



MEMORANDUM

Hogan Lovells
11th Floor, One Pacific Place
88 Queensway
Hong Kong
T +852 2219 0888
F +852 2219 0222
www.hoganlovells.com

To Soft International Group Ltd
(舒寶國際集團有限公司)

Cc Sunny Fortune Capital Limited
(日進資本有限公司)

FROM Hogan Lovells

DATE March 19, 2025

Privileged and Confidential

SUBJECT Memorandum of Advice – Sanctions analysis of the Group's sales in the Relevant Regions in accordance with Chapter 4.4 of the Guide for New Listing Applicants issued by HKEX

1. INTRODUCTION AND SCOPE

- 1.1 We have acted as the international sanctions counsel for Soft International Group Ltd (舒寶國際集團有限公司) (the "**Company**") in connection with the proposed global initial public offering (the "**Offering**") and listing of shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEX**") of the Company.
- 1.2 Pursuant to Chapter 4.4 of the Guide for New Listing Applicants issued by the Stock Exchange (the "**Chapter 4.4 Guidance**") effective from January 2024, this memorandum assesses during the three years ended December 31, 2023 and nine months ended September 30, 2024 and up to the Latest Practicable Date (as defined in the Prospectus as December 9, 2024) (the "**Track Record Period**"), (i) whether the Company and its subsidiaries (the Company and its subsidiaries together, the "**Group**") engaged in Primary Sanctioned Activity (as defined below) that violates applicable laws or regulations in the Relevant Jurisdictions (as defined below), and/or results in any material sanctions risk to the Relevant Persons (as defined below); (ii) the Group engaged in Secondary Sanctionable Activity (as defined below) that would likely result in the imposition of any sanctions against the Relevant Persons; and (iii) the Group is a Sanctioned Target (as defined below), is located, incorporated, organized or resident in a Sanctioned Country (as defined below), or is a Sanctioned Trader (as defined below). We

understand the Company has not engaged us to advise on export controls so we have not included export controls analysis herein.

- 1.3 This memorandum is provided for the purposes of the Offering only. However, our advice is applicable where or not the Company proceeds with the Offering.
- 1.4 For the purpose of this memorandum and consistent with the Chapter 4.4 Guidance, the following terms and expressions shall have the respective meanings set out below:

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

"Primary Sanctioned Activity" means any activity in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target by the Group incorporated or located in a Relevant Jurisdiction (if applicable) or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation. This definition is in line with the definition of Primary Sanctioned Activity as set out in the Chapter 4.4 Guidance.

"Relevant Jurisdiction" means any jurisdiction that is relevant to the Group and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, persons or entities targeted by such law or regulation. For the purpose of this memorandum, the Relevant Jurisdictions include United States ("U.S."), European Union ("EU"), United Nations ("UN"), the United Kingdom ("UK") and Australia. Throughout part of the Track Record Period as specified below, the United Kingdom ("UK") was an EU Member State and EU sanctions fully applied thereto.

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

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

"Sanctioned Target" means any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction ("**Sanctioned Person**"); (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii). This definition is in line with the definition of Sanctioned Target as set out in the Chapter 4.4 Guidance.

"Sanctioned Trader" means any person or entity that does a material portion (10% or more) of its business with Sanctioned Targets and Sanctioned Country entities or persons. This definition is consistent with the definition of Sanctioned Trader as set out in the Chapter 4.4 Guidance.

"Secondary Sanctionable Activity" means certain activity by the Company that may result in the imposition of sanctions against the Relevant Person(s) by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the Company is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus with that Relevant Jurisdiction. This definition is in line with the definition of Secondary Sanctionable Activity as set out in the Chapter 4.4 Guidance.

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

- 1.5 This memorandum provides analysis in accordance with the Chapter 4.4 Guidance based on the facts provided to date and, where appropriate, sets forth certain recommendations in regard to Sanctioned Activities. This memorandum is not intended as a full due diligence review of these issues, nor is it intended to provide any assessment of the Group's existing policies or wider procedures implemented to manage its compliance with rules and regulations related to economic sanctions programs and export controls administered by the Relevant Jurisdictions.
- 1.6 In preparing this memorandum, Hogan Lovells reviewed the Company's responses to *"International Sanctions Due Diligence Checklist"* dated November 29, 2023 (the **"Sanctions DD Checklist"**), prepared by Hogan Lovells and related e-mail correspondence. We have reviewed the information contained in the Company's prospectus prepared in connection with the Offering, as that document being amended from time to time during the Offering (the **"Prospectus"**). We have also screened the customers in the Relevant Regions (as defined below) provided by the Group using Accuity screening tool against the lists of Sanctioned Persons maintained by the Relevant Jurisdictions. The Group's responses to the Sanctions DD Checklist have included various spreadsheets of transaction records and other documents that relate to the subject matter of the Sanctions DD Checklist, and we have reviewed these documents as part of our preparation of this memorandum. As to matters of fact material to the conclusion stated herein, we have relied on the representations and statements of fact made in the documents we reviewed or made by the Group. We have not independently verified or established the facts so relied on.
- 1.7 As of the date of this memorandum, Sanctioned Countries within the meaning of the Chapter 4.4 Guidance include: Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine/Russia, and self-proclaimed Donetsk People's Republic (**"DPR"**) and the self-proclaimed Luhansk People's Republic (**"LPR"**), Kherson and Zaporizhzhia regions of Ukraine. During the last five years, the Company confirmed on behalf of the Group that, it has no dealings with any of the Sanctioned Countries listed.
- 1.8 We have however identified the Group's business activities during the Track Record Period with the following country / region for which Relevant Jurisdictions maintain various forms of sanctions programs in place (albeit not a "general and comprehensive export, import, financial or investment embargo" within the meaning of the Chapter 4.4 Guidance): Hong Kong Myanmar, Ukraine (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions) and Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions) (the **"Relevant Regions"**, each a **"Relevant Region"**).
- 1.9 This memorandum is based on the understanding and assumptions detailed herein. Hogan Lovells relies on the completeness and accuracy of the information given to it by the Company.

If any of the assumptions are incorrect, or any changes occur in or correction to the information given, the Company is recommended to inform Hogan Lovells so that it can confirm the content of this analysis.

- 1.10 This memorandum is given only with respect to International Sanctions in force up to the date of this memorandum. Hogan Lovells underlines that sanctions measures adopted by the international community remain under constant review. Therefore, the scope and application of the measures discussed below are subject to change and should be carefully monitored. We, however, have no obligation to notify any recipient or other person of any change in International Sanctions or their applications after the date of this memorandum. No opinion and/advice is expressed or implied as to the laws of any other territory, or as to matters of fact, except for International Sanctions discussed below.

2. CONCLUSION

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

2.1.1 Save for the business activities with sanctioned counterparties in Russia prior to their designations discussed in Section 3 below ("**Sanctioned Russian Counterparties**"), during the Track Record Period, the Group did not engage in Primary Sanctioned Activity because it had no activity in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the proper or interests in property of, a Sanctioned Target which have a nexus with a Relevant Jurisdiction such that they are subject to the relevant sanctions law or regulation. As such, the Group's activities (including the business dealings with the Relevant Regions) would not violate applicable sanctions law or regulation in the Relevant Jurisdictions nor result in any material sanctions risk to the Relevant Persons;

2.1.2 The Group did not engage during the Track Record Period in Secondary Sanctionable Activity because it had no activity targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. As such, it is highly unlikely that the Group's activities (including the business dealings with the Relevant Regions) would result in the imposition of sanctions on the Relevant Persons (including designation as a Sanctioned Target or the imposition of penalties);

2.1.3 Given paragraphs 2.1.1 and 2.1.2, the Group are not subject to material contingent liabilities in relation to the Primary Sanctioned Activity or Secondary Sanctionable Activity.

2.1.4 The Group has not been designated as a Sanctioned Target, nor is it located, incorporated, organized or resident in a Sanctioned Country; and

2.1.5 The Group is not a Sanctioned Trader because it did not derive a material portion of its revenue (10% or more) during the Track Record Period from business activities with Sanctioned Country entities or persons, or with Sanctioned Targets.

- 2.2 As no apparent or material sanctions risks are present involving the Group's transactions with the Relevant Region, the Company and/or its shareholders are not required to make undertakings pursuant to the Chapter 4.4 Guidance.

- 2.3 We have not recommended the Group to report the Group's historical business activities relating to the Relevant Regions, including voluntary self-disclosure to OFAC, because no apparent violations appear to be present, and such reporting is not necessary.

3. EXECUTIVE SUMMARY

- 3.1 The Group is primarily engaged in the manufacturing of disposable sanitary products as an original equipment manufacturer ("**OEM**") while also offering branded products. During the Track Record Period, the Group had sold Baby Care Products (including diapers and pant diapers) and wet wipes, feminine care and adult incontinence products (collectively, the "**Group's Products**") to customers in Hong Kong, Myanmar, Ukraine (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions) and Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions) through its operating subsidiaries in China. Based on the information provided by the Company on behalf of the Group and Accuity screening conducted by Hogan Lovells, we note the following counterparties involved in the Group's business transactions in Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions) were designated as Sanctioned Persons and/or Sanctioned Targets, the Sanctioned Russian Counterparties include:

- 3.1.1 one customer, Limited Liability Company SOKOL CO, LTD ("**SOKOL**"): SOKOL is owned 50% or more indirectly by Joint Stock Company Ural Mining And Metallurgical Company ("**UMMC**"). UMMC was designated by The U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") as a Specially Designated National and Blocked Person ("**SDN**") on July 20, 2023. UMMC was also designated by UK government on August 11, 2023 as a Sanctioned Person. SOKOL is subject to the same sanctions applicable to UMMC because of ownership. On March 31, 2022, the Group entered into a framework supply contract with SOKOL on the sales of Group's Products ("**March 2022 Supply Contract**"). Subsequent to the designation of UMMC as a SDN (when SOKOL began to subject to the same sanctions because of ownership), pursuant to the March 2022 Supply Contract and due to the lack of awareness to the International Sanctions on SOKOL, the Group sold and delivered two batches of Group's Products amounting proximately RMB 552,517 to SOKOL on October 16, 2023 and October 26, 2023, intending to complete its existing contractual obligations under the March 2022 Supply Contract. =The Company confirmed, as of December 26, 2023, the Group ceased its transactions with =SOKOL. Due to the nature of the products involved in these sales (i.e. sales of Group's Products) and that these sales were denominated in RMB with no involvement of US or UK persons, or any US or UK nexus otherwise, such transactions to SOKOL subsequent to UMMC's designation as SDN did not represent a violation of the applicable sanctions to SOKOL and are unlikely to result in the imposition of sanctions on the Relevant Persons;

- 3.1.2 five clearing banks engaged by the Group's customers, namely, Joint Stock Commercial Bank Primorye, Bank Saint-Petersburg PJSC, JSC CB Solidarnost, Alfa Bank, and MTS Bank Moscow ("**Sanctioned Banks**"): Joint Stock Commercial Bank Primorye, Bank Saint-Petersburg PJSC and MTS Bank Moscow were designated as SDNs by OFAC on February 24, 2023. Bank Saint-Petersburg PJSC was also designated by UK government on February 23, 2023 and Australian government on May 17, 2023 as a Sanctioned Person. MTS Bank Moscow was also designated by UK government on February 23, 2023 and Australian government on May 19, 2023 as

a Sanctioned Person. JSC CB Solidarnost was designated as SDNs by OFAC on July 20, 2023. Alfa Bank was designated as a SDN by OFAC on April 6, 2022. Alfa Bank was also designated by EU on February 23, 2022, Australian government on March 18, 2022 and UK government on March 24, 2022 as a Sanctioned Person. During the Track Record Period, the Sanctioned Banks were involved in the Group's sales of Group's Products denominated in RMB as the banks engaged by respective customers. Save for receiving RMB funds from its customers through the Sanctioned Banks engaged by the respective customers, the Group had no other direct or indirect business relationship with these Sanctioned Banks. Due to the nature of the products involved in these sales (i.e. sales of Group's Products), these sales were denominated in RMB with no involvement of US or UK persons, or any US or UK nexus otherwise, and that the Sanctioned Banks were engaged by the Group's customers out of the Group's control, receiving RMB funds through the Sanctioned Banks from the respective customers did not represent a violation of the applicable sanctions to the Sanctioned Banks and are unlikely to result in the imposition of sanctions on the Relevant Persons; and

- 3.1.3 one shipping company engaged by the Group's customers, Transit Limited Liability Company ("**Transit LLC**"): Transit LLC is owned 50% or more indirectly by UMMC. As UMMC was designated by OFAC as a SDN on July 20, 2023. UMMC was also designated by UK government on August 11, 2023 as a Sanctioned Person. Transit LLC is subject to the same sanctions applicable to UMMC because of ownership. During the Track Record Period, the Transit LLC was involved in the Group's sales of Group's Products denominated in RMB as the shipping company engaged by respective customers. Save for deliveries of the Group's products to the respective customers through Transit LLC under the FOB shipping term, the Group had no other direct or indirect business relationship with Transit LLC. Due to the nature of the products involved in these sales (i.e. sales of Group's Products), these sales were denominated in RMB with no involvement of US or UK persons, or any US or UK nexus otherwise, and that Transit LLC was engaged by the Group's customers out of the Group's control, deliveries of the Group's products to the respective customers through Transit LLC did not represent a violation of the applicable sanctions to the Sanctioned Banks and are unlikely to result in the imposition of sanctions on the Relevant Persons.

Further, the type of products involved in the Group export sales to Russia, the Group's Products, are listed on the *List of Medical Supplies for Ukraine-/Russia-Related Sanctions* of Title 31, Subtitle B, Chapter V § 589.513 Exportation or reexportation of agricultural commodities, medicine, medical supplies, and replacement parts to the Crimea region of Ukraine of the Code of Federal Regulations ("**Part 589.513 Authorisation**"). The Part 589.513 Authorisation authorised exportation or reexportation, from the United States or by a U.S. person, wherever located, of agricultural commodities, medicine, and medical supplies (including the Group's Products) to the Crimea region of Ukraine, or to persons in third countries purchasing specifically for resale to the Crimea region of Ukraine, and the conduct of related transactions are authorized. Thus, in theory, a U.S. person would be authorised to conduct such export sales of the Group's Products to Crimea region pursuant to the Part 589.513 Authorisation. Hogan Lovells are therefore of the view that the Group is not subject to material sanctions risk for its export sales of Group's Products to the Relevant Regions.

3.2 United States

3.2.1 On the basis of our due diligence conducted and the Group's confirmations that:

- (i) there are no U.S. persons for purposes of U.S. sanctions in the Group, neither the Company nor any of its Group entities are incorporated in the United States and the Company does not otherwise maintain any subsidiaries, branches or affiliates which are either incorporated, domiciled or otherwise located in the territory of the United States;
- (ii) no U.S. persons employed or otherwise engaged by the Company or its Group entities have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of the Company or its Group entities involving the Relevant Regions;
- (iii) no financing or financial assistance has been received by the Group, either directly or indirectly, from any company, entity or body incorporated or located in the United States;
- (iv) no product supplied, sold, exported or otherwise transferred by the Group involving the Relevant Regions originates from the United States or incorporates more than 25% of U.S.-origin content;
- (v) the Company and the Group entities have not undertaken, either directly or indirectly, a contract or any other activity with a counterparty, nor has otherwise provided goods or services to any person in, Sanctioned Countries;
- (vi) save for the Group's business activities involving the Sanctioned Russian Counterparties as discussed in Section 3.1 above, the Group has not otherwise, during the Track Record Period, undertaken, either directly or indirectly, a contract or any other activity with a counterparty from, nor has otherwise provided goods or services with or to any individuals, entities or organizations that have been designated as SDNs, or designated on another sanctions list maintained by the Relevant Jurisdictions (i.e. Sanctioned Persons), or any person or entity that is owned or controlled by, or acting as an agent of a Sanctioned Person;
- (vii) no products or services have been exported (either directly or indirectly) to any persons or entities identified on the U.S. Department of Commerce, Bureau of Industry and Security's Entity List, Denied Parties List, Unverified List, the Military End User, or the Military-Intelligence End User Lists (collectively, "**BIS List**");
- (viii) the Group's business did not involve industries or sectors in Sanctioned Countries or in Venezuela or Russia that are currently subject to specific sanctions by the United States (e.g., no sales to Russia's technology, defense and related materiel, metals and mining, quantum computing, financial services, aerospace, electronics, accounting, management consulting, trust/corporate formation, architecture, engineering, construction, manufacturing and transportation sectors); and

- (ix) the Group has reviewed all transaction records during the last five years, which revealed no transactions related to any other Sanctioned Countries during that time;

On the basis of our due diligence process and confirmations of the Company on behalf of the Group, given (i) the Group's business activities involving the Sanctioned Russian Counterparties did not represent a violation of the applicable sanctions to the respective Sanctioned Russian Counterparties and are unlikely to result in the imposition of sanctions on the Relevant Persons as discussed in Section 3.1 above; (ii) during the Track Record Period, save for the Sanctioned Russian Counterparties, counterparties in the Group's sales involving the Relevant Regions are not designated as Sanctioned Persons and/or Sanctioned Targets; and (iii) the nature of the Group's sales involving the Relevant Regions would not trigger U.S. secondary sanctions targeting certain industries or products, Hogan Lovells' assessment is the Group's business dealings with the Relevant Regions do not appear to violate U.S. sanctions.

3.3 **United Nations**

3.3.1 On the basis that:

- (i) the Group's activities involving Relevant Regions were limited to the sales of the Group's Products and did not involve any products that are export-controlled; and
- (ii) the Company, for and on behalf of the Group, has confirmed that it does not have business dealings with any party targeted by UN sanctions.

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

3.4 **European Union and the United Kingdom**

3.4.1 Based on the Group's confirmation and Hogan Lovells' review of the factual information provided by the Group that:

- (i) The Company was incorporated in Cayman Islands. During the Track Record Period, the Group maintained one subsidiary incorporated in British Virgin Islands ("BVI"), Soft International Group holding Ltd ("Soft BVI"). Save for the Company, Soft BVI and five shareholders of the Company incorporated in BVI, there are no any national of or domiciled, or otherwise located in either the territories of the EU, the UK, or the UK Overseas Territories within the Group.
- (ii) all activities involving the Relevant Regions were negotiated, entered into and performed without any involvement (including in any approval or decision making capacity) by any national of or domiciled, or otherwise located in either the territories of the EU, the UK, or the UK Overseas Territories;
- (iii) the Group's activities in the Relevant Regions are limited to sales of Group's Products that are not export-controlled or subject to sectoral sanctions in the EU, the UK or the UK Overseas Territories;

- (iv) save for the Group's business activities involving the Sanctioned Russian Counterparties as discussed in Section 3.1 above, neither the Group nor any of its affiliates, agents, directors, officers, or employees are engaged in transactions, business or financial dealings that directly or indirectly involve or benefit a person or entity listed under EU or UK sanctions, or engage in any other activity subject to restrictions under sectoral EU and the UK sanctions; and
- (v) the Group has not been, directly or indirectly, involved in the export from the EU, the UK or the UK Overseas Territories, of any items listed in the EU Common Military List or the EU Dual Use list (Annex I to EU Regulation 821/2021), the UK Military List, Annex I to Council Regulation 428/2009 as retained by the European Union (Withdrawal) Act 2018 ("**the UK Dual-Use Regulation**"), or any items listed under Schedule 2 or 3 of the UK Export Control Order 2008 as amended destined to the Relevant Regions;

Hogan Lovells' assessment, based on a review of the confirmations provided by the Company on behalf of the Group, is that the prohibitions and other restrictions under existing EU, UK and UK Overseas Territories sanctions measures do not render the Group's business activities during the Track Record Period unlawful under applicable EU or UK laws.

3.5 **Australia**

3.5.1 On the basis that:

- (i) the Group is not:
 - (1) a person in Australia;
 - (2) an Australian citizen or Australian-registered body;
 - (3) owned or controlled by Australians or persons in Australia; or
 - (4) a person using an Australian flag vessel or aircraft to transport goods or transact services subject to Australian autonomous sanctions;
 - (5) engaged in any activities in Australia; and
- (ii) the Group's dealings do not involve products or services that are restricted under Australian export controls,

Hogan Lovells' assessment is that International Sanctions measures administered and enforced by the Government of Australia do not appear to be implicated by the Group's activities in relation to the Relevant Regions.

4. **COMPANY BACKGROUND**

- 4.1 The Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 22, 2023. We have relied on the Prospectus for the Group's shareholding structure immediately prior to the reorganization, immediately before the completion of the

Offering and Capitalization Issue (as defined in the Prospectus), immediately upon completion of the Capitalization Issue and the Offering, respectively.

- 4.2 The Company has confirmed that it is not owned 50% or more, or controlled, by one or more U.S. persons as defined under U.S. economic sanctions laws and regulations.
- 4.3 The following table set out the information regarding Directors of the Company.

Director	Name	Nationality
Executive Directors	Pui Kuan NGAN	Chinese
	Guodong ZENG	Chinese
	Jiahao ZHOU	Chinese
	Yue GAO	Chinese
Non-executive Director	Hao CAI	Chinese
Independent Non-executive Directors	Kai Weng Sabrina LEONG	Chinese
	Tai Wai David WONG	Chinese
	Brian Hong Jing NG	Chinese

- 4.4 Payments received from the Group's export sales of Group's Products to the Relevant Regions were denominated in U.S. dollars ("**USD**") and Renminbi ("**RMB**").
- 4.5 The Company has confirmed on behalf of all entities in the Group that, to its best knowledge, none of the products supplied, sold or exported or transferred by the Group to/from the Relevant Regions are controlled under U.S. export controls or are otherwise restricted for transfer, either directly or indirectly, from the United States (or by U.S. persons) to or for use in any third country. On the basis of this confirmation and our understanding of the nature of the Group's vessels and services formed by our due diligence process, an analysis of the Group's business against U.S. export control restrictions has not been undertaken by Hogan Lovells.
- 4.6 Based on the information provided by the Group, none of the products exported or transferred by the Group on behalf of its customers to/from the Relevant Regions are controlled under EU, UK or UK Overseas Territories export controls or is otherwise restricted for transfer either directly or indirectly, from the EU (or by EU persons), the UK (or by UK persons), or from the UK Overseas Territories (or by UK Overseas Territories nationals) to or for use in any third country. On this basis and our understanding of the nature of the Group's vessels and services, an analysis of the Group's business against EU, UK and/or UK Overseas Territories export control and trade related sanctions restrictions has not been undertaken by Hogan Lovells.
- 4.7 Based on the information provided by the Group that:
- 4.7.1 None of the products supplied, sold, exported or transferred by the Group on behalf of its customers to/from the Relevant Regions is controlled under Australian export controls or are otherwise restricted for supply, sale, export or transfer, either directly or

indirectly, from Australia (or by Australian citizens) to or for use in any third country; and

- 4.7.2 No goods or services were supplied, sold, exported or transferred by the Group to any country subject to International Sanctions from (or via) Australia.

On the basis of the above confirmations and our understanding of the nature of the Group's business, an analysis of the services and goods supplied in the Relevant Regions under Australian export control laws has not been undertaken by Hogan Lovells.

- 4.8 The table below sets forth the revenues received by the Group from business activities with/in the Russia and the corresponding percentage of the Group's total revenues during the Track Record Period:

Year/Period Ended	Total consolidated gross revenues (RMB '000)	Consolidated revenues attributable to the Group's sales involving the Russia (RMB'000)	Percentage of the Group's total revenues (%)
Year ended December 31, 2021	263,226	105,412	40.0
Year ended December 31, 2022	408,066	205,537	50.4
Year ended December 31, 2023	654,560	377,500	57.7
Nine months ended September 30, 2024	520,297	206,214	39.6

5. U.S. SANCTIONS: ECONOMIC SANCTIONS AND EXPORT CONTROLS

5.1 U.S. Economic Sanctions

- 5.1.1 There are two types of U.S. economic sanctions potentially applicable to the Group:

- (i) "Primary" U.S. sanctions applicable to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency or activities involving goods, software or technology subject to the United States Export Administration Regulations, 15 C.F.R. Parts 730-774 ("**EAR**") even if performed by non-U.S. persons);
- (ii) "Secondary" U.S. sanctions applied extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus;

5.1.2 Primary Sanctions Applicable to U.S. Persons

- (i) OFAC administers primary U.S. sanctions programs against targeted countries, entities, and individuals. As the economic sanctions are intended to further the foreign policy goals of the United States, they vary considerably from program to program. Likewise, OFAC has wide latitude to interpret and enforce its regulations based on the foreign policy goals of the U.S. Government.
- (ii) When the U.S. Government imposes economic sanctions against a foreign country, entity, or individual, U.S. law prohibits (with limited exceptions that do not apply in this case) U.S. companies or U.S. persons from engaging in any transaction with or providing almost any goods or services for the benefit of the targeted country, entity or individual. Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" any assets/property interests owned, controlled or held for the benefit of a Sanctioned Country, entity, or individual when such assets/property interests are in the United States or within possession or control of a U.S. person. A "blocked" asset means no transaction may be undertaken or effected with respect to the asset/property interest – no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) – except pursuant to an authorization or license from OFAC.
- (iii) Persons Governed by U.S. Sanctions
 - (1) In general, U.S. economic sanctions apply to "U.S. persons." The term "U.S. persons" includes:
 - (A) entities organized under U.S. Law (such as U.S. companies and their U.S. subsidiaries);
 - (B) any U.S. company's domestic and foreign branches;
 - (C) any individual who is a U.S. citizen or permanent resident alien ("green card" holder), regardless of his or her location in the world;
 - (D) any individual, regardless of his or her nationality, who is physically present in the United States; and
 - (E) U.S. branches or U.S. subsidiaries of non-U.S. companies.
 - (2) In the case of U.S. sanctions applicable to Iran and Cuba, primary sanctions specifically apply to all foreign subsidiaries of U.S. companies and any other entities owned or controlled by U.S. persons (such as 50/50 joint ventures, for example). See Section 218 of the Iran Threat Reduction and Syria Human Rights Act of 2012, H.R. 1905 (PL 112-158), implemented by OFAC as section 560.215 of the Iranian Transactions and Sanctions Regulations ("ITSR"), which makes parent companies liable for their foreign subsidiaries' Iranian sanctions

violations, and Section 515.329 of the Cuban Assets Control Regulations ("**CACR**").

- (3) In the case of U.S. sanctions applicable to other countries, such primary sanctions only apply to U.S. persons as defined above, not to their foreign subsidiaries or to non-U.S. companies.
- (4) In addition, primary sanctions prohibit U.S. persons, wherever located, from approving, financing, facilitating, or guaranteeing any transaction by a foreign person where the transaction by that foreign person would be prohibited if performed by a U.S. person or within the United States. This is generally known as the "facilitation" prohibition and is a broad extension of the jurisdictional reach of U.S. sanctions applicable to U.S. persons in countries subject to comprehensive sanctions prohibitions. See, e.g., ITSR, 31 C.F.R. § 560.208. The processing of payments by U.S. banks or U.S. payment processors for Iran-related trade by non-U.S. companies would constitute "facilitation" of such trade and is prohibited.
- (5) The facilitation concept is broad. In general, a U.S. person is not permitted to facilitate in any way activities of a third party with a Sanctioned Country or a sanctioned person if the U.S. person itself could not directly engage in the underlying activity. Usually it arises in the context of parent companies and their subsidiaries or between affiliates, where one entity is jurisdictionally required to comply but the other is not. The issue may also arise in the dealer/sub-dealer context, where the dealer is dependent on support from its supplier/partner. "Facilitation" may include the following activities:

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

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

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

- (1) There are two types of primary U.S. sanctions programs – country-based programs (which are territorial in nature) and list-based programs (which are not territorial in nature, as they do not apply to the entire country or all of its territory). Violations of either type of primary U.S. sanction program can result in "strict" civil liability (not a negligence standard) where fines and penalties may be imposed. In addition, wilful violations may result in criminal liability punishable by imprisonment and elevated fines.
 - (A) *Country-based sanctions programs.* U.S. sanctions programs targeting specific countries fall into two categories: programs that are comprehensive in scope and programs that are limited in scope.
 - (I) Comprehensive sanctions programs prohibit U.S. persons from dealing in any manner with Sanctioned Countries and their governments, as well as with any persons or entities in those countries or territories. Currently, the United States maintains comprehensive sanctions against: Cuba, Iran, North Korea, Syria and the Crimea, LPR or DPR regions of Ukraine/Russia (comprehensive OFAC sanctions against Sudan were terminated as of October 12, 2017). Generally, comprehensive country sanctions prohibit transactions with or services in, from or benefitting the targeted country or any persons/entity in it. However, the comprehensive country sanctions may also be applicable to transactions outside the country (for example, restricting dealings in goods or services originating from a Sanctioned Country, or with persons who ordinarily reside in the Sanctioned Country).
 - (II) Limited sanctions programs prohibit U.S. persons from participating in certain types of transactions with sanctioned countries and/or governments, such as the provision of services, financing, investments, exports, and/or imports. Prohibited activities vary from program to program, and they generally are not as broad (for example, they do not target activities with all persons or entities in that country). Currently, the U.S. government maintains limited sanctions programs in relation to countries such as Venezuela and Russia, and OFAC has issued a series of general licenses authorizing numerous activities.
 - (B) *List-based sanctions programs.* In addition to country-based sanctions programs, primary U.S. sanctions include list-based

sanctions that prohibit U.S. persons from dealing with or facilitating dealings with individuals, entities and organizations that have been designated as SDNs by OFAC for a variety of reasons. Although some of these programs reflect the name of a particular country in its title (e.g., Belarus, Burundi, Central African Republic, the Democratic Republic of Congo, Lebanon, Somalia, South Sudan, Yemen, Zimbabwe), these sanctions are not territorial in nature and do not apply to the country as a whole, and they do not target the government of such country as a whole nor all persons and entities in the country. Instead, the restrictions apply only to persons and entities that are on the SDN List, which may include some government officials or other parties designated for a variety of reasons (the restrictions also apply to entities owned, individually or in the aggregate, directly or indirectly, at 50% or more, by designated SDNs). The names of these designated parties are published on the OFAC SDN List; they include persons or entities targeted for a variety of reasons including but not limited to:

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

(v) **Application to Hong Kong**

- (1) On July 14, 2020, the Hong Kong Autonomy Act (the “**Act**”) became law authorizing the imposition of sanctions on certain parties related to certain activities in the Hong Kong Special Administrative Region (“**HKSAR**”). The Act provides a range of sanctions available to the U.S. government to target foreign persons or foreign financial institutions determined to have engaged in "significant transactions" with certain foreign persons, such as designated senior Hong Kong or Chinese government officials or Chinese companies involved in the erosion of Hong Kong's autonomy. The Act did not designate any foreign officials; instead, the Act requires the Secretary of State to prepare a list of foreign persons who are materially contributing, have materially contributed, or attempt to materially contribute to China's failure to meet its obligations under the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong (December 19, 1984) and the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China. If such persons are designated under the Act, then foreign financial institutions could face exposure themselves to restrictive measures if they engage in "significant" transactions with such designated persons.
- (2) On the same day, the President issued the Executive Order on Hong Kong Normalization (“**EO 13936**”). This EO, among other actions, authorizes the imposition of sanctions on foreign persons determined to be involved in developing, adopting, and/or implementing China's National Security Law, among other actions. The EO blocks any transactions or transfers involving any and all property and/or interests in the United States of anyone the Secretary of State in consultation with the Secretary of Treasury (or vice versa):
 - (A) To be or have been involved, directly or indirectly, in the coercing, arresting, detaining, or imprisoning of individuals under the authority of, or to be or have been responsible for or involved in developing, adopting, or implementing, the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Administrative Region.
 - (B) To be responsible for or complicit in, or to have engaged in, directly or indirectly, any of the following:
 - (I) Actions or policies that undermine democratic processes or institutions in Hong Kong.
 - (II) Actions or policies that threaten the peace, security, stability, or autonomy of Hong Kong.
 - (III) Censorship or other activities with respect to Hong Kong that prohibit, limit, or penalize the exercise of freedom of

expression or assembly by citizens of Hong Kong, or that limit access to free and independent print, online, or broadcast media.

- (IV) The extrajudicial rendition, arbitrary detention, or torture of any person in Hong Kong or other gross violations of internationally recognized human rights or serious human rights abuse in Hong Kong.
- (C) To be or have been a leader or official of:
 - (I) An entity, including any government entity, that has engaged in, or whose members have engaged in, any of the activities described above.
 - (II) An entity whose property and interests in property are blocked pursuant to EO 13936.
 - (III) To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked by EO 13936.
 - (IV) To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked by EO 13936.
- (D) To be a member of the board of directors or a senior executive officer of any person whose property and interests in property are blocked by EO 13936.
- (E) Under the authority of EO 13936, OFAC has already designated as SDNs several government officials in Hong Kong, including those in top political leadership. As a result of their SDN designation, US sanctions extend to dealings with any non-listed entity in which those SDNs hold, directly or indirectly, a 50% or greater interest.
- (3) On September 25, 2020, OFAC issued Frequently Asked Question (FAQ) 840 on the effect of designating several political leaders of Hong Kong. FAQ 840 states that the designation of an official of the Government of the HKSAR does not itself block the HKSAR government or any government agency where the SDN is an official or otherwise exercises control. Accordingly, engaging in a routine interaction with an agency in which an SDN is an official, but which does not involve the SDN directly or indirectly, is not prohibited. FAQ 840 further states that U.S. persons may enter into HKSAR government contracts signed by a non-SDN official of the HKSAR to whom the

HKSAR government has delegated the authority to enter such contracts.

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

- (1) The United States historically had imposed comprehensive sanctions against Myanmar/Burma, which primarily prohibited new investment in the country and exports of financial services (exports of goods to non-SDNs were not widely restricted even in the past). Responding to democratic reforms in Myanmar/Burma, the United States eased these sanctions in 2012, allowing for the export of financial services and certain new investment, while generally continuing to prohibit transactions involving SDNs.
- (2) Under the Burmese Sanctions Regulations ("**BSR**"), 31 C.F.R. 537, after 2012, U.S. persons were generally not prohibited from exporting goods, software or technology to Myanmar/Burma unless an SDN is involved. Property and interest in property belonging to SDNs generally may not be transferred, paid, exported, withdrawn or otherwise dealt with by U.S. persons.
- (3) New investment in Myanmar/Burma and the exportation of financial services to Myanmar/Burma were authorized after the 2012 easing under the general licenses contained in the regulations. However, given human rights considerations, the general licenses imposed certain restrictions on transactions involving the Burmese Ministry of Defense, state or non-state armed groups (which includes the military), or entities owned by these organizations.
- (4) On December 7, 2015, in an effort to facilitate the flow of trade with Myanmar/Burma, OFAC further authorized most transactions ordinarily incident to the export of goods, technology, or non-financial services to or from Myanmar/Burma when an SDN is involved indirectly (not as a recipient/sender of the goods). However, transactions to, from, or on behalf of any SDN were still prohibited.
- (5) On October 7, 2016, OFAC's sanctions against Myanmar/Burma were lifted in their entirety. There are no remaining sanctions against Myanmar/Burma, although certain restricted parties in the country may continue to be designated by OFAC for their involvement in narcotics trafficking or other illicit activities. On August 17, 2018, OFAC added four Burmese Military and Border Guard Police ("**BGP**") commanders and two Burmese military units to the SDN List. Effective June 16, 2017, the BSR have been removed from the OFAC's regulations in Part V of the Code of Federal Regulations.
- (6) On February 10, 2021, OFAC issued Executive Order 14014, which provides the Secretary of the Treasury with authority to designate persons

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

- (7) OFAC has designated as SDNs several persons and entities under EO 14014. Restrictions extend to any entity which such SDNs own at 50% or greater level, directly or indirectly, individually or in the aggregate.
- (vii) Effective August 23, 2023, OFAC issued Determination under Section 1(a)(i) of EO 14014 designating jet fuel sector of Burmese economy. Any person found to operate in such sector may become designated by OFAC as an SDN.
- (viii) **Application to Ukraine (excluding Crimea)**
 - (1) The U.S. President issued four recent Executive Orders: Executive Order 13660 of March 6, 2014, Executive Order 13661 of March 16, 2014, Executive Order 13662 of March 20, 2014, and Executive Order 13685 of December 19, 2014, finding that the actions and policies of the Government of Russia, including its annexation of Crimea and its use of force in Ukraine, continue to undermine democratic processes and institutions in Ukraine; threaten its peace, security, stability, sovereignty, and territorial integrity; and contribute to the misappropriation of its assets, and thereby constitute an unusual and extraordinary threat to the national security and foreign policy of the United States.
 - (2) With certain exceptions, U.S. persons are also prohibited from dealing with certain Ukrainian persons and entities listed on OFAC's SDN List (as well as entities owned, at 50% or greater level by SDNs), and from dealing in any property in the U.S. or in the possession or control of a U.S. person in which any blocked person has an interest.
- (ix) **Application to Russia (excluding Crimea)**
 - (1) The U.S. President has issued several Executive Orders: Executive Order 13660 of March 6, 2014, Executive Order 13661 of March 16, 2014, Executive Order 13662 of March 20, 2014, Executive Order 13685 of December 19, 2014, Executive Order 13849 of September 20, 2018, Executive Order 13883 of August 3, 2019, Executive Order 14024 of April 15, 2021, Executive Order 14039 of August 20, 2021, Executive Order 14065 of February 21, 2022, Executive Order 14066 of March 8, 2022, Executive Order of March 11, 2022, and Executive Order 14071 of April 16, 2022, finding that the actions and policies of the Government of Russia, including its purported annexation of Crimea and its use of force in Ukraine, and purported recognition of the so-called Donetsk People's Republic (DPR) or Luhansk People's Republic (LPR) regions of Ukraine continue to undermine democratic processes and institutions in Ukraine; threaten its peace, security, stability, sovereignty, and territorial integrity; and contribute to the misappropriation of its assets, and thereby constitute an unusual and extraordinary threat to the national security and foreign policy of the United States. These Executive Orders impose comprehensive restrictions on dealings with SDNs (including entities owned, at 50% or higher level, by SDNs directly or indirectly, individually or in the

aggregate), comprehensive trade embargo on the Crimea, LPR, and DPR regions, prohibitions on the import into the United States of Russian-origin fish, seafood, or preparations thereof, alcoholic beverages, non-industrial diamonds, or other Russian-origin products as determined by the U.S. Government, prohibition on import into the United States of Russian-origin oil, gas, and coal, prohibition on new investment in the Russian energy sector by U.S. persons or other sectors as determined by the United States Government, prohibition on direct or indirect supply of luxury goods as defined by the U.S. Government, a more general prohibition on new investment in Russia by U.S. persons, and more limited restrictions (so-called "**sectoral sanctions**") on certain types of dealings with designated parties in certain sectors in Russia, including energy, financial and defense sectors (including entities owned by them, at 50% or higher level, directly or indirectly, individually or in the aggregate).

- (2) With certain exceptions, U.S. persons are prohibited from dealing with certain Russian persons and entities listed on OFAC's SDN List (or entities owned by them, as noted above); from dealing in any property in the U.S. or in the possession or control of a U.S. person in which any SDN has an interest; and in making any new investment in or exporting or importing any product, service or technology to or from the Crimea, DPR, or LPR regions. In addition, there are export restrictions on certain U.S.-origin products as well as restrictions on U.S. persons' ability to provide any products or services to certain parties in Russia targeted by sectoral sanctions if such items would be used for one of the three types of targeted oil/gas production or exploration projects (irrespective of the origin of such goods or services).
- (3) Pursuant to Executive Order 13662 ("**EO 13662**") and the Ukraine-Related Sanctions Regulations ("**URSR**"), OFAC promulgated financial restrictions on companies operating in specific sectors of the Russian economy, and the restrictions apply whenever there is a U.S. nexus to the transaction (including USD payments). The entities listed on the Sectoral Sanctions Identifications List ("**SSIL**") have not been added to the SDN List so these SSIs are not subject to blocking requirements noted above. Instead, OFAC has prohibited certain types of transactions with the SSIs. Specifically, OFAC issued four "directives" as outlined below (certain of these have since been amended, as described in further detail below):
 - (A) Directive 1: The following transactions by U.S. persons or within the United States involving targeted companies are prohibited by Directive 1: ""all transactions in, provision of financing for, and other dealings in new debt of longer than 14 days maturity or new equity of [these] persons..., their property, or their interests in property..." The 14-day term is for new debt or new equity issued on or after November 28, 2017. For new debt or new equity issued on or after July 16, 2014 and before

September 12, 2014, the term is 90 days. For new debt or new equity issued on or after September 12, 2014 and before November 28, 2017, the term is 30 days. All other transactions with these persons are permitted, provided such transactions are not otherwise prohibited by any other sanctions programs implemented by OFAC.

- (B) Directive 2: The following transactions by U.S. persons or within the United States involving targeted companies are prohibited by Directive 2: "all transactions in, provision of financing for, and other dealings in new debt of longer than 60 days (for new debt issued after November 28, 2017 but the term is 90 days for new debt issued between July 16, 2014 and before November 28, 2017) maturity of [these] persons..., their property, or their interests in property..." All other transactions with these persons are permitted, provided such transactions do not otherwise involve any other sanctions programs implemented by OFAC. Unlike Directive 1, Directive 2 does not place restrictions on transacting in, providing financing for, or otherwise dealing in new equity of the entities listed pursuant to Directive 2.
- (C) Directive 3: The following transactions by U.S. persons or within the United States involving targeted companies are prohibited by Directive 3: "all transactions in, provision of financing for, and other dealings in new debt of longer than 30 days maturity of [these] persons..., their property, or their interests in property..." All other transactions with these persons are permitted, provided such transactions do not otherwise involve any other sanctions programs implemented by OFAC. Unlike Directive 1, Directive 3 does not place restrictions on transacting in, providing financing for, or otherwise dealing in new equity of the entities listed pursuant to Directive 3.
- (D) Directive 4: The following transactions by U.S. persons or within the United States involving targeted companies are prohibited by Directive 4: "the provision, exportation, or re-exportation, directly or indirectly, of goods, services (except for financial services), or technology in support of exploration or production for deepwater (more than 500 feet), Arctic offshore, or shale projects (i) that have the potential to produce oil in the Russian Federation, or in maritime area claimed by the Russian Federation and extending from its territory" or (ii) "that are initiated on or after January 29, 2018, that have the potential to produce oil in any location, and in which any person determined to be subject to this Directive or any earlier version thereof, their property, or their interests in property has (a) a 33 percent or greater ownership interest, or (b) ownership of a majority of the voting interests."

- (4) The SSIL restrictions apply not only to U.S. persons' dealings with the designated under the directives above, but also to entities directly or indirectly owned, individually or in the aggregate, 50% or more by entities, listed on the SSIL (the "**SSI**").
- (5) "Debt" in the SSIL context includes bonds, loans, extensions of credit, loan guarantees, letters of credit, drafts, bankers' acceptances, discount notes or bills, or commercial paper. "Equity" includes stocks, share issuances, depositary receipts, or any other evidence of title or ownership. OFAC has advised that these lists are illustrative, not exhaustive. OFAC has confirmed that the term "extension of credit" would include providing an SSI customer with payment terms that exceed 30 or 90 days, depending on the Directive under which the SSI is designated.
- (6) In addition, there are export restrictions on certain U.S.-origin products as well as restrictions on U.S. person's ability to provide any products or services to certain parties in Russia targeted by sectoral sanctions if such items would be used for one of the three types of targeted oil/gas production or exploration projects (irrespective of the origin of such goods or services).
- (7) On August 2, 2017, President Trump signed into law the "Countering America's Adversaries Through Sanctions Act" ("**CAATSA**"), which amended some of the existing U.S. primary sanctions against Russia and added secondary sanctions targeting certain activities involving Russia. For example, CAATSA required OFAC to amend Directive 1 by reducing the maturity term from 30 to 14 days, and Directive 2 by reducing the maturity term from 90 to 60 days, tightening restrictions on the extension of credit to SSI entities targeted by these directives. On September 29, 2017, OFAC issued amended Directives 1 and 2, indicating that the reduction of maturity term to 14 and 60 days, respectively, would be effective as of November 28, 2017. CAATSA also required OFAC to amend Directive 4, which targets certain energy projects, expanding its territorial reach beyond Russia to any location in the world where one of the targeted exploration/production projects is located so long as a Russian SSI party has at least a 33% interest in such project (this took effect on January 29, 2018). CAATSA also authorizes the U.S. Government to designate state-owned entities in the Russian railway sector and impose sectoral sanctions upon such designations.
- (8) In addition to changes to sectoral sanctions, there are also secondary sanctions that were imposed by CAATSA, so any persons (U.S. or non-U.S.) who engage in these activities could face exposure to restrictive U.S. measures, even if the underlying activity has no U.S. nexus. These new Russia-related secondary sanctions include (but are not limited to):

- (A) Making of an investment that directly and significantly contributes to the enhancement of the ability of the Russian Federation to construct energy export pipelines; or selling, leasing or providing to the Russian Federation, for the construction of Russian energy export pipelines, goods, services, technology, information, or support that could directly and significantly facilitate the maintenance or expansion of the construction, modernization, or repair of energy export pipelines by the Russian Federation, and which meet either of the following criteria:
 - (I) Any of which have a fair market value of US\$1,000,000 or more; or
 - (II) That, during a 12-month period, have an aggregate fair market value of US\$5,000,000 or more.
- (B) Making an investment, with actual knowledge, of US\$10,000,000 or more (or any combination of investments of not less than US\$1,000,000 each, which in the aggregate equals or exceeds US\$10,000,000 in any 12-month period), or facilitates such an investment, if the investment directly and significantly contributes to the ability of the Russian Federation to privatize state-owned assets in a manner that unjustly benefits:
 - (I) Officials of the Government of the Russian Federation; or
 - (II) Close associates or family members of those officials.
- (C) Knowingly engaging in a "significant" transaction with a Russian sanctioned person as defined in Section 228, or with a person that is part of, or operates for or on behalf of, the Russian defense or intelligence sectors as defined in Section 231 of CAATSA. For purposes of Section 231, the U.S. Government issued a list of "persons that are part of, or operate for or on behalf of, the defense and intelligence sectors of the Government of the Russian Federation" so foreign parties have additional clarity as to who in Russia is targeted by this measure and can avoid engaging in "significant" transactions with such parties unless such foreign parties want to face exposure under secondary U.S. sanctions.
- (D) Foreign financial institutions determined to have knowingly facilitated certain defense- and energy-related transactions on behalf of the Russian Government, or have knowingly facilitated a significant financial transaction on behalf of any Russian SDN.

- (9) Non-U.S. companies engaging in these sanctionable activities are potentially subject to the imposition of several restrictions by the U.S. Government, such as visa denials, prohibition on importation of products into the United States, restrictions on accessing U.S. financing or processing USD payments, and even a designation as an SDN.
- (10) Moreover, CAATSA also required the President to submit a list identifying "the most significant senior foreign political figures and oligarchs in the Russian Federation, as determined by their closeness to the Russian regime and their net worth." This list was submitted on January 29, 2018, but did not result in the imposition of sanctions on the individuals listed.
- (11) The U.S. Government has issued guidance to clarify broad language used in Section 228. A broad reading of Section 228 would have allowed the U.S. Government to impose restrictive measures on any non-U.S. person who facilitates a "significant" transaction with an SSI entity, even if such transaction is not prohibited by primary U.S. sanctions. The term "significant" is not defined in CAATSA, and the U.S. Government could use multiple factors in deciding what is significant. The OFAC guidance made it clear that the term "significant transaction" will not include transactions that do not require a U.S. person to obtain a specific license from OFAC to participate in them (such guidance was recently incorporated into amended regulations issued by OFAC). As such, the activities with SSIs that are not prohibited by sectoral sanctions should also not trigger exposure under Section 228. The OFAC guidance indicates that a transaction in which a party is on the SSI list "must also involve deceptive practices (i.e., attempts to obscure or conceal the actual parties or true nature of the transaction(s), or to evade sanctions) to potentially be considered significant." Therefore, even if a U.S. person would need a license from OFAC to engage in an activity with an SSI, a non-U.S. person engaging in the same transaction will not face secondary sanctions exposure under Section 228 so long as there are no deceptive practices.
- (12) On September 20, 2018, the President of the United States issued Executive Order 13849 ("EO 13849") to implement the CAATSA sanctions. EO 13849 prohibits U.S. financial institutions from making loans or providing credits to designated persons totalling more than \$10 million USD in any 2-month period (unless such person is engaged in activities to relieve human suffering and the loans or credits are provided for such activities; prohibit any transactions in foreign exchange that are subject to U.S. jurisdiction in which the sanctioned person has any interest; prohibit any transfers of credit or payments between financial institutions, or by, through, or to any financial institution, to the extent such transfers or payments are subject to U.S. jurisdiction and involve the sanctioned person; block all property and interests in property of sanctioned persons; prohibit any U.S. person from investing in or purchasing significant amounts of equity or debt

instruments of the sanctioned person; and impose similar measures on the principal executive officer or officers of sanctioned persons or any persons performing similar functions or with similar authorities

- (13) On August 1, 2019, the U.S. Government issued EO 13883, which provides for sanctions against Russia for violations of the Chemical and Biological Weapons Act.
- (14) On March 2, 2021, the U.S. Government announced additional restrictions related to Russia, including designating parts of the Russian government (Federal Security Bureau and Main Intelligence Directorate) as SDNs under a different sanctions program. There are also new export control restrictions on certain items to Russia under both the EAR and the International Traffic in Arms Regulations ("ITAR"), and new designations on the BIS Entity List.
- (15) On April 15, 2021, the President of the United States issued EO 14024 that provides new authorities to designate persons as SDNs, including among others those found by OFAC to be operating in Russia's technology and defense (and related materiel) sectors (in February 2022, Russia's financial services sector was also added to the list of targeted sectors under EO 14024, creating risks for those found to be operating in such sector; additional sectors of Russian economy were subsequently designated under this authority). On April 15, 2021, Directive 1 was issued under EO 14024 which provides targeted financial sanctions related to purchases by U.S. financial institutions of Russian sovereign debt (we note that this Directive 1 under EO 14024 is distinct from Directive 1 issued under EO 13662 referenced above). On February 22, 2022, Directive 1 was superseded by Directive 1A and OFAC also issued Directives 2, 3, and 4 pursuant to EO 14024:
 - (A) Directive 1A: as of June 14, 2021, U.S. financial institutions are prohibited in participating in the primary market for ruble or non-ruble denominated bonds issued after June 14, 2021 by the Central Bank of the Russian Federation ("**CBR**"), the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation; as of March 1, 2022, U.S. financial institutions are prohibited from participating in the secondary market for ruble or non-ruble denominated bonds issued after March 1, 2022 by the CBR, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation.
 - (B) Directive 2: prohibits U.S. financial institutions from (i) opening or maintaining of a correspondent account or payable-through account for or on behalf of foreign financial institutions determined to be subject to the

prohibitions of Directive 2, or their property or interests in property; and (ii) the processing of a transaction involving foreign financial institutions determined to be subject to the prohibitions of Directive 2, or their property or interests in property. Directive 2 prohibits such transactions not only with an institution identified in Annex I to Directive 2 but also any foreign financial institution owned 50% or more, directly or indirectly, individually or in the aggregate by one or more foreign financial institutions determined to be subject to Directive 2.

- (C) Directive 3: prohibits U.S. persons from all transactions, provision of financing for, other dealings in, and providing new debt of longer than 14 days maturity or new equity to entities listed under Directive 3 where such new debt or new equity is issued after 12:01 a.m. ET on March 26, 2022 (or 30 days after a new entity is designated under Directive). Directive 3 applies both to any entity listed in Annex I or otherwise determined to be subject to Directive 3 and entities 50 percent or more owned, directly or indirectly, individually or in the aggregate, by one or more entities determined to be subject to Directive 3.
 - (D) Directive 4: prohibits U.S. persons from any transaction involving the CBR, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation, including any transfer of assets to such entities or any foreign exchange transaction for or on behalf of such entities.
- (16) The Directives above are not full blocking sanctions like those that apply to SDNs so U.S. persons generally are only prohibited from engaging in transactions with entities listed under the Directives set forth above that are specifically prohibited under any of the Directives. OFAC has also issued several general licenses authorizing certain transactions involving parties subject to various Directives and/or certain SDNs.
- (17) OFAC has also issued several determinations pursuant to EO 14024:
- (A) The February 22, 2022 determination provides OFAC authority to designate persons in the financial services sector of the Russian Federation economy;
 - (B) The March 31, 2022 determination provides OFAC authority to designate persons in the aerospace,

electronics, and marine sectors of the Russian Federation Economy;

- (C) The May 8, 2022 determination provides OFAC authority to designate persons in the accounting, trust, and corporate formation services, and management consulting sectors of the Russian Federation economy;
 - (D) The September 15, 2022 determination provides OFAC authority to designate persons in the quantum computing sector in Russia;
 - (E) The February 24, 2023 determination provides OFAC authority to designate persons in the metals and mining sector in Russia; and
 - (F) The May 19, 2023 determination provides OFAC authority to designate persons in the architecture, engineering, construction, manufacturing, and transportation sectors of the Russian Federation economy.
 - (G) By virtue of these determinations, OFAC can impose sanctions on any individual or entity determined to operate or have operated in any of these sectors in Russia.
- (18) On February 21, 2022, the President issued **EO 14065** which prohibits
- (A) New investment in DPR or LPR by a U.S. person;
 - (B) Import into the United States, directly or indirectly, of any goods, services, or technology from DPR or LPR;
 - (C) Export, reexport, sale, or supply, directly or indirectly, from the United States or by a U.S. person of any goods, services, or technology to DPR or LPR; or
 - (D) U.S. person approval, financing, facilitation, or guarantee of a transaction by a foreign person that would be prohibited as noted above.
- (19) On March 8, 2022, the President issued **EO 14066** which prohibits:
- (A) the importation into the United States of the following products of Russian Federation origin: crude oil; petroleum; petroleum fuels, oils, and products of their

distillation; liquefied natural gas; coal; and coal products;

- (B) new investment in the energy sector in the Russian Federation by a United States person, wherever located; and
 - (C) any approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited by this section if performed by a United States person or within the United States.
- (20) On March 11, 2022, the President issued **EO 14068** which prohibits:
- (A) the importation into the United States of the following products of Russian Federation origin: fish, seafood, and preparations thereof; alcoholic beverages; non-industrial diamonds; and any other products of Russian Federation origin as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State and the Secretary of Commerce;
 - (B) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of luxury goods, and any other items as may be determined by the Secretary of Commerce, in consultation with the Secretary of State and the Secretary of the Treasury, to any person located in the Russian Federation;
 - (C) new investment in any sector of the Russian Federation economy as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State, by a United States person, wherever located;
 - (D) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of U.S. dollar-denominated banknotes to the Government of the Russian Federation or any person located in the Russian Federation; and
 - (E) any approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person where the transaction

by that foreign person would be prohibited by this section if performed by a United States person or within the United States.

- (21) On April 6, 2022, the President of the United States issued **EO 14071** which prohibited
- (A) new investment in the Russian Federation by a United States person, wherever located;
 - (B) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any category of services as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State, to any person located in the Russian Federation (on May 8, 2022, OFAC identified accounting, trust/corporate formation and management consulting services, and subsequently quantum computing services, architecture and engineering services were added as well); and
 - (C) any approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited by this section if performed by a United States person or within the United States.
 - (D) Effective June 7, 2022, OFAC issued a determination that prohibits US persons from providing accounting, trust and corporate formation services, management consulting services to persons in Russia.
 - (E) Effective September 15, 2022, OFAC issued a determination that prohibits US persons from providing quantum computing services to persons in Russia.
 - (F) Effective December 5, 2022, OFAC issued a determination that prohibits US persons from providing (or facilitating the provision) of the following services that relate to the maritime transport of crude oil of Russian Federation origin (collectively, the "**Covered Services**") unless they relate to such oil purchased at or below the relevant price cap (subsequently effective February 5, 2022, the same Covered Services were targeted if they relate to the maritime transport of Russian-origin petroleum products purchased above the relevant price cap):

- (I) Trading/commodities brokering;
 - (II) Financing;
 - (III) Shipping;
 - (IV) Insurance, including reinsurance and protection and indemnity;
 - (V) Flagging; and
 - (VI) Customs brokering.
- (G) The May 19, 2023 determination prohibits the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of architecture services or engineering services to any person located in the Russian Federation; The May 19, 2023 determination prohibits the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of architecture services or engineering services to any person located in the Russian Federation;
- (H) The April 12, 2024 determination prohibits the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any of the Covered Metals Acquisition Services to any person located in the Russian Federation. "Covered Metals Acquisition Services" refer to the warranting services for aluminum, copper, or nickel of Russian Federation origin on a global metal exchange; and services to acquire aluminum, copper, or nickel of Russian Federation origin as part of physical settlement of a derivative contract;
- (I) The June 12, 2024 determination prohibits the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of IT consultancy and design services or of IT support services or cloud-based services for "Covered Software" to any person located in the Russian Federation, unless otherwise excluded or authorised. "Covered Software" refers as IT support services and cloud-based services for

the following categories of software: enterprise management software and design and manufacturing software.

- (22) BIS also imposed strict export controls on items destined for Russia and a license is now required for: (a) any item identified in any Export Control Classification Number ("**ECCN**") on the Commerce Control List ("**CCL**") (b) any item subject to U.S. law, including EAR99 food and medicine, that is destined to an military end user ("**MEU**") in Russia; (c) certain foreign-made items that are now subject to US law for purposes of export and reexport to Russia due to the expanded application of the foreign direct product rule; and (d) "luxury goods" subject to US law as defined by BIS or any other items subject to the EAR identified in Supplements 2, 4, 5 6, or 7 of the EAR's Part 746.

(x) **Application to the Group**

- (1) There are no U.S. persons for purposes of U.S. sanctions in the Group, neither the Company nor any of its Group entities are incorporated in the United States and the Company does not otherwise maintain any subsidiaries, branches or affiliates which are either incorporated, domiciled or otherwise located in the territory of the United States.
- (2) No U.S. persons employed or otherwise engaged by the Company or its Group entities have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of the Company or its Group entities involving the Relevant Regions.
- (3) No product supplied, sold, exported or otherwise transferred by the Group involving the Relevant Regions originates from the United States or incorporates more than 25% of U.S.-origin content, including the raw material involved in manufacturing the Group's Products.
- (4) No financing or financial assistance has been received by the Group, either directly or indirectly, from any company, entity or body incorporated or located in the United States.
- (5) The Company and the Group entities have not undertaken, either directly or indirectly, a contract or any other activity with a counterparty, nor has otherwise provided goods or services to any person in, Sanctioned Countries.
- (6) During the Track Record Period, the Group had transactions involving the Sanctioned Russian Counterparties. The Sanctioned Russian Counterparties are:

- (A) one customer, Limited Liability Company SOKOL CO, LTD: SOKOL is owned 50% or more indirectly by UMMC. UMMC was designated by OFAC as a SDN on July 20, 2023. UMMC was also designated by UK government on August 11, 2023 as a Sanctioned Person. SOKOL is subject to the same sanctions applicable to UMMC because of ownership. On March 31, 2022, the Group entered into a framework supply contract with SOKOL on the sales of Group's Products. Subsequent to the designation of UMMC as a SDN (when SOKOL began to subject to the same sanctions because of ownership), pursuant to the March 2022 Supply Contract and due to the lack of awareness to the International Sanctions on SOKOL, the Group sold and delivered two batches of Group's Products amounting proximately RMB 552,517 to SOKOL on October 16, 2023 and October 26, 2023, intending to complete its existing contractual obligations under the March 2022 Supply Contract. The Company confirmed, as of December 26, 2023, the Group ceased its transactions with SOKOL. Due to the nature of the products involved in these sales (i.e. sales of Group's Products) and that these sales were denominated in RMB with no involvement of US or UK persons, or any US or UK nexus otherwise, such transactions to SOKOL subsequent to UMMC's designation as SDN did not represent a violation of the applicable sanctions to SOKOL and are unlikely to result in the imposition of sanctions on the Relevant Persons;
- (B) five clearing banks engaged by the Group's customers, namely, Joint Stock Commercial Bank Primorye, Bank Saint-Petersburg PJSC, JSC CB Solidarnost, Alfa Bank, and MTS Bank Moscow: Joint Stock Commercial Bank Primorye, Bank Saint-Petersburg PJSC and MTS Bank Moscow were designated as SDNs by OFAC on February 24, 2023. Bank Saint-Petersburg PJSC was also designated by UK government on February 23, 2023 and Australian government on May 17, 2023 as a Sanctioned Person. MTS Bank Moscow was also designated by UK government on February 23, 2023 and Australian government on May 19, 2023 as a Sanctioned Person. JSC CB Solidarnost was designated as SDNs by OFAC on July 20, 2023. Alfa Bank was designated as a SDN by OFAC on April 6, 2022. Alfa Bank was also designated by EU on February 23, 2022, Australian government on March 18, 2022 and UK government on March 24, 2022 as a Sanctioned Person. During the Track Record Period, the Sanctioned Banks were involved in the Group's sales of Group's Products denominated in RMB as the banks engaged by respective customers. Save for receiving RMB funds from its customers through the Sanctioned Banks engaged by the respective customers, the Group had no other direct or indirect business relationship with these Sanctioned Banks. Due to the nature of the products involved in these sales

(i.e. sales of Group's Products), these sales were denominated in RMB with no involvement of US or UK persons, or any US or UK nexus otherwise, and that the Sanctioned Banks were engaged by the Group's customers out of the Group's control, receiving RMB funds through the Sanctioned Banks from the respective customers did not represent a violation of the applicable sanctions to the Sanctioned Banks and are unlikely to result in the imposition of sanctions on the Relevant Persons; and

- (C) one shipping company engaged by the Group's customers, Transit Limited Liability Company: Transit LLC is owned 50% or more indirectly by UMMC. As UMMC was designated by OFAC as a SDN on July 20, 2023. UMMC was also designated by UK government on August 11, 2023 as a Sanctioned Person. Transit LLC is subject to the same sanctions applicable to UMMC because of ownership. During the Track Record Period, the Transit LLC was involved in the Group's sales of Group's Products denominated in RMB as the shipping company engaged by respective customers. Save for deliveries of the Group's products to the respective customers through Transit LLC under the FOB shipping term, the Group had no other direct or indirect business relationship with Transit LLC. Due to the nature of the products involved in these sales (i.e. sales of Group's Products), these sales were denominated in RMB with no involvement of US or UK persons, or any US or UK nexus otherwise, and that Transit LLC was engaged by the Group's customers out of the Group's control, deliveries of the Group's products to the respective customers through Transit LLC did not represent a violation of the applicable sanctions to the Sanctioned Banks and are unlikely to result in the imposition of sanctions on the Relevant Persons.

The sales revenue attributable to these Sanctioned Russian Counterparties were amounted to nil, approximately RMB1.9 million, RMB 1.8 million and nil, for the three years ended December 31, 2023 and nine months ended September 30, 2024, respectively.

- (7) Save for the Group's business activities involving the Sanctioned Russian Counterparties as addressed above, the Group has not otherwise, during the Track Record Period, undertaken, either directly or indirectly, a contract or any other activity with a counterparty from, nor has otherwise provided goods or services with or to any individuals, entities or organizations that have been designated as SDNs, or designated on another sanctions list maintained by the Relevant Jurisdictions (i.e. Sanctioned Persons), or any person or entity that is owned or controlled by, or acting as an agent of a Sanctioned Person.

- (8) No products or services have been exported (either directly or indirectly) to any persons or entities identified on the BIS List.
- (9) The Group's business did not involve industries or sectors in Sanctioned Countries or in Venezuela or Russia that are currently subject to specific sanctions by the United States (e.g., no sales to Russia's technology, defense and related materiel, metals and mining, quantum computing, financial services, aerospace, electronics, accounting, management consulting, trust/corporate formation, architecture, engineering, construction, manufacturing and transportation sectors).
- (10) The Group has reviewed all transaction records during the last five years, which revealed no transactions related to any other Sanctioned Countries during that time.

Hogan Lovells' assessment is that given (i) the Group's business activities involving the Sanctioned Russian Counterparties did not represent a violation of the applicable sanctions to the respective Sanctioned Russian Counterparties and are unlikely to result in the imposition of sanctions on the Relevant Persons as discussed above; and (ii) during the Track Record Period, save for the Sanctioned Russian Counterparties, counterparties in the Group's sales involving the Relevant Regions are not designated as Sanctioned Persons and/or Sanctioned Targets, the business dealings of the Group with the Relevant Regions do not appear to violate any breaches of the applicable primary U.S. sanctions.

5.1.3 Secondary Sanctions Applicable to Non-U.S. Persons

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

- (4) those engaging in "significant" transactions involving Iranian or Russian SDNs; and
 - (5) those who are engaging in the provision of "material assistance" or support to most types of SDNs (including SDNs designated under the Ukraine/Russia sanctions programs, among others).
- (ii) The Company has, for and on behalf of the Group, confirmed that (i) save for the Sanctioned Russian Counterparties, it has had no dealings with Cuba, Crimea region of Ukraine/Russia, Kherson region, Zaporizhzhia region, DPR/LPR regions of Ukraine, Iran, North Korea, Syria, or with any SDNs; and (ii) it has had no dealings with sectors in Russia subject to sectoral sanctions. For those reasons, Hogan Lovells' assessment is that secondary U.S. sanctions do not appear to have been implicated.

5.2 The Offering

5.2.1 We note from the Prospectus to be dated March 19, 2025 under which the Group's intended uses of the proceeds of the offering are set out in detail, and we have relied on those statements in connection with our analysis; the Group has confirmed that such statements are accurate in all respects. In those statements, the Group confirms that the proceeds will be used:

- (i) for acquiring machineries to establish three new babycare product production lines and one new feminine care product production line;
- (ii) for acquiring machineries to establish two new nonwoven fabric production lines;
- (iii) for enhancing the Group's branding, marketing and promotion activities;
- (iv) for upgrading the Group's warehouse and investment in IT infrastructure; and
- (v) to provide funding for the Group's general working capital purposes.

5.2.2 The Group will be required to make standard representations, warranties and covenants to the Sponsors in the Hong Kong Underwriting Agreement and the International Underwriting Agreement that the proceeds of the Offering will not be used in any manner that could be found to violate any International Sanctions laws or regulations, including representing that the Group will not make any of the proceeds of the offering, directly or indirectly, available to (i) a person on the SDN List or (ii) fund any activity that is prohibited by International Sanctions laws or regulations.

5.2.3 As such, there is no risk of any proceeds being used in any manner that could be found to violate any International Sanctions laws or regulations, as they could not be made available to (i) a person or entity on the SDN List or (ii) fund any activity that is prohibited by International Sanctions laws or regulations. The Group has not engaged during the Track Record Period in Secondary Sanctionable Activity because it had no business activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. As such, it is highly unlikely that the Group's activities

would result in the imposition of sanctions on the Relevant Persons (including designation as a Sanctioned Target or the imposition of penalties).

6. UN SANCTIONS

6.1 UN sanctions measures are adopted via a Resolution of the UN Security Council ("**UNSC**"). The UNSC can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. UN Security Council Resolutions are binding upon all members of the UN, including the United States, Member States of the European Union and Australia. UN Member States are required to bring into force (i.e. implement, administer and enforce) national measures to ensure compliance with the measures prescribed in the UN Resolution. The main aim of UN sanctions measures, as set out in the UN Charter, is to maintain or restore international peace and security. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes. Decision of UNSC bind members of the UN and override other obligations of UN member states.

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

6.3 Application to Hong Kong

6.3.1 During the Track Record Period, the UN has not imposed any sanctions on Hong Kong.

6.4 Application to Myanmar/Burma

6.4.1 During the Track Record Period, the UN has not imposed any sanctions on Myanmar/Burma.

6.5 Application to Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia)

6.5.1 During the Track Record Period, the UN has not imposed any sanctions with respect to Russia.

6.6 Application to Ukraine (excluding Crimea)

6.6.1 During the Track Record Period, the UN has not imposed any sanctions with respect to Ukraine.

6.7 Application to the Group

- 6.7.1 On the basis of the Group's confirmation that neither the Group nor any of its affiliates, agents, directors, officers, or employees is engaged in transactions that directly or indirectly involve or benefit a person on the sanctions list of the UN;
- 6.7.2 Based on the Company's confirmations that all of the Group's business in relation to Russia was in relation to its sales of Group's Products, which does not involve export-controlled product, and that
- 6.7.3 On the basis of the Company's confirmation that the Group does not have business dealings with parties targeted by UN sanctions

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

7. EUROPEAN UNION, UK AND UK OVERSEAS TERRITORIES SANCTIONS

7.1 Overview of EU Sanctions Measures

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

7.1.1 Sanctions applicable in the EU stem from:

- (i) sanctions adopted by the UN; or
- (ii) autonomous sanctions regimes adopted by the EU without any UN action.

7.1.2 The EU implements sanctions measures via a unanimous decision of the Council of the European Union (the "**Council**"). Member States of the EU are then legally bound to act in conformity with the decision.

7.1.3 Certain sanctions, such as arms embargoes and travel bans, are implemented directly by EU Member States. Such measures only require a decision by the Council. Economic sanctions measures require separate implementing legislation in the form of a Council Regulation.

7.1.4 Council Regulations are directly applicable in EU Member States. However, some Member States may nevertheless enact national legislation implementing the EU sanctions measures. In addition, individual Member States are responsible for establishing measures to set and impose penalties and their implementation and enforcement, and for establishing relevant competent licensing authorities.

7.1.5 EU sanctions regimes are generally targeted, meaning that the relevant prohibitions or restrictions are focused on individual people or organizations, certain sectors of the target's economy, specified goods, technology, technical assistance and wider associated services, or specific activities.

7.1.6 As of January 1, 2021, the UK is no longer an EU Member State. Pursuant to the terms of Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community

(Withdrawal Agreement), EU law including sanctions law continued to apply to and in the UK until December 31, 2020. The UK was still an EU Member State during part of the Track Record Period and the EU sanctions analysis fully applies thereto until December 31, 2020. For the part of the Track Record Period starting on January 1, 2021, UK applied its own sanctions programs.

7.2 Overview of UK sanctions

- 7.2.1 Sanctions are one of the UK's tools to promote the objectives of its foreign policy, being peace, democracy and the respect for the rule of law, human rights and international law.
- 7.2.2 The UK departed from the EU on January 31 2020. Following the end of the Brexit transition period on 31 December 2020, EU sanctions legislation is no longer directly applicable within the UK. Although EU sanctions legislation is no longer directly applicable within the UK, the sanctions regimes adopted by the UN continue to apply in the UK.
- 7.2.3 As of January 1, 2021, sanctions applicable in the UK stem from:
 - (i) Sanctions adopted by the UN; or
 - (ii) Autonomous sanctions regimes adopted by the UK, some of which have been retained from EU legislation and have been transitioned into UK law.
- 7.2.4 UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018 ("the **UK Sanctions Act**"), which enables the transition of existing EU sanctions programs and the establishment of autonomous UK regimes. The UK Sanctions Act is implemented through regulations setting out the specific measures under each UK sanctions regime.
- 7.2.5 Specifically, Section 63(3) of the UK Sanctions Act provides that the UK may by way of Order extend the application of the sanctions regulations to any of the Channel Islands, the Isle of Man, and any of the British Overseas Territories. UK sanctions measures have also been extended by the UK on a regime by regime basis to apply to and in the UK Overseas Territories (without requiring enactment of any further legislation by them), including the Cayman Islands as of January 1, 2021.

7.3 Application of Sanctions Measures

- 7.3.1 EU and UK sanctions measures broadly apply to: (i) any company incorporated under the laws of the EU or the UK; (ii) any EU or UK national (wherever located); and (iii) any business done in whole or in part within the EU or the UK.
- 7.3.2 EU and UK sanctions measures will therefore apply to:
 - (i) any entities incorporated in the EU or the UK;
 - (ii) any EU and UK nationals employed by or otherwise engaged on behalf of the Group regardless of where they are located, such as in China, in the EU, the UK or in any other country;

- (iii) any business of the Group conducted within the EU or the UK;
- (iv) any counterparty incorporated in the EU or the UK with whom the Group does business including for example, suppliers, customers, distributors, agents, manufacturers, shipping agents and freight forwarders;
- (v) any EU or UK incorporated financial institution that the Group or any of its companies uses to provide payment processing services, trade finance services, short or long term debt financing or any other service; and
- (vi) any entity incorporated in the EU or the UK, or national of these regions who subscribes for shares in the Group.

7.3.3 EU and UK sanctions will not apply to:

- (i) Non-EU and non-UK nationals in their personal capacity, including the Company's Directors (to the extent that they are not carrying out business of the Group in the territory of the EU or the UK); and
- (ii) any company subsidiary that is not incorporated under the laws of an EU Member State or the UK, which acts in a wholly independent manner from its parent company and which does not carry out any activities in the EU or the UK.

7.4 Restrictions under EU and UK Sanctions Measures

7.4.1 The restrictions applied under an EU or UK sanctions regime depend on the jurisdiction targeted by the regime. However, there are broadly four main offences:

- (i) making any funds or economic resources (see below) directly or indirectly available to or for the benefit of a sanctioned person or entity (a "**Designated Person**");
- (ii) dealing with any funds or economic resources that are owned, held or controlled by a Designated Person;
- (iii) exporting, selling, transferring or making certain controlled or restricted products¹ available (either directly or indirectly) to, or for use in, a jurisdiction subject to sanctions measures (a "**Prohibited Activity**"); and
- (iv) participating knowingly and intentionally in activities the object or effect of which is to: (i) directly or indirectly circumvent the restrictions listed above; or, (ii) enable or facilitate the commission of the offences.

7.4.2 The meaning of "economic resources" is defined widely to be "assets of every kind, whether tangible or intangible, movable or immovable, which are not funds, but may be used to obtain funds, goods or services". Therefore, the Group's products would fall within the definition of "economic resources".

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

7.4.3 Under EU and UK sanctions measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. While it is prohibited for a person or entity to whom EU or UK sanctions apply to make any product of the Group available directly or indirectly to or for the benefit of a Designated Person, or to finance such activity, it is not generally prohibited (or otherwise restricted) for that person or entity to do business (involving non-controlled or restricted items) with a counterparty in a country subject to EU or UK sanctions that is not a Designated Person or engaged in non-Prohibited Activities.

7.5 EU and UK sanctions: Dealing with Relevant Jurisdictions

7.5.1 As noted above, under EU and UK sanctions legislation it is prohibited for any person or entity to whom EU sanctions apply to:

- (i) make any product of the Group directly or indirectly available to, or for the benefit of, a Designated Person; or
- (ii) export, finance, or facilitate the transfer of any controlled or restricted products to a third country including a Relevant Jurisdiction.

7.5.2 Application to Hong Kong

- (i) During the Track Record Period, the EU and the UK has not imposed any sanctions on Hong Kong.
- (ii) In June 2019, the UK restricted the sale of certain crowd control equipment to Hong Kong. Further, in July 2020, the UK extended the existing arms embargo with mainland China fully to Hong Kong in response to China's introduction of the National Security Law. The items covered by the arms embargo covers the export of the following items from the UK to China (inclusive of Hong King):
 - (1) lethal weapons, such as machine guns, large-calibre weapons, bombs, torpedoes, rockets and missiles
 - (2) specially designed components of the above and ammunition
 - (3) military aircraft and helicopters, vessels of war, armoured fighting vehicles and other weapons platforms
 - (4) any equipment which might be used for internal repression.

7.5.3 Application to Myanmar/Burma

- (i) The EU sanctions on Myanmar (Burma) are set out in Council Decision 2013/184/CFSP of April 22, 2013, as last amended through Council Decision (CFSP) 2023/2422 of October 26, 2023, and Council Regulation (EU) No 401/2013 of May 2, 2013, as last amended by Council Implementing Regulation (EU) 2023/2435 of October 26, 2023.
- (ii) The EU Myanmar sanctions restrict:

- (1) the sale, supply, transfer or export, directly or indirectly, equipment which might be used for internal repression, whether or not originating in the EU, to any natural or legal person, entity or body in, or for use in Myanmar/Burma;
 - (2) the provision of technical assistance related to military activities and to the provision, manufacture, maintenance and use of arms and related materiel of any type, including weapons and ammunition, military vehicles and equipment, paramilitary equipment, and spare parts for the aforementioned, directly or indirectly to any natural or legal person, entity or body in, or for use in Myanmar/Burma;
 - (3) the provision of technical assistance related to the equipment which might be used for internal repression, directly or indirectly to any natural or legal person, entity and/or body in, or for use in Myanmar/Burma;
 - (4) the provision of financing or financial assistance related to military activities, including, in particular, grants, loans and export credit insurance for any sale, supply, transfer or export of arms and related materiel, directly or indirectly to any natural or legal person, entity or body in, or for use in Myanmar/Burma;
 - (5) the export of dual-use goods for military and Border Guard Police end-users;
 - (6) the export of equipment for monitoring communications that might be used for internal repression; and
 - (7) impose asset-freezing measures against certain natural persons from the Myanmar Armed Forces (Tatmadaw) and the Border Guard Police.
- (iii) As of January 1, 2021, the UK replaced the EU sanctions on Myanmar by the Burma (Sanctions) (EU Exit) Regulations 2019 which came into effect on December 31, 2020, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 2) and (No. 4) Regulations 2020. On April 29, 2021, the Burma (Sanctions) (EU Exit) Regulations 2019 have been replaced by the Myanmar (Sanctions) Regulations 2021 (the “**UK Myanmar Regulations**”). This regulation has been extended to the UK Overseas Territories by the Myanmar (Sanctions) (Overseas Territories) Order 2021.
- (iv) The UK Myanmar Regulations impose financial, trade and immigration sanctions for the purposes of promoting peace, stability and security in Myanmar; promoting respect for democracy, the rule of law and good governance in Myanmar, including in particular promoting the successful completion of Myanmar’s transition to a democratic country; discouraging actions, policies or activities which repress the civilian population in Myanmar;

and promoting compliance with international human rights law and respect for human rights in Myanmar. The UK Myanmar Regulations impose asset freeze on designated persons and prohibitions on making funds or economic resources available. This involves the freezing of funds and economic resources (non-monetary assets, such as property or vehicles) of designated persons and ensuring that funds and economic resources are not made available to or for the benefit of designated persons or entities, either directly or indirectly.

- (v) The restrictions in the UK Myanmar Regulations impose trade prohibitions relating to:
 - (A) military goods and military technology (as specified in Schedule 2 to the Export Control Order 2008);
 - (B) dual-use goods and technology (as specified in Annex 1 to the UK Dual-Use Regulation);
 - (C) goods and technology which might be used for internal repression in Myanmar (as specified in Schedule 2 to the UK Myanmar Regulations);
 - (D) goods and technology which might be used for the monitoring and interception of telecommunications (as specified in Schedule 3 to the UK Myanmar Regulations);
 - (E) provision of interception and monitoring services to or for the benefit of the Government of Myanmar; and
 - (F) provision of technical assistance, armed personnel, financial services or funds or associated brokering services to or for the benefit of the Tatmadaw (or persons acting on its behalf or under its direction) where such provision relates to the military activities of the recipient, or otherwise enables or facilitates the conduct of armed hostilities, in Myanmar.
- (vi) The UK Myanmar Regulations prohibits the export to Myanmar of dual-use goods for military use, the export of dual-use goods for military use in Myanmar and the export of dual-use goods to, or for use by, the Myanmar security forces. In addition, regulation 31 prohibits a person from directly or indirectly supplying or delivering dual-use goods for military use from a third country to a place in Myanmar and supplying or delivering dual-use goods from a third country to, or for use by, the Myanmar security forces.
- (vii) The UK Myanmar Regulations also prohibit making available certain goods and technology. Regulation 32 of the UK Myanmar Regulations prohibits a person from directly or indirectly making available dual-use goods for military use or dual-use technology for military use to a person connected with Myanmar or for military use in Myanmar, and also prohibits the direct or indirect making available of dual-use goods to or for use by the Myanmar security forces. In

addition, the transfer of dual-use technology for military use to a place in Myanmar, to a person connected with Myanmar and the transfer of dual-use technology to the Myanmar security forces is also prohibited.

- (viii) The UK Myanmar Regulations also prohibit the direct or indirect provision of technical assistance relating to restricted goods or technology to a person connected with Myanmar or for use in Myanmar.
- (ix) The UK Myanmar Regulations also prohibit the direct or indirect provision of financial services or funds in pursuance of or in connection with specific arrangements as set out in regulation 27 or regulation 35. The UK Myanmar Regulations prohibit the direct or indirect provision of brokering services where they relate to specific arrangements as set out in regulation 28 and 36.

The UK Myanmar Regulations allow for certain exemptions to the prohibitions. For example, UK Myanmar Regulations include an exception in relation to any prohibition for actions which a responsible officer has determined to be in the interests of national security, or the prevention or detection of serious crime in the UK or elsewhere.

7.5.4 Application to Ukraine (excluding Crimea and DPR/LPR)

- (i) The EU sanctions on Ukraine are set out in Council Decision 2014/119/CFSP of March 5, 2014, as last amended through Council Decision (CFSP) 2023/457 of March 2, 2023; and Council Regulation (EU) No 208/2014 of March 5, 2014, as last amended through Council Implementing Regulation (EU) 2023/449 of March 2, 2023.
- (ii) EU sanctions on Ukraine provide for asset-freezing measures against certain persons and entities responsible for the misappropriation of funds of the Ukrainian state, and persons responsible for human rights violations in Ukraine, and natural or legal persons, entities or bodies associated with them.
- (iii) At the time of writing, the UK does not maintain a sanctions regime targeting Ukraine. For details on the restrictions targeting the non-government controlled areas of Ukraine (the Crimea, DPR/LPR, Kherson and Zaporizhzhia regions) please refer to the restrictions set out above in relation to Russia.

7.5.5 Application to Russia (excluding Crimea, DPR, LPR, Kherson and Zaporizhzhia regions)

- (i) The existing framework for EU Sanctions targeting Russia and certain Russian Persons, in view of the current situation in Ukraine, is implemented through Council Decision 2014/512/CFSP of July 31, 2014, as last amended by Council Decision (CFSP) 2024/3187 of December 16, 2024, and Council Regulation (EU) No 833/2014 of July 31, 2014, as last amended by Council Regulation (EU) 2024/3192 of December 16, 2024 ("**EU Russia Sectoral Sanctions**"). These restrictions include:

- (1) Prohibition on the sale, supply, export or transfer of dual-use goods and technology to Russia or for use in Russia and the provision of related technical assistance, intellectual property rights, trade secrets, brokering services, financing or financial assistance (with certain exemptions and licences);
- (2) Prohibition on the sale, supply, export or transfer of certain listed items that might contribute to Russia's military and technological enhancement or the development of the defence and security sectors, including mass-market encryption products not intended for personal use of individuals ("**Targeted Goods**") to Russian parties or for use in Russia, and the provision of related technical assistance, intellectual property rights, trade secrets, brokering services, financing or financial assistance (with certain exemptions and licences; licenses with regard to certain listed entities will be rejected);
- (3) Prohibition to provide technical assistance, intellectual property rights, trade secrets, financing or financial assistance related to military goods to any Russian person or for use in Russia (with certain exemptions and licenses);
- (4) Prohibition to sell, supply, transfer or export to Russia, civilian firearms and their parts and essential components and ammunition. The prohibition includes the provision of technical assistance, intellectual property rights, trade secrets, brokering services, financing or financial assistance, or other services related to these goods;
- (5) Prohibition on the transit of dual-use items, Targeted Goods, aviation and space-related products, jet fuel and additives, certain industrial goods and firearms, their parts and essential components and ammunition via the territory of Russia (with certain exemptions and licenses);
- (6) Prohibition on the sale, supply, export or transfer of certain listed items suited for oil exploration and production, as well as the provision of technical assistance, intellectual property rights, trade secrets, brokering services, financing or financial assistance or other services (with certain exemptions and licenses);
- (7) Prohibition on the sale, supply, export or transfer of certain listed goods and technology suited for oil refining and the liquefaction of natural gas to any person in Russia or for use in Russia and the provision of related technical assistance, intellectual property rights, trade secrets, brokering services, financing or financial assistance, is prohibited (with certain exemptions and licenses);

- (8) Prohibition on the sale, supply, export or transfer of certain listed goods and technology suited for use in aviation or the space industry, and jet fuel and fuel additives, to any person in Russia or for use in Russia. The prohibition extends to the provision of related technical assistance, intellectual property rights, trade secrets, brokering services, financing or financial assistance, insurance and re-insurance and the following activities: overhaul, repair, inspection, replacement, modification or defect rectification of an aircraft or component, with the exception of pre-flight inspection (with certain exemptions and licenses);
- (9) Prohibited to provide public financing or financial assistance for trade with or investment in Russia is prohibited after 26 February 2022, except for assistance up to EUR 10,000,000 to small- and medium-sized enterprises established in the EU, as well as for trade in food and for agricultural, medical or humanitarian purposes;
- (10) Prohibited to make any new investments or expand existing investments in, or to provide investments services to, entities active in the Russian energy, mining and quarrying sector. Member States may authorize investments that are necessary for ensuring critical supply of energy in the EU or that exclusively concern EU-owned or controlled entities established in Russia. "Mining and quarrying sector" means a sector covering the location, extraction, management and processing activities relating to non-energy producing materials;
- (11) Prohibited to invest, participate or contribute to projects co-financed by the Russian Direct Investment Fund;
- (12) Capital market restrictions, which include:
 - (A) Prohibition on the purchase, sale, provision of investment services for or assistance in the issuance of, or otherwise dealing with transferable securities and money market instruments with a maturity exceeding 90 days issued after August 1, 2014 to September 12, 2014, or with a maturity exceeding 30 days issued after September 12, 2014 to April 12, 2022, or any transferable securities and money market instruments issued after April 12, 2022 by certain Russian banks and entities; and
 - (B) Prohibition to make or be part of any arrangement to make new loans or credit with a maturity exceeding 30 days after September 12, 2014 to February 26,

2022, or any new loan or credit after February 26, 2022 to certain Russian banks and entities.

- (C) Prohibition on the purchase, sale, provision of investment services for or assistance in the issuance of, or otherwise dealing with transferable securities and money market instruments issued after March 9, 2022 by Russia and its Government, the Central Bank of Russia or entities acting on behalf or at the direction of the Central Bank of Russia;
- (D) Prohibition to make or be part of any arrangement to make new loans or credit after February 23, 2022 to Russia and its Government, the Central Bank of Russia or entities acting on behalf or at the direction of the Central Bank of Russia;
- (E) Prohibition on the listing and provision of services as of April 12, 2022 on trading venues registered or recognised in the Union for the transferable securities of any entity established in Russia with over 50% public ownership;
- (F) Prohibited to accept any deposits from Russian nationals or residents in Russia, or entities established in Russia, if the total value of deposits of the natural or legal person, entity or body per credit institution exceeds 100,000 EUR;
- (G) Prohibition on Union central securities depositories to provide any financial services for transferable securities issued after April 12, 2022 to any Russian national or resident in Russia or entity established in Russia;
- (H) Prohibition on transactions related to the management of reserves and assets of the Central Bank of Russia, including with entities acting on behalf or at the direction of the Central Bank of Russia. EU persons must also report assets and reserves of the Central Bank of Russia which they hold, control or are counterparty to;
- (I) Prohibition to sell transferable securities denominated in any official currency of an EU Member State issued after April 12, 2022 or denominated in any other currency issued after August 6, 2023, or units in collective investment undertakings providing exposure to such securities,

to any Russian national or resident in Russia or any entity established in Russia;

- (J) Prohibition to sell banknotes denominated in any official currency of an EU Member State to Russia or to any party in Russia, including the government and the Central Bank of Russia, or for use in Russia;
- (K) Prohibition to provide crypto-asset wallet, account or custody services to Russian nationals or residents or Russian entities. Licenses are available;
- (L) Prohibition to provide credit rating services (including access to any subscription services in this regard) to or on any Russian national or resident or any Russian entity. The prohibition does not apply to EU nationals or residents;
- (M) Prohibition to provide specialized financial messaging services which are used to exchange financial data (i.e., SWIFT) to certain listed Russian financial institutions and entities owned for more than 50% by those listed institutions;
- (N) Prohibition to (i) directly connect to the System for Transfer of Financial Messages ("**SPFS**") of the Central Bank of Russia or equivalent specialised financial messaging services set up by the Central Bank of Russia; and (ii) engage with entities listed in Annex XLIV, which will include non-EU entities using SPFS or equivalent specialised financial messaging services;
- (O) Ban on Russian entities, as well as entities they own for more than 50%, from any EU, Euratom or Member State financing program;
- (13) Prohibition on operators to broadcast or enable, facilitate or otherwise contribute to broadcast any content by certain listed Russian media. It is also prohibited to advertise products or services in any content produced or broadcast by these listed Russian media;
- (14) Prohibition on Russian air carriers, Russian-registered aircraft and any aircraft owned or chartered or otherwise controlled by any Russian party to land in, take off from or overfly the territory of the EU. The prohibition does not apply to an emergency landing or an emergency overflight. Authorisations are available for flights required for humanitarian purposes;

- (15) No access to ports and locks in the EU for any vessel registered under the flag of Russia or certified by the Russian Maritime Register of Shipping, or a vessels that have changed their Russian flag or their registration, to the flag or register of any other State after 24 February 2022, with the exception for the purpose of leaving the territory of the EU (with certain additional exemptions and licenses);
- (16) No access to ports and locks in the EU for any vessel engaged in ship-to-ship transfer of Russian crude oil or petroleum products at any point of the voyage to EU ports or locks, contrary to the import ban or transport restriction for products purchased above the oil price cap;
- (17) No access to ports and locks in the EU for any vessel illegally interfering with, switching off or otherwise disabling their shipborne AIS when transporting Russian crude oil or petroleum products subject to an import ban or transport restriction for products purchased above the oil price cap;
- (18) No access to ports and locks in the EU for any vessel illegally interfering with, switching off or otherwise disabling their shipborne AIS when transporting Russian crude oil or petroleum products subject to an import ban or transport restriction for products purchased above the oil price cap;
- (19) Prohibition on the sale, supply, transfer or export of, and provision of technical assistance, intellectual property rights, trade secrets, brokering services, financing, financial assistance, or other services in relation to, certain listed maritime navigation goods and technology to Russian persons or for use in Russia, or for placing on board of a Russian-flagged vessel (with exemption and license possibility);
- (20) Restrictions on trade of iron and steel products, as follows. It is prohibited to (a) import certain listed iron and steel products originating in Russia or exported from Russia; (b) purchase iron and steel products located in Russia; (c) transport iron and steel products originating in Russia or which are being exported from Russia to any other country; (d) import iron and steel products processed in a third country and incorporating Russian-origin iron and stell products; and (e) provide, directly or indirectly, technical assistance, brokering services, financing or financial assistance, including financial derivatives, as well as insurance and re-insurance related to listed iron and steel products;
- (21) Prohibition on the import of certain listed goods which generate significant revenues for Russia originating in

Russia or exported from Russia. The prohibition also includes the provision of technical assistance, brokering services, financing, financial assistance, or other services. There is an import quota for potassium chloride imports;

- (22) Prohibition to import certain listed coal and other solid fossil fuels originating in Russia or exported from Russia. The prohibition also includes the provision of technical assistance, brokering services, financing, financial assistance, or other services;
- (23) Prohibition to purchase, import or transfer, directly or indirectly, diamonds and products incorporating diamonds originating in Russia or exported from Russia. The prohibition also includes the provision of technical assistance, brokering services, financing, financial assistance, or other services;
- (24) Prohibition on the sale, supply, transfer, export, directly or indirectly, of certain listed luxury goods to any person in Russia or for use in Russia and the provision of related technical assistance, intellectual property rights, trade secrets, brokering services, financing or financial assistance, insofar these goods exceed the value of EUR 300 per item unless otherwise specified (with certain exemptions and licenses);
- (25) Prohibition on the sale, supply, transfer, export, directly or indirectly, of certain listed goods which could contribute to the enhancement of Russian industrial capacities to any person in Russia or for use in Russia. The prohibition also includes the provision of technical assistance, intellectual property rights, trade secrets, brokering services, financing, financial assistance, or other services. There are certain exemptions and licenses;
- (26) It is prohibited for any Russian road transport undertaking, EU entities owned for 25% or more by Russian entities and individuals, and trailers and semi-trailers registered in Russia to transport goods within the territory of the EU, including in transit. The prohibition does not apply to the universal mail service and to goods in transit between the EU and Kaliningrad. Member State authorities may authorize certain transportation in the EU;
- (27) Prohibition on the import, directly or indirectly, of crude oil or petroleum products originating in Russia or exported from Russia. There are exemptions for: (a) one-off transactions within a certain winddown period; (b) seaborne crude oil or petroleum products originating in a third country that are departing from or transiting through Russia; (c) pipeline

crude oil to landlocked Member States. There are also certain exemptions and licenses for specific Member States;

- (28) Prohibition to provide, directly or indirectly, technical assistance, brokering services or financing or financial assistance, related to the transport, including through ship-to-ship transfers, to third countries of crude oil or petroleum products originating in Russia or exported from Russia. Subject to a winddown period, it will be prohibited to transport to third countries crude oil and petroleum products. Prohibition does not apply as of 5 December 2022 for crude oil and as of 5 February 2023 for petroleum products provided that the purchase price per barrel of such products does not exceed the price cap agreed by the Price Cap Coalition;
- (29) Prohibition to sell tankers for the transport of crude oil or petroleum products falling under CN ex 8901 20 to Russian persons or for use in Russia without a license;
- (30) Prohibition to provide reloading services and related technical assistance, brokering services, financing or financial assistance in the EU for the purposes of transshipment operations of liquified natural gas (LNG) falling under CN 2711 11 00, originating in Russia or exported from Russia;
- (31) Prohibition to sell, supply, transfer, or export, directly or indirectly, goods and technology and to provide, directly or indirectly, services to any person in Russia when such goods, technology and services are for the completion of LNG projects, such as terminals and plants. It is also prohibited to provide related technical assistance, brokering services, financing, and financial assistance;
- (32) Prohibition to import certain listed gold items originating in Russia or exported from Russia to the EU or any third country after 22 July 2022. The prohibition also includes the provision of technical assistance, brokering services, financing, financial assistance, or other services. There are certain exceptions and authorisations;
- (33) Transaction ban with regard to certain listed state-owned entities (including Rosneft and Gazprom Neft), their non-EU 50%+ subsidiaries and any entity acting on their behalf or direction. Certain exemptions are available;
- (34) Transaction ban on entities listed in Annex XLIII, which will include Russian entities that have lodged a claim before a Russian court against EU entities and individuals in

connection with any contract or transaction the performance of which has been affected by EU sanctions;

- (35) Transaction on entities listed in Annex XLV, which will include non-EU financial and crypto entities facilitating transactions that support Russia's defence-industrial base through the export, supply, sale, transfer or transport towards Russia of dual-use goods and technology, sensitive goods and technology, common high priority items or firearms and ammunition;
- (36) Prohibition to hold any posts in the governing bodies of state-owned entities as of January 16, 2023. Certain licenses are available;
- (37) Prohibition on Russian nationals or residents to own or control, or hold any posts on the governing bodies of entities providing crypto-asset wallet, account or custody services;
- (38) Prohibition to award or continue the execution of any public or concession contract with: (i) Russian nationals, residents or entities established in Russia, (ii) entities owned for more than 50% by a Russian national, resident or entity established in Russia, (iii) or persons acting on behalf of those referred to in (i) and (ii). Licenses are available;
- (39) Prohibition to provide direct or indirect support under an EU, Euratom or Member State national programme to any Russian entity with more than 50% public ownership. Exemptions are available;
- (40) Prohibition to register, provide a registered office, business or administrative address as well as management services to a trust having a trustor or beneficiary: (i) Russian nationals or residents; (ii) Russian entities; (iii) entities owned for more than 50% by Russian nationals, residents or entities; (iv) entities controlled by any of the above; (v) entities acting on behalf or at the direction of any of the above. It is also prohibited to act as or arrange for another person to act as a trustee, nominal shareholder, director, secretary or similar position for a trust as described above. Certain exemptions and licenses are available; and
- (41) Prohibition to provide professional services (accounting, auditing, including statutory audit, bookkeeping or tax consulting services, or business and management consulting or public relations services, architecture, engineering, IT consultancy or legal advisory services, market research and public opinion polling services, technical testing and analysis services and advertising services) and professional software

(software for the management of enterprise and software for industrial design and manufacture) to the government of Russia or Russian entities. The prohibition also includes the provision of technical assistance, brokering services, financing, financial assistance, or other services. Certain authorization grounds for EU, EEA, Swiss owned entities and entities owned by partner countries which at the time of writing are: UK, US, Japan, South Korea, Australia, New Zealand, Norway) for divestment or winddown of business in Russia are available.

- (42) As of 27 March 2023, prohibition to have Russian nationals hold any posts in governing bodies of owners/operators of critical infrastructures and entities;
 - (43) Prohibition to provide storage capacity in an underground storage facility, except for the part of liquefied natural gas facilities used for storage, to Russian persons, entities owned or controlled, directly or indirectly, for more than 50% by Russian persons or entities acting on their behalf or at their direction; and
 - (44) Prohibition on EU and Member State intellectual property offices to accept new applications for registration of trademarks, patents, industrial designs, utility models, protected designations of origin, and geographical indications filed by Russian nationals, residents and entities.
- (ii) The existing framework for EU Sanctions targeting Russia (asset freezing measures), in view of the current situation in Ukraine, is implemented by Council Decision 2014/145/CFSP of March, 17 2014, as last amended by Council Decision (CFSP) 2024/3182 of December 16, 2024 and Council Regulation (EU) No 269/2014 of March 17, 2014, as last amended by Council Regulation (EU) 2024/3189 of December 16, 2024 ("**EU Russia Asset Freezing Measures**"). These restrictions include:
- (1) Freezing of all funds or economic resources belonging to, owned, held or controlled, by a person or entity listed in Annex I or by a person or entity owned for more than 50% or controlled, directly or indirectly, by a person or entity listed in Annex I;
 - (2) Prohibition to make available funds or economic resources, directly or indirectly, to a person or entity listed in Annex I, or to a person or entity owned for more than 50% or controlled, directly or indirectly, by a person or entity listed in Annex I.

At present, in total, 1,829 persons and 496 entities are currently subject to asset freezing measures under the EU sanctions regime against Russia, including seven Chinese persons and entities, namely one individual and two

entities facilitating the circumvention of EU sanctions, and four entities supplying sensitive drone components and microelectronic component to the Russian military industry.

- (iii) As of January 1, 2021, the UK replaced the EU Russia sanctions, by the Russia (Sanctions) (EU Exit) Regulations 2019, which came into effect on December 31, 2020, as amended (together, the “**UK Russia Regulations**”). The regulations have been extended to apply to the UK Overseas Territories by the Russia (Sanctions) (Overseas Territories) Order 2020, as amended.
- (iv) Since 2021, the UK has published new regulations which introduce new financial, trade and shipping sanctions against Russia (the principle sanctions are summarised below):
 - (1) The Russia (Sanctions) (EU Exit) (Amendment) (No. 2) Regulations 2022 introduce the following restrictions:
 - (A) Prohibition on dealing with securities or money-market instruments issued by, or providing loans/credit to a person connected with Russia (including Russian incorporated entities and residents) or the Russian Government. The aforementioned prohibitions also apply to all entities listed in Schedule 2, including their UK subsidiaries.
 - (B) Prohibition on UK credit or financial institutions from establishing or continuing a correspondent banking relationship and from processing sterling payments to, from or via, a "designated person" or a credit or financial institution owned or controlled by them.
 - (2) The Russia (Sanctions) (EU Exit) (Amendment) (No. 3) Regulations 2022 prohibit the following:
 - (A) the export, supply, delivery and making available of dual-use goods and critical-industry goods;
 - (B) the making available and transfer of dual-use technology and critical-industry technology; and
 - (C) the provision of technical assistance, financial services, funds and brokering services, in relation to dual-use goods and technology and critical-industry goods and technology.
 - (D) Critical industry goods and technology include certain listed electronics, computers, telecommunications equipment, information security, sensors and lasers, navigation and avionics, marine and aerospace and

propulsion (in each case with related software and technology also subject to controls).

- (3) The Russia (Sanctions) (EU Exit) (Amendment) (No. 4) Regulations 2022 prohibit Russian ships, and other ships to be specified by the Secretary of State, from entering UK ports. The registration of ships on the UK Ship Register is also prohibited where they are owned, controlled, chartered or operated by a designated person or persons connected with Russia, or where they are a specified ship.
- (4) The Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations 2022 prohibit a UK individual or entity from providing financial services for the purpose of foreign exchange reserve and asset management to the Central Bank of the Russian Federation; the National Wealth Fund of the Russian Federation; the Ministry of Finance of the Russian Federation; a person owned or controlled directly or indirectly by any of the persons above; or a person acting on behalf of or at the direction of any of the persons above.
- (5) The Russia (Sanctions) (EU Exit) (Amendment) (No. 6) Regulations 2022 prohibit Russian aircraft from overflying or landing in the United Kingdom. The Regulations also confer powers on the Secretary of State, air traffic control and airport operators to issue directions for the purpose of preventing Russian aircraft from entering the airspace over the United Kingdom or from landing in the United Kingdom, or requiring aircraft to leave the airspace over the United Kingdom. The Regulations also confer powers on the CAA to refuse, suspend or revoke permissions in respect of Russian aircraft. The registration of aircraft on the register kept by the CAA is prohibited where they are owned, operated or chartered by demise by a designated person. The Regulations also amend the trade measures in the 2019 Regulations to add new categories of aviation and space goods and technology, based on items falling within chapter 88 of the Tariff of the United Kingdom.
- (6) The Russia (Sanctions) (EU Exit) (Amendment) (No. 7) Regulations 2022:
 - (A) extend the existing finance, shipping and trade sanctions relating to the Autonomous Republic of Crimea and city of Sevastopol ("Crimea") to the non-government controlled areas of the Donetsk oblast and Luhansk oblast of Ukraine;

- (B) extend the relevant exceptions and licensing provisions to the non-government controlled areas of the Donetsk and Luhansk oblasts;
 - (C) prