import and export goods and customs declaration enterprises apply for recordation, they shall obtain the qualification of market entities and also the recordation of the foreign trade operators.

Pursuant to the Law of the PRC on Import and Export Commodity Inspection(《中華人民共和國進出口商品檢驗法》), promulgated by the SCNPC on 21 February 1989, effective on 1 August 1989 and lately amended on 29 April 2021, and the Regulations for the Implementation of the Law of the PRC concerning Import and Export Commodity Inspection(《中華人民共和國進出口商品檢驗法實施條例》), promulgated by the State Council on 31 August 2005, effective on 1 December 2005 and lately amended on 29 March 2022, the consignee or the consignor of imports or exports may complete the declaration formalities for inspection on its own or by entrusting a declaration agency enterprise to complete the declaration formalities for inspection and complete the filing formalities with the immigration inspection and quarantine authorities in accordance with the law.

Laws and regulations in relation to our sports experience business

Regulations on public cultural and sports facilities

According to the Regulation on Public Cultural and Sports Facilities(《公共文化體育設施條例》), which was promulgated by the State Council on 26 June 2003 and came into effect on 1 August 2003, the administrative entity for public cultural and sports facilities shall submit such contents as the name, address, service items, etc. of the public cultural and sports facilities to the administrative department of culture and the administrative department of sports under the people's government at the county level at its locality for record. The sports items in the public sports facilities with high professionalism and strict technical requirements shall meet the technical requirements prescribed by the State on safe services.

Regulations on sports venues operation

The State General Administration of Sport issued the Administrative Measures for the Operation of Sports Venues (《體育場館運營管理辦法》) on 15 January 2015, which became effective on 1 February 2015, to encourage qualified sports venues to develop diversified business such as sports exhibition, sports commerce, cultural and performing arts, and to build sports service complexes and sports industry clusters. The measures encourage qualified venues to expand brand output, management output and capital output through chains and other modes, to achieve the enhancement in the level of large-scale, professional and socialised operation.

Regulations on sports events and activities

According to the Measures for the Administration of Sports Events and Activities (《體育賽事活動管理辦法》), which was promulgated by the General Administration of Sports of China on 17 January 2020 and came into effect on 1 May 2020, the host and organiser of a sports event or activity shall establish an organising committee or other organisational mechanisms, and set up special committees for competition, security, journalism and medical treatment as needed, so as to clarify their respective duties and responsibilities for holding the sports event or activity and cooperate with each other.

Regulations on large-scale mass activities

According to the Regulations on Security Administration of Large-Scale Mass Activities (《大型群眾性活動安全管理條例》), which was promulgated by the State Council on 14 September 2007 and came into effect on 1 October 2007, for large-scale mass activities with an anticipated public participation of more than 1,000 but less than 5,000 people, a permit from the public security bureau at the county level shall be obtained; for large-scale mass activities with an anticipated public participation of more than 5,000 people, a permit from the public security bureau at the municipal level shall be obtained; for large-scale mass activities are held across provinces, autonomous regions and centrally administered municipalities, a permit from the public security bureau of the State Council shall be obtained.

Regulations on off-campus training

On 24 July 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly promulgated the Opinions on Further Reducing Homework and Off-campus Training Burden for Students in Compulsory Education Stage (《關於進一步減輕義務教育階段學生作業負擔和校外培訓負擔的意見》), or the Education Opinions, which intends to strengthen the supervision of discipline training institutions for the compulsory education stage and also mandates management of off-campus training for 3 to 6-year-old preschool children and high school students. Pursuant to the Education Opinions, all localities will distinguish categories such as sports, culture and art, science and technology with respect to non-disciplinary training institutions, identify the corresponding competent government departments, formulate standards for each category, and conduct strict examination and approval. To implement the Education Opinions, General Administration of Sport of China promulgated the Code of Conduct for Extracurricular Sports Training (《課外體育培訓行為規範》) on 14 December 2021, which became effective on the same day. The Code of Conduct for Extracurricular Sports Training sets out further requirements for venue facilities, curriculum, practitioners, internal management, and safety of extracurricular sports training for 7 to 18-year-old children.

Except for the policies on the national level, certain local authorities within China have also promulgated relevant implementing rules. For instance, on 15 February 2022, the Sports Bureau of Jiangsu Province promulgated the Jiangsu Provincial Youth (Children) Sports Off-campus Training Institutions Management Method (Trial) (《江蘇省青少年(幼兒)體育類校外培訓機構管理辦法(試行)》), or the Management Method, which became effective on 15 March 2022. Pursuant to the Management Method, the training institutions must hold the Sports Off-campus Training License issued by the sports administrative department. Off-campus training for high-risk sports such as swimming, skiing (alpine skiing, freestyle skiing, snowboarding), diving, and rock climbing must be marked on the permit. In addition, similar rules have also been promulgated in other parts of China, such as Zhejiang Province, Anhui Province, Tianjin City and Guangxi Zhuang Autonomous Region.

Regulations on special equipment

Pursuant to the Law of the PRC on Special Equipment Safety (《中華人民共和國特種設備安全法》) promulgated by the SCNPC on 29 June 2013 and implemented on 1 January 2014, and the Regulations on the Safety Supervision of Special Equipment (《特種設備安全監察條例》) promulgated by the State Council on 11 March 2003 and amended on 24 January 2009, the state, under the principle of category-based administration, exercises a license system on the production of special equipment. The entities shall use the special equipment for which a production license has been obtained and the inspection has been conducted, and shall, before or within thirty (30) days after the special equipment is put into use, register with competent authorities and obtain the Certificate of Special Equipment Service Registration (《特種設備使用登記證》).

Regulations on high-risk sports projects

According to the Administrative Measures on Business Licensing for High-Risk Sports Projects (《經營高危險性體育項目許可管理辦法》) which was promulgated on 21 February 2013 and latest amended on 30 November 2018, operating high-risk sports projects shall obtain administrative licensing and satisfy the following requirements: (i) relevant sports facilities shall comply with the national standards; (ii) hiring social sports instructors and rescuers who reach the prescribed number and have obtained national professional qualification certificates; (iii) having security systems and measures; (iv) other conditions as provided by laws and regulations.

Regulations on food safety

In accordance with the Food Safety Law of the PRC (《中華人民共和國食品安全法》), or the Food Safety Law, which was promulgated by SCNPC on 28 February 2009 and was effective on 1 June 2009, and most recently amended on 29 April 2021, the State Council implemented a licensing system for food production and trading activities.

The Implementation Rules of the Food Safety Law (《中華人民共和國食品安全法實施條例》), which was promulgated and was effective on 20 July 2009 and last amended on 26 March 2019, further specifies the detailed measures to be taken for food producers and business operators and the penalties that shall be imposed should these required measures not be implemented.

On 31 August 2015, China Food and Drug Administration promulgated the Administrative Measures for Food Operation Licensing (《食品經營許可管理辦法》), which was amended on 17 November 2017. According to the measures, a person or entity that engages in food selling and catering services within the PRC shall obtain a food operation license in accordance with the law.

Regulations on sanitation of public assembly venue

The Regulation for the Administration of Sanitation of the Public Assembly Venue (《公共場所衛生管理條例》), which was promulgated and entered into effect on 1 April 1987 and as amended on 6 February 2016 and 23 April 2019, and the Implementation Rules for the Regulation for the Administration of Sanitation of the Public Assembly Venue (《公共場所衛生管理條例實施細則》), which was promulgated on 10 March 2011 and entered into effect on 1 May 2011 and as amended on 19 January 2016 and 26 December 2017, were promulgated by the State Council and the Ministry of Health (later known as National Health Commission of the PRC) respectively. According to such regulations, a public assembly venue is required to obtain a public assembly venue hygiene license from the local health authority after it applies for a business license to operate its business.

Regulations on e-sports tournaments

According to the Interim Regulations on the Management of E-sports Tournaments (《電子競技賽事管理暫行規定》) which was promulgated by the Information Center of the General Administration of Sports of the PRC on 24 July 2015, no approval or license is required for any international and national e-sports tournaments, including commercial, amateur, non-profit e-sports tournaments, which are held not by the Information Center of the General Administration of Sport of PRC, and such e-sports tournaments can be held by any legitimate entities according to the laws.

According to the Measures for the Administration of National E-sports Competitions (for Trial Implementation)(《全國電子競技競賽管理辦法(試行)》), which was promulgated by the China Council of Physical Culture and Sports on 30 November 2006 and came into effect on the same day, competitors must be over 18 years old. Participating units, athletes, coaches, and referees must hold valid certificates recognised by the Secretariat of the China Council of Physical Culture and Sports to be eligible to participate in e-sports competitions approved by sports authorities at all levels.

Laws and regulations in relation to overseas listing

On 17 February 2023, the CSRC released the Trial Administrative Measures of OverseasSecurities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》)(the "**Overseas Listing Trial Measures**") and relevant five guidelines, which will come into effect on 31 March 2023. According to the Overseas Listing Trial Measures, domestic companies that seek to offer or list securities overseas, both directly and indirectly, shall fulfill the filing procedure and report relevant information to the CSRC. If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. As advised by our PRC legal advisers, according to the first paragraph of Article 15 of the Overseas Listing Trial Measures, if an issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering and listing by PRC domestic companies: (i) 50% or more of any of the issuer's operating revenue, total profit, total assets or net assets as recorded in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer's business activities are conducted in mainland China or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China.

As advised by our PRC legal advisers, the second paragraph of Article 15 of the Overseas Listing Trial Measures and the relevant guidelines released by the CSRC further provides that the determination as to whether or not a proposed listing is an indirect overseas offering and listing by domestic companies shall follow the principle of substance over form. Even if an issuer does not meet the criteria set forth in the first paragraph of Article 15 of the Overseas Listing Trial Measures, comprehensive demonstration and identification should be made for determining whether the proposed listing is an indirect overseas offering and listing by PRC domestic companies under the Overseas Listing Trial Measures. Since the CSRC has not provided any detailed guideline or exhaustive list of factors to be considered as to the application of the principle of substance over form, the Overseas Listing Trial Measures may be applicable to our Company.

In the event that the Overseas Listing Trial Measures is applicable to our Company, as advised by our PRC legal advisers, according to Article 22 of the Overseas Listing Trial Measures and the relevant guidelines released by the CSRC, if a listed company who has previously completed an overseas offering and listing intends to apply for change of listing segment in the overseas market without involving issuance of shares, then no filings are required, but it shall submit a report on the details of the relevant matters to the CSRC within three working days from the date of occurrence and announcement of the change of listing segment. To be prudent, our Company intends to submit a post-completion report in respect of the **[REDACTED]** to the CSRC within three working days from the date of completion and announcement of the **[REDACTED]** in accordance with Article 22 of the Overseas Listing Trial Measures and the relevant guidelines.

Other relevant laws and regulations in the PRC

Regulations on foreign investment

The establishment, operation and management of corporate entities in the PRC are governed by the Company Law of the PRC(《中華人民共和國公司法》), or the PRC Company Law, which was adopted by the SCNPC on 29 December 1993 and with effect from 1 July 1994. It was last amended on 26 October 2018 and with effect from the same day. Under the PRC Company Law, companies are generally classified into two categories – limited liability companies and companies limited by shares. The PRC Company Law also applies to foreign-invested limited liability companies. According to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail.

On 15 March 2019, the NPC promulgated the Foreign Investment Law of the PRC(《中華人民共和國外商投資法》), or the FIL, which has become effective on 1 January 2020.

According to the FIL, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list".

On 26 December 2019, the State Council promulgated the Implementation Rules of the Foreign Investment Law of the PRC(《中華人民共和國外商投資法實施條例》), or the Implementation Rules, which became effective on 1 January 2020. The Implementation Rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimise foreign investment environment, and advances a higher-level opening.

On 26 October 2022, the MOFCOM, and the National Development and Reform Commission, or the NDRC, released the Catalog of Industries for Encouraging Foreign Investment (2022 Version)《鼓勵外商投資產業目錄(2022年版)》, or the Encouraging Catalog, which became effective on 1 January 2023. On 27 December 2021, the MOFCOM and the NDRC released the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 Version)(《外商投資准入特別管理措施(負面清單)(2021年版)》), or the 2021 Negative List, which became effective on 1 January 2022. The Encouraging Catalog and the 2021 Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted" and "prohibited". Industries not listed in the Encouraging Catalog or the 2021 Negative List are generally deemed as falling into a fourth category "permitted" unless specifically restricted by other PRC laws.

On 30 December 2019, the MOFCOM and the SAMR, jointly promulgated the Measures for Information Reporting on Foreign Investment(《外商投資信息報告辦法》), which became effective on 1 January 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

Regulations on information security and personal information

Information security

On 7 November 2016, the SCNPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which became effective on 1 June 2017, and stipulated that network operators shall comply with laws and regulations and fulfil their obligations to safeguard security of the network when conducting business and providing services.

On 28 December 2021, the Cyberspace Administration of China, or the CAC, and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which came into effect on 15 February 2022 and provides that, (i) critical information infrastructure operators purchasing network products and services and platform operators carrying out data processing activities, which affect or may affect national security, shall be subject to cybersecurity review; (ii) network platform operators with personal information data of more than one million users are obliged to apply for a cybersecurity review before listing abroad; and (iii) relevant governmental authorities in the PRC may initiate cybersecurity review if they determine an internet platform operator's network products or services or data processing activities affect or may affect national security.

On 14 November 2021, the Administration Regulations on Cyber Data Security (Draft for Comments)(《網絡數據安全管理條例(徵求意見稿)》), or the Draft Administration Regulations, were proposed by the CAC for public comments until 13 December 2021. Pursuant to the Draft Administration Regulations, the data processors that carry out the following activities are required to apply for cybersecurity review in accordance with the relevant laws and regulations: (i) the merger, reorganisation or division of internet platform operators that have gathered a large number of data resources related to national security, economic development and public interests affects or may affect national security; (ii) the listing in a foreign country of data processors who processes personal information of more than one million individuals; (iii) the listing of data processors in Hong Kong which affects or may affect the national security; and (iv) other data processing activities which affect or may affect national security. Failure to comply with such requirements may result in suspension of services, fines, revoking relevant business permits or business licenses and other administrative penalties. As of the Latest Practicable Date, the Draft Administration Regulations were released for public comment only and their final version and effective date may be subject to change with substantial uncertainty.

Personal information protection

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which became effective on 1 November 2021. Anyone processing personal information in violation of or failing to perform any obligation of personal information protection will be ordered to make a correction, given a warning, and confiscated of any illegal gain by the authorities performing personal information protection duties, and any application program that illegally processes personal information will be ordered to suspend or terminate its services; and if the required correction is not made, a fine of up to RMB1 million will be imposed on the violator; and any person in charge or any other individual directly liable for the violation will be fined between RMB10,000 and RMB100,000.

According to the Data Security Law of the PRC (《中華人民共和國數據安全法》), which was promulgated by the SCNPC On 10 June 2021 and became effective on 1 September 2021, data processors shall establish and improve the whole-process data security management rules, organise and implement data security trainings as well as take appropriate technical measures and other necessary measures to protect data security.

On 7 July 2022, the CAC issued the Measures for Security Assessment for Outbound Data Transfer (《數據出境安全評估辦法》), which came into effect on 1 September 2022, data processors shall undergo security assessment according to relevant laws where they provide overseas parties with important data collected and generated during the operation in the PRC and personal information required to undergo safety assessment pursuant to relevant laws. Data processors shall apply for the security assessment of an outbound data transfer to the CAC through the provincial cyberspace administration in the place where they operate if they provide data outside China and fall into one of the following conditions: (1) data processors provide overseas parties with important data; (2) personal information provided outside China by the operators of critical information infrastructure or the personal information processors who process personal information of up to 1 million individuals; (3) personal information provided outside China by the personal information processors who has provided outside China with personal information of 100 thousand individuals or the sensitive personal information of 10 thousand individuals cumulatively since January 1 of the previous year; or (4) other circumstances where an application for the security assessment of outbound data transfer is required by the national cyberspace administration.

Regulations on intellectual property

Copyright and software products

On 7 September 1990, the SCNPC promulgated Copyright Law of the PRC (《中華人民共和國著作權法》), or the Copyright Law, which took effect on 1 June 1991, and was latest amended on 11 November 2020. The Copyright Law provides that Chinese citizens, legal persons, or other organisations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. In addition, internet activities, products disseminated over the internet and software products also enjoys copyright. There is a voluntary registration system administered by the China Copyright Protection Center.

Trademarks

Trademarks are protected by the Trademark Law of the PRC (《中華人民共和國商標法》), or the PRC Trademark Law, promulgated by the SCNPC on 23 August 1982 and latest amended on 23 April 2019 as well as the Regulations on the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), promulgated by the State Council on 3 August 2002 and amended on 29 April 2014. The PRC Trademark Law has adopted a "first to file" principle with respect to trademark registration. The Trademark Office handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten-year term. Trademark registrant may license its registered trademark to another party by entering into a trademark license agreement, which must be filed with the Trademark Office.

Domain names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》), which was promulgated by the Ministry of Industry and Information Technology on 24 August 2017 and took effect on 1 November 2017. According to the measures, domain name owners are required to register their domain names and the domain name services follow a "first come, first file" principle.

Patent

The Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on 12 March 1984 and latest amended on 17 October 2020 and the Detailed Rules for the Implementation of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which was promulgated by the State Council on 19 January 1985, took effect on 1 April 1985, and was latest amended on 9 January 2010, provide for three types of patents, "invention", "utility model" and "design". Invention patents are valid for twenty years, utility model patents are valid for ten years and design patents are valid for fifteen years, from the date of application. The Chinese patent system adopts a "first come, first file" principle. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

Regulations on taxes

Enterprise income tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, promulgated by the NPC on 16 March 2007, which took effect on 1 January 2008 and was latest amended on 29 December 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the Implementation of the EIT Law, which was promulgated on 6 December 2007, took effect on 1 January 2008 and amended on 23 April 2019, enterprises are classified into resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%.

The Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) promulgated by the State Taxation Administration, or the SAT, on 22 April 2009, took effect on 1 January 2008, and amended on 29 December 2017, sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of mainland China and controlled by mainland Chinese enterprises or mainland Chinese enterprise groups is located within mainland China.

On 27 July 2011, the SAT issued a trial version of the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (《境外註冊中資控股居民企業所得稅管理辦法》(試行)), which came into effect on 1 September 2011 and was last amend on 15 June 2018, to clarify certain issues in the areas of resident status determination, post-determination administration and competent tax authorities' procedures.

Value-added tax

According to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on 13 December 1993 and latest amended on 19 November 2017, and the Implementing Rules of the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the Ministry of Finance on 25 December 1993 and latest amended on 28 October 2011 (collectively, the "**VAT Law**"), for general VAT taxpayers selling or importing goods other than those specifically listed in the VAT Law, the value-added tax rate is 17%.

On 4 April 2018, the Ministry of Finance and the SAT jointly promulgated the Circular of the Ministry of Finance and the State Administration of Taxation on Adjustment of Value-Added Tax Rates(《財政部、稅務總局關於調整增值稅稅率的通知》), or Circular 32, according to which, (i) for VAT taxable sales or importation of goods originally subject to value-added tax rates of 17% and 11% respectively, such tax rates shall be adjusted to 16% and 10%, respectively; (ii) for exported goods originally subject to tax rate of 17% and export tax refund rate of 17%, the export tax refund rate shall be adjusted to 16%; and (iii) for exported goods and cross-border taxable acts originally subject to tax rate of 11% and export tax refund rate of 11%, the export tax refund rate shall be adjusted to 10%. Circular 32 became effective on 1 May 2018 and shall supersede any previously existing provisions in the case of any inconsistency.

On 20 March 2019, the Ministry of Finance, the SAT and the General Administration of Customs jointly issued the Announcement on Policies for Deepening the VAT Reform(《關於深化增值稅改革有關政策的公告》), or Announcement 39, according to which (i) for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (ii) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and (iii) for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%. The Announcement 39 came into effect on 1 April 2019 and shall prevail in case of any conflict with existing provisions.

Dividend withholding tax

Pursuant to the EIT Law and the Implementation of the EIT Law, if a non-resident enterprise has not set up an organisation or establishment in the PRC, or has set up an organisation or establishment but the income derived has no actual connection with such organisation or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement Between mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income(《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) promulgated by the SAT on 21 August 2006, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in charge tax authority However, based on the Notice of SAT on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties(《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated and took effect on 20 February 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax driven, such PRC tax authorities may adjust the preferential tax treatment. On 14 October 2019, the SAT issued the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits(《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》), or the SAT Circular 35, which became effective on 1 January 2020. According to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities.

Regulations on foreign exchange

Pursuant to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on 29 January 1996, took effect on 1 April 1996 and last amended on 5 August 2008, Renminbi is freely convertible into other currencies for current account items, but not for capital account items, unless prior approval is obtained from the State Administration of Foreign Exchange, or the SAFE, and prior registration with the SAFE is made.

Pursuant to the Notice of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》), or SAFE Notice No. 59, promulgated by the SAFE on 19 November 2012, which became effective on 17 December 2012 and was latest amended on 30 December 2019, approval is not required for the opening of an account entry in foreign exchange accounts under direct investment.

On 30 March 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or Circular 19, which took effect on 1 June 2015 and was amended on 30 December 2019. The SAFE further promulgated the Circular on Reforming and Standardising the Administrative Provisions on Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or Circular 16, on 9 June 2016, which, among other things, amended certain provisions of the Circular 19. According to the Circular 19 and the Circular 16, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals and foreign debts from foreign currency into Renminbi on a discretionary basis, and Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In addition, the SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (《關於印發〈外國投資者境內直接投資外匯管理規定〉及配套文件的通知》) on 10 May 2013, which took effect on 13 May 2013, and was latest amended on 30 December 2019, specifying that the administration by the SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by the SAFE and its branches.

On 13 February 2015, the SAFE promulgated the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or Circular 13, which took effect on 1 June 2015 and was amended on 30 December 2019. Circular 13 delegates the authority to enforce the foreign exchange registration in connection with the inbound and outbound direct investment under relevant SAFE rules to certain banks and therefore further simplifies the foreign exchange registration procedures for inbound and outbound direct investment.

Regulations on labor

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on 5 July 1994, took effect on 1 January 1995 and latest amended on 29 December 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on 29 June 2007, took effect on 1 January 2008 and amended on 28 December 2012, and the Implementing Regulations of the Labor Contract Law (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council and took effect on 18 September 2008, labor relationships between employers and employees must be executed in written form.

According to the Social Security Law of the PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on 28 October 2010 and came into effect on 1 July 2011, and was amended on 29 December 2018, and other relevant PRC laws and regulations such as the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) effective on 22 January 1999 and amended on 24 March 2019, Regulations on Labor Injury Insurance (《工傷保險條例》) implemented on 1 January 2004 and amended on 20 December 2010, Regulations on Unemployment Insurance (《失業保險條例》) promulgated on 22 January 1999 and Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) implemented on 1 January 1995, the employer shall contribute to social insurance plans covering basic pensions insurance, basic medical insurance, maternity insurance, employment injury insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees, while employment injury insurance and maternity insurance contributions shall be paid only by employers, and employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; and where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council and became effective on 3 April 1999, and was latest amended on 24 March 2019, enterprises must register with the competent managing center for housing provident funds. Enterprises are also required to pay and deposit housing provident funds on behalf of their employees in full and in a timely manner. Otherwise, enterprises are subject to a fine ranging from RMB10,000 to RMB50,000.

Regulations on lease of property

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) which was promulgated by the Ministry of Housing and Urban-Rural Development on 1 December 2010 and came into effect on 1 February 2011, the parties to a commodity house lease shall complete the lease filing with the competent departments where the leased property is located within 30 days after the lease is executed. The competent departments shall urge those who do not file on time hereof to make rectification within a specified time limit, and shall impose a fine below RMB1,000 on individuals who fail to rectify within the specified time limit, and a fine between RMB1,000 and RMB10,000 on institutions which fail to rectify within the specified time limit.

Regulations on environmental protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated on 26 December 1989 and subsequently amended on 24 April 2014 and became effective on 1 January 2015, the Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) promulgated on 29 November 1998, and subsequently amended on 16 July 2017 and became effective on 1 October 2017, and the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) promulgated on 28 October 2002 and latest amended on 29 December 2018, an enterprise, which causes environmental pollution and discharges other materials that endanger the public, shall implement environmental protection methods and procedures into its business operations. The enterprise will receive a warning or be penalised if it fails to report and/or register the environmental pollution caused by it and will have its production and operation ceased or be penalised if it fails to restore the environment or remedy the effects of the pollution within the prescribed time limit.

Pursuant to the Administrative Measures for Pollutant Discharge Licensing (for Trial Implementation)(《排污許可管理辦法(試行)》) promulgated by the Ministry of Environment Protection on 10 January 2018 and last revised on 22 August 2019 and effective on the same day and the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), which was promulgated by the State Council on 24 January 2021, and became effective on 1 March 2021, a pollutant discharging entity shall legally hold a pollutant discharge license in accordance, and discharge pollutants in compliance with the pollutant discharge license. A pollutant discharge license shall be valid from the date on which the decision on the granting of the license is made. A discharge license issued for the first time shall be valid for three years and a renewed license for five years.

An entity shall also comply with the relevant environmental protection laws and regulations, including the Law on the Prevention and Control of Water Pollution of the PRC (Amended in 2017)(《中華人民共和國水污染防治法(2017修正)》), the Law on the Prevention and Control of Air Pollution of the PRC (Amended in 2018)(《中華人民共和國大氣污染防治法(2018修正)》) and the Law on the Prevention and Control of Environmental Pollution Caused by Solid Wastes of the PRC (Amended in 2020) (《中華人民共和國固體廢物污染環境防治法(2020修訂)》). In addition, pursuant to the Administrative Measures on Licensing of Urban Drainage (《城鎮污水排入排水管網許可管理辦法》), which was promulgated by the Ministry of Housing and Urban-rural Development on 22 January 2015 and came into effect on 1 March 2015 and last amended on 1 December 2022, enterprises, institutions and individual industrial and commercial households discharging sewage into the urban drainage network must apply for and obtain a License for Urban Drainage (《排水許可證》).

Regulations on fire safety

Pursuant to the PRC Fire Prevention Law (《中華人民共和國消防法》), which was promulgated by the SCNPC on 29 April 1998 and took effect on 1 September 1998, and last amended on 29 April 2021, and the Interim Provisions on Administration of Fire Control Design Review and Acceptance of Construction Project (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on 1 April 2020, which became effective on 1 June 2020, the construction entity of a large-scale crowded venue (including the construction of a manufacturing plant whose size is over 2,500 square meters) and other special construction projects must apply for fire prevention design review with fire control authorities, and complete fire assessment inspection and acceptance procedures after the construction project is completed. The construction entity of other construction projects must complete the filing for fire prevention design and the fire safety completion inspection and acceptance procedures within five business days after passing the construction completion inspection and acceptance. If the construction entity fails to pass the fire safety inspection before such venue is put into use or fails to conform to the fire safety requirements after such inspection, it will be subject to (i) orders to suspend the construction of projects, use of such projects, or operation of relevant business, and (ii) a fine between RMB30,000 and RMB300,000.

According to the Provisions for Fire Prevention Supervision and Examination (《消防監督檢查規定》), which was promulgated by the Ministry of Public Security on 30 April 2009 and last amended on 17 July 2012, the fire control agency of the public security organ of the local people's government at or above the county level shall conduct fire safety inspections before putting public gathering places into use and before business operations.

LAWS AND REGULATIONS IN HONG KONG

Laws and regulations in relation to our multi-brand apparel and footwear business

Trade description

The Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) ("**TDO**") aims to prohibit false trade description, false, misleading or incomplete information, false marks and misstatements in respect of goods and services provided in the course of trade. The definition of trade description under section 2 of TDO covers a broad range of matters including but not limited to: quantity, method of manufacture, composition, fitness for purpose, availability, compliance with a standard specified or recognised by any person, price, approval by any person, a person by whom they have been acquired, the goods being of same kind as goods supplied to a person, place or date of manufacture. Section 2 of TDO provides that a trade description which is false to a material degree or which, though not false, is misleading, would be regarded as a false trade description.

Section 7 of TDO provides that it is an offence for any person who, in the course of any trade or business, applies a false trade description to any goods or supplies or offer to supply any goods to which a false description is applied. Section 12 of TDO further prohibits any person from importing or exporting any goods to which a false trade description or forged trade mark is applied.

Sections 13E, 13F, 13G, 13H and 13I of TDO provide that a trader commits an offence if the trader engages, in relation to a consumer, in a commercial practice that is a misleading omission, or is aggressive, or constitutes bait advertising, or constitutes a bait and switch, or wrongly accepting payment for a product.

Any person who commits an offence under sections 7, 12, 13E, 13F, 13G, 13H or 13I shall be liable, on conviction on indictment, to a fine of HK$500,000 and to imprisonment for 5 years, and on summary conviction, to a level 6 fine of HK$100,000 and imprisonment for 2 years.

Sale of Goods

The Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) ("**SOGO**") governs the formation, performance and remedies of contract for the sale of goods in Hong Kong and the transfer of title of goods sold. SOGO also sets out certain implied terms or conditions and warranties generally relating to the safety and suitability of goods supplied under a contract of sale for goods in Hong Kong, including:

(i) where there is a sale of goods by description, the goods shall correspond with the description;

(ii) where the seller sells goods in the course of a business, the goods shall be of a merchantable quality;

(iii) where the seller sells goods in the course of a business and the buyer makes known to the seller any particular purpose for which the goods are being bought, the goods supplied under the contract shall be reasonably fit for that purpose.

Under section 55 of SOGO, where there is a breach of warranty by the seller, the buyer is entitled to reject the goods and to set up against the seller the breach of warranty in diminution or extinction of the price, or maintain an action against the seller for damages for the breach of warranty.

Consumer Goods Safety

The Consumer Goods Safety Ordinance (Chapter 456 of the Laws of Hong Kong) ("**CGSO**") imposes a duty on manufacturers, importers and suppliers of consumer goods to ensure that the consumer goods they supplied are safe.

Under section 6 of CGSO, a person shall not supply, manufacture or import into Hong Kong consumer goods, unless the consumer goods comply with the general safety requirement as provided under the ordinance or with the applicable safety standard(s) or safety specification(s) as approved by the Secretary for Commerce and Economic Development. A person who contravenes such section commits and offence and is liable (i) on first conviction, to a fine of HK$100,000 and imprisonment for 1 year; (ii) on subsequent convictions, to a fine of HK$500,000 and to imprisonment for 2 years; and (iii) where the offence is a continuing offence, in addition to the fine specified in (i) and (ii), the person shall be liable to a fine of HK$1,000 for each day the offence continued.

Where the Commissioner of Customs and Excise reasonably believes that the consumer goods is non-compliant with the approved standard or safety standard or safety specification, the Commissioner may (i) serve a prohibition notice prohibiting a person from supplying those consumer goods for a specified period not exceeding 6 months; and (ii) serve a recall notice requiring the immediate withdrawal of any consumer goods if there is a significant risk that the consumer goods will cause a serious injury and do not comply with the approved standard or a safety standard or safety specification established by regulation.

Copyright

Graphic works, photographs and sculptures are examples of artistic works which are protected by the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) irrespective of artistic quality, provided they are original, i.e. created by their authors without copying from an earlier work. Copyright subsists automatically upon creation of such artistic works without the requirement for registration. Copyright protects against unauthorised copying of the whole or a substantial part of the work and against dealing with infringements. In an action for infringement, a copyright owner or its exclusive licensee can apply for injunctions, discovery of infringing acts, damages or accounts of profits and may apply for an order of delivery up or disposal of the infringing copies or articles specifically designed or adapted for making infringing copies.

Section 30 of the Copyright Ordinance provides that the copyright in a work is infringed by a person who, without the licence of the copyright owner, imports into Hong Kong or exports from Hong Kong, otherwise than for his private or domestic use, a copy of the work which is, and which he knows or has reason to believe to be, an infringing copy of the work.

Section 31 of the Copyright Ordinance provides that the copyright in a work is infringed by a person who, without the licence of the copyright owner: (i) possesses for the purpose of or in the course of any trade or business; (ii) sells or lets for hire, or offers or exposes for sale or hire; (iii) exhibits in public or distributes for the purpose of or in the course of any trade or business; or (iv) distributes (otherwise than for the purpose of or in the course of any trade or business) to such an extent as to affect prejudicially the owner of the copyright, a copy of the work which is, and which he knows or has reason to believe to be, an infringing copy of the work.

Trademarks

The Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) ("**TMO**") provides for the registration of trademarks, the use of registered trademarks and connected matters. Hong Kong provides territorial protection for trademarks. Hence, trademarks registered with trademarks registries of other countries or regions do not automatically receive protection in Hong Kong. In order to obtain protection as registered trademarks in Hong Kong, trademarks must be registered in Hong Kong.

According to section 10 of TMO, a registered trade mark is a property right obtained by registration under the ordinance, and the owner of a registered trade mark has the rights and is entitled to the remedies provided thereunder. Section 14 of TMO further provides that the owner of a registered trade mark has exclusive rights in the trade mark which are infringed by use of the trade mark in Hong Kong without his consent.

Conducts which amount to infringement of a registered trade mark are set out in section 18 of TMO, which include, among others, the use in the course of trade or business a sign which is identical to the trade mark in relation to goods or services which are (i) identical to those for which it is registered, or (ii) which are similar to those for which it is registered and the use of the sign in relation to such goods or services is likely to cause confusion on the part of the public.

Pursuant to section 22 of TMO, the registered owner of a trade mark is entitled to commence infringement proceedings once any infringement by third parties occurs, and is entitled to all such relief by way of damages, injunctions, accounts or otherwise as is available in respect of infringement of any other property right.

Personal Data Privacy

The Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) provides that a data user shall not do an act, or engage in a practice, that contravenes a data protection principle set out in Schedule 1 thereto unless the act or practice is required or permitted thereunder. The six data protection principles are: (i) purpose and manner of collection of personal data; (ii) accuracy and duration of retention of personal data; (iii) use of personal data; (iv) security of personal data; (v) information to be generally available; and (vi) access to personal data.

The Personal Data (Privacy) Ordinance also gives data subjects certain rights, *inter alia*, (i) the right to be informed of whether any data user holds their personal data; (ii) the right to be supplied with a copy of such data; and (iii) the right to request correction of any data they consider to be inaccurate.

Non-compliance with a data protection principle may lead to a complaint to the Privacy Commissioner for Personal Data. A claim for compensation may also be made by a data subject who suffers damage by reason of a contravention of a requirement under the Personal Data (Privacy) Ordinance.

Import and Export Ordinance

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) and the subsidiary legislations under it, govern and control the import of goods into, and the export of goods from Hong Kong. Import and export are subject to the general control of the Customs and Excise Department. Pursuant to section 17 of the Import and Export Ordinance, all cargo imported or exported must be recorded in a manifest which shall contain such particulars as the Commissioner of Customs and Excise may prescribe. Failure to do so is an offence under section 18 of the Import and Export Ordinance which can attract a maximum fine of HK$2,000,000 and imprisonment up to seven years upon conviction on indictment.

Textiles, which includes any natural or artificial fibre products and any combination of natural and artificial fibre products in the form of yarns, fabrics, garments or other manufactured articles, as defined under the Import and Export (General) Regulations (Chapter 60A of the Laws of Hong Kong), a subsidiary legislation of the Import and Export Ordinance, are currently not a "prohibited article" under the provision of the Import and Export Ordinance and its subsidiary legislations. Thus, a licence issued by the Director-General of Trade and Industry for permission of importation and exportation is not necessary under the Import and Export Ordinance.

RELEVANT LAWS AND REGULATIONS IN THE UNITED KINGDOM AND UNITED STATES

During the Track Record Period, the Clark Group engages in the design, development, sourcing and engaging in wholesale and retail of footwear in the UK and US. The following sets forth certain legal and regulatory requirements in the aforesaid jurisdictions that may relate to the footwear business of the Clark Group. The following does not explain every single law, interpretation or application, nor any proposed changes to laws as a result of the UK's withdrawal from the European Union. In many cases, the outcome of a legal matter will be highly fact-specific.

A. United Kingdom (UK)

1. Laws and regulations relating to product liability and safety

(i) Common law

A direct contractual relationship will be established between a retailer and consumer when the consumer purchases a product from the retailer. If the product is found to be defective, the consumer may bring a claim for breach of contract against the retailer under the English contract law.

In addition, the consumer may also bring a product liability claim in negligence against the manufacturer for the defective product. To bring a product liability claim in negligence, the consumer must demonstrate that: (i) a duty of care exists between the manufacturer and consumer; (ii) the manufacturer was in breach of the duty of care; (iii) the breach caused the relevant damage to the consumer; and (iv) the manufacturer could have reasonably foreseen the damage.

(ii) Regulatory regime

General Product Safety Regulations 2005 (the "**GPSR 2005**")

Product quality in the UK is generally governed by the GPSR 2005, which were promulgated on 30 June 2005 and came into force on 1 October 2005. According to the GPSR 2005, the rights and interests of the consumers who buy or use the products are protected and all importers, sellers and distributors involved must ensure that the products will not cause damage to persons and property. The GPSR 2005 state, amongst other things, that: "No producer shall place a product on the market unless the product is a safe product".

"Producers" are defined in the GPSR 2005, which includes both manufacturers and "other professionals in the supply chain in so far as they may affect the safety properties of a product". "safe product" means a product which, under normal or reasonably foreseeable conditions of use including duration does not present any risk or only the minimum risks compatible with the product's use.

Producers also have a legal obligation to withdraw unsafe products from the distribution chain and/or recall them from consumers. Responsible authorities can order product recall if the producer does not do so and impose criminal fines on violators. In case of violations of the GPSR 2005, the responsible authorities have the right to impound and/or destroy goods that are in violation, convict violators of a crime, imposing fines as well as imprisonment.

Consumer Rights Act 2015 (the "**CRA 2015**")

CRA 2015 came into force on 1 October 2015 together with the Sale of Goods Act 1979 (applicable if the goods were purchased on or before 30 September 2015) ensure all products be of satisfactory quality, fit for purpose and as described by the retailer so that the goods supplied must match the description given by the retailer or any models or samples shown to the consumers at the time of purchase. In circumstances where one of the three criteria abovementioned is not satisfied, consumers will entitle to various rights including: (i) the right to get a refund for goods; (ii) the right to a repair or replacement; and/or (iii) the right to a price reduction. In addition, consumers may have a right to claim damages.

Consumer Protection Act 1987 (the "**CPA 1987**")

CPA 1987 creates strict liability offences for producing unsafe products. Consumers can claim compensation against various parties including the manufacturer, distributor and the importer into the United Kingdom for commercial sale for personal injury, damage to property or death caused by a defective product. To claim under the CPA 1987, a consumer is not required to demonstrate negligence on behalf of the manufacturer. The Consumer only requires to illustrate that the products was defective and caused damage to the consumer. In general, the products will be considered as defective if "the safety of the product is not such as persons generally are entitled to expect". Certain factors will be taken into consideration such as (i) the manner or the purposes in which the product has been marketed; (ii) the use of any mark in relation to the product; (iii) the instructions for use or warnings with respect to the product; (iv) the reasonable expectation in relation to the product; and (v) the time when the product was supplied to the consumer. The remedy under the CPA 1987 is for compensatory damage and there is no limit to the amount recoverable.

The Consumer Protection from Unfair Trading Regulations 2008 (the "**CPRs**")

The CPRs control unfair practices used by traders when dealing with consumers. The CPRs place a general prohibition on traders treating consumers unfairly and requires businesses not to mislead consumers through acts or omissions or subject them to aggressive commercial practices. It is a criminal offence for traders to breach the CPRs. The penalty for the offence is, (i) on a summary conviction, a fine not exceeding the statutory maximum; and (ii) on indictment, a fine or up to two years' imprisonment or both.

Footwear (Indication of Composition) Labelling Regulations 1995 (the "**FLRs**")

The FLRs came into force on 8 May 2012 and apply to all footwear which is designed to protect and cover the foot, except second-hand, protective and toy footwear intended for use in play by children under 14. The FLRs mandate a labelling system to provide symbols to inform consumers about the materials used in the main components of footwear. Failure to comply with this legislation is a criminal offence with a fine of up to £5,000 in a magistrates' court and an unlimited fine in the Crown Court.

Textile Products (Labelling and Fibre Composition) Regulations 2012 (the "**TPR 2012**")

The TPR 2012 came into force on 8 May 2012. Since then, most of the provisions of the Regulation (EU) No 1007/2011 of the European Parliament and of the Council of 27 September 2011 (the "**EU Regulation**") have become directly applicable in the UK. It is a criminal offence to make a relevant textile product available on the market in the UK, in breach of the provisions of the EU Regulation. The penalty is an unlimited fine.

2. Laws relating to importation of goods

If the goods do not meet the safety standards when they enter into the UK at the port, the responsible authorities can intercept and reject the imported goods.

3. Intellectual property

(i) Trademarks

The Trade Marks Act 1994 covers the registration of trademarks and the protection of registered trademarks in the UK. The registered owner of a trademark has a statutory monopoly to use the registered trademark for the goods and services. An unregistered mark can only be protected by relying on the common law of passing off.

(ii) Patents

The Patents Act 1977 sets out the requirements for patent applications, how the patent-granting process should operate, and the law relating to disputes concerning patents. It also sets out how UK law relates to the European Patent Convention and the Patent Co-operation Treaty.

(iii) Design rights

The Registered Designs Act 1949 is for the registration of designs and the protection of registered designs in the UK. For unregistered design rights, the design rights are protected by Copyright, Designs and Patents Act 1988. Registered design rights must be applied for and granted, whereas unregistered rights arise automatically.

4. Data Protection and e-Privacy Laws

The General Data Protection Regulation (GDPR) (EU) 2016/679 ("**GDPR**") and Privacy and Electronic Communications Directive 2002/58/EC, as each have been incorporated into the laws of the UK, and the UK Data Protection Act 2018 (collectively, "**Data Protection Laws**") place obligations on controllers and processors of personal data (including in relation to transparency, accountability, engagement with third parties, security and confidentiality of personal data), and establish new data protection rights for individuals (including right to restrict and object to processing as well as data portability). The Data Protection Laws impose strict rules on the transfer of personal data out of the European Economic Area/UK. In addition, the Data Protection Laws create sanctions for breach with potential fines of up to the higher of €20 million (or £17.5 million in the UK) or 4% of global annual revenues. Individuals can claim damages (including loss of control of their data) resulting from infringement of the Data Protection Laws.

5. Labor and Employment Laws

Employees rights such as the minimum wage, unlawful deductions from wages, statutory minimum level of paid holiday, statutory minimum length of rest breaks, unfair dismissal and unlawful discrimination are safeguarded by the labor and employment laws in the UK. The Employment Rights Act 1996 is the primary piece of legislation which governs the relationship between employers and employees who provide services in England and Wales. In addition, employees are protected by various employment laws and regulations, including but not limited to the Maternity and Parental Leave etc. Regulations 1999, National Minimum Wage Act 1998 and Part-Time Workers Regulations 2000. The Equality Act 2010 also prohibits discrimination against the employees and job applicants on the basis of their sex, race, religion, pregnancy and maternity, gender reassignment, disability, age, sexual orientation and marriage and civil partnership. Direct and indirect discriminating against any employee or job applicant based on any of their protected characteristics is against the law and can result in a discrimination claim against the employer. Under the Health and Safety at Work Act 1974, employers have a duty to ensure that a safe working environment is provided to their employees all the time. A safe working environment can be extended to carry out routine risk assessments, offer staff training, and provide adequate safety equipment.

6. Taxation

Under the Value Added Tax Act 1994, standard value-added tax of 20% is generally applicable to the goods or services supplied in the UK.

7. Anti-bribery and corruption

The primary legislation governing bribery and corruption in the UK is the Bribery Act 2010 (the "**BA**"). The BA came into force on 1 July 2011 and the purpose of the BA is to fight against bribery and corruption worldwide. The BA has extra-territorial effect and criminalises both bribing and being bribed regardless of where such acts take place. The BA also creates an offence of corporate bribery if a corporate body fails to prevent bribery taking place. As such, a corporate body is required to have adequate policies and procedures to prevent bribery within their organisation and supply chain. An organisation's anti-bribery and corruption policy should include a statement of its commitment to bribery prevention and set out its approach and strategy to reduce bribery risks. An organisation's anti-bribery and corruption procedures should be proportionate to the bribery risks the organisation faces and should include providing relevant training to management and employees, conducting risk assessments and due diligence on suppliers and on any organisation or individuals with which the organisation has a relationship, enforcement and whistleblowing procedures and an implementation strategy for the organisation's procedures. Committing offences could lead to imprisonment for up to 10 years for individuals and/or unlimited fines for both individuals and corporate bodies.

B. United States (US)

1. Laws and regulations related to product safety

An independent federal agency, the Consumer Product Safety Commission (the "**CPSC**"), was established in 1972 by the Consumer Product Safety Act (the "**CPSA**") to regulate certain types of products sold to the public. The CPSC is tasked with the objective of promoting the safety of consumer products by (i) developing safety standards; (ii) addressing unreasonable risks of injury; and (iii) conducting research into product-related illness and injury. To meet this objective, the CPSC is empowered to conduct consumer monitoring, investigations and take enforcement actions through various federal laws, including (i) the CPSA; (ii) the Consumer Product Safety Improvement Act of 2008 (the "**CPSIA**"); (iii) the Federal Hazardous Substances Act (the "**FHSA**"); and (iv) the Flammable Fabrics Act (the "**FFA**"), among other statutes. If the products are found to be unsafe or non-compliant with applicable standards, the CPSC can send warning letters and enact recalls of dangerous product. Failing to comply with CPSC regulations can result in fines and criminal penalties in certain circumstances.

Products sold in the US must meet several product safety, labelling, and testing requirements. These requirements are generally set out in various statutes, regulations and rules including but not limited to the CPSA, the FFA and the FHSA enforced by the CPSC. The Federal Trade Commission (the "**FTC**") restricts the use of labeling or advertising considered misleading to consumers. The US law also imposes certain restrictions on the use of certain substances in the products such as dog and cat fur as well as specific toxic substances.

2. Product liability laws

The manufacture and supply of products is subject to a body of product liability laws and product safety laws in the US. However, there is no uniform product liability statute or federal law in the US. Each state defines its product liability law under its own standards, most of which are based on common law. In general, the states will determine whether an alleged product defect exists under (i) the consumer expectations test; and/or (ii) the risk utility test. The consumer expectations test provides that a product is unreasonably dangerous if it is dangerous to an extent beyond that which would be contemplated by an ordinary consumer with knowledge of the product common to the community. The risk utility test attempts to balance the utility of the product against the risks of its particular design. A product will be considered as defective when the bodily injuries and property damage were caused by either one of, or a combination of, the following defects, including (i) manufacturing defect; (ii) design defect; or (iii) warning defect. Companies that manufacture, distribute or sell a product in a particular state would fall under the jurisdiction of such state's product liability laws, regardless of such company's jurisdiction of incorporation or principal place of business.

Product liability claims in the US are generally brought under one of three theories, including (i) strict product liability; (ii) tort; and (iii) warranty. Whether the plaintiff alleges a breach of duty in a tort claim, breach of contract in a warranty claim or product defect in a strict liability claim, the plaintiff must illustrate that the breach or defect proximately caused the plaintiff's injury or property damage. Depending on the state in which the claim is made, defenses are typically available to defendants in product liability cases including but not limited to assumption of risk, comparative fault and unavoidably unsafe products.

Remedies will be determined by the relevant court including but not limited to (i) general damages such as compensation for pain, suffering and emotional distress; (ii) special damages that are specific to the plaintiff such as out-of-pocket expenses, loss of earnings and medical expenses; and/or (iii) punitive damages for certain product liability claims.

3. Laws relating to importation of goods

The US imposes tariffs on products imported into the territory of the US. Tariffs are typically determined by the general rates of duty set forth in the Harmonised Tariff Schedule of the US (the "**HTSUS**"), although certain products that are otherwise subject to duties may qualify for duty-free treatment under specified circumstances or additional special tariffs may be imposed. For example, the Trade Act of 1974 provides authority for the US government to take various actions, such as increasing duties, to enforce trade agreements or respond to foreign trade practices, including to protect the national security of the US.

The Clark Group's footwear products appear to be classified in Headings 6401 to 6405 of HTSUS Chapter 64. The HTSUS is regularly updated; according to the current HTSUS (2022 Revision 5), the general duty rate for articles classified under Headings 6401 to 6405 varies. Most of our footwear products have a rate of duty equal to or less than 20%, but some products are subject to duty of up to 48%. US law requires that footwear and packaging be properly marked for country of origin and that all applicable US duties be paid upon entry. Importers must also ensure products are properly classified under the HTSUS and assigned an appropriate valuation per US customs requirements. Violations of US import and customs laws, including the underpayment of duties, may result in fines and/or imprisonment.

4. Countervailing and anti-dumping duty laws

The US may impose additional duties against certain products of certain countries to offset the impact of unfair trade practices, such as dumping artificially undervalued goods into other markets or unfairly subsidising foreign production, and facilitate the domestic industry's adjustment to import competition. Products that are determined to be imported in quantities sufficient to threaten domestic production may become subject to, among other things, increased duty rates or tariff-rate quotas. Both the US International Trade Commission ("**USITC**") and the US Department of Commerce, International Trade Administration ("**USITA**") have a role in administering anti-dumping and countervailing duty laws.

Under these laws, the USITC and USITA conduct investigations into whether imported goods are sold in the US at less-than-fair-value or have benefited unfairly from foreign government subsidies, resulting in a material injury or threat of material injury to the domestic industry. If such a material injury is found, the USITA will issue an anti-dumping order (in a dumping investigation) or a countervailing duty order (in a subsidy investigation), which is enforced by the US Customs and Border Protection. Anti-dumping and countervailing duty orders are subject to regular reviews to determine whether the order is still needed to protect domestic industry – i.e., whether revoking the order would likely lead to a continuation or recurrence of dumping or subsidies and sustained material injury.

5. Intellectual property

The Copyright Act of 1976 (the "**Copyright Act**") grants protection for original works of authorship fixed in any tangible medium of expression, including literary, pictorial, graphic, and sculptural works. Copyright Act assigns a set of exclusive rights to authors to reproduce of their works, to create derivative works, to perform, distribute and display their works. The exclusive rights are subject to a time limit. Although registration is not legally required, copyrighted works can be registered with the United States Copyright Office. Copyright holders can file a federal lawsuit to enforce their rights and they are entitled to statutory damages and other benefits only for the works that are registered.

A trademark is a word, phrase, or symbol that identifies a particular manufacturer or seller's products. The Trademark Act of 1946 (the "**Trademark Act**") prohibits the use of a trademark in connection with the sale of a good if it is confusing similar to an existing trademark so that the consumers can easily identify the source of the products. In the US, common law trademark rights are created by use and enforceable in state and federal courts. Marks registered with the US Patent and Trademark Office will enjoy a higher degree of protection in federal courts than unregistered marks. Protection includes enhanced damages, including significant statutory damages for counterfeiting.

In the US, Patents are governed by the Patent Act, which established the United States Patent and Trademark Office (the "**USPTO**"). The US recognises three different types of patents: utility, design, and plant. The most common type of patent is a utility patent. Utility patents have a duration of 20 years from the date of filing. Design patents protect ornamental designs and are valid for 14 years from the date of filing. Plant patents protect new varieties of asexually reproducing plants. The USPTO is the sole entity capable of granting patents and trademarks legally recognised in the US. Patent infringement occurs when another party makes, uses, or sells a patented item without the permission of the patent holder. Both damages and injunctive relief are available to remedy an infringement.

6. Labor and Employment Laws

The employment of individuals in the US is generally governed by federal, state and local laws. Employees are generally protected against discrimination under federal law on the basis of race, colour, religion, sex, sexual orientation, pregnancy, national origin, age, disability. The Fair Labor Standards Act of 1938 (the "**FLSA**") establishes standards for minimum wage, overtime pay, recordkeeping, and child labour standards, which affect full-time and part-time employees in the private and public employment. Employers are also subject to the state equivalents of the FLSA, which often provide for more stringent requirements than under the FLSA, including those pertaining to wage and hour. For example, state laws may provide for the provision of certain benefits including paid family and medical leave and sick leave, govern the accrual and pay-out of vacation time, and otherwise require notices to employees of their rights under various statutes. On the federal level, the US Department of Labor is responsible for enforcing the employment rights and promoting recognition, reporting and remedying harassment at work. Various state agencies are also tasked with enforcing employment regulations and may conduct investigations and audits of employment practices. Employees may also file claims directly with such state agencies. If an employer is found to violate applicable labor and employment laws, the employer may have to compensate affected employees and may face fines and penalties. Under the Occupational Safety and Health Act of 1970, the Occupational Safety and Health Administration was created to promote a safe and healthful working condition for employees by setting and enforcing standards and by providing training, outreach, education and assistance.

7. Taxation

If a corporation has business activities or trade within the US, the corporation is required to pay applicable federal, state and local taxes such as the corporate income tax, taxes on the sale of certain assets, income tax on dividends, distributions, and interest, sales and other transfer taxes, employee payroll taxes, withholding obligations and other taxes. Failure to pay the taxes may result in interest charges and potential penalties in addition to payment of the taxes. Furthermore, a corporation is required to file U.S. corporate income tax return annually. Failure to file a return in a timely manner could possibly result in the denial of deductions.

8. Anti-bribery and corruption

Under the US Foreign Corrupt Practices Act (the "**FCPA**"), it is unlawful for a US individual or a corporate body to give or offer money, gifts, hospitality, or anything else of value to a foreign government official to influence any act or decision of the foreign official in his or her official capacity or to secure any other improper advantage to obtain or retain business. To avoid disguising corrupt payments, the FCPA requires companies whose securities are listed in the United States to make and keep accurate books and records and to devise and maintain an adequate system of internal accounting controls. The FCPA also covers foreign individuals or corporate bodies that commit acts in furtherance of bribery within the territory of the US, as well as US or foreign public companies that are listed on the stock exchanges in the US or that are required to file periodic reports with the US Securities and Exchange Commission. The US Department of Justice and Securities and Exchange Commission enforce the FCPA. Committing offences could lead to imprisonment for individuals and fines for both individuals and corporate bodies.

SANCTIONS LAWS AND REGULATIONS

Hogan Lovells, our International Sanctions Legal Advisers, have provided the following summary of the sanctions regimes imposed by their respective jurisdictions. This summary does not intend to set out the laws and regulations relating to the US, the European Union, the UK, the United Nations and Australian sanctions in their entirety.

United States

Treasury regulations

OFAC is the primary agency responsible for administering US sanctions programmes against targeted countries, entities, and individuals. "Primary" US sanctions apply to "US persons" or activities involving a US nexus (e.g., funds transfers in US currency or activities involving US-origin goods, software, technology or services even if performed by non-US persons), and "secondary" US sanctions apply extraterritorially to the activities of non-US persons even when the transaction has no US nexus. Generally, US persons are defined as entities organised under US law (such as companies and their US subsidiaries); any US entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to US companies' foreign subsidiaries or other non-US entities owned or controlled by US persons); US citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and US branches or US subsidiaries of non-US companies.

Depending on the sanctions program and/or parties involved, US law also may require a US company or a US person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a Comprehensively Sanctioned Country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a US person. Upon such blocking, 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 authorisation or license from OFAC.

OFAC's comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, the Crimea region of Russia/Ukraine and the self-proclaimed Luhansk People's Republic and self-proclaimed Donetsk People's Republic regions in Eastern Ukraine (comprehensive OFAC sanctions programme against Sudan was terminated on 12 October 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, US persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-US person where the transaction by that non-US person would be prohibited if performed by a US person or within the United States.

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. 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.

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. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under European Union sanction measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person or not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures.

United Kingdom and United Kingdom overseas territories

As of 1 January 2021, the UK is no longer an EU member state, EU law including EU sanctions measures continued to apply to and in the UK until 31 December 2020. EU sanctions measures had also been extended by the UK on a regime by regime basis to apply in the UK overseas territories, including the Cayman Islands. Starting from 1 January 2021, the UK applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the UK overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.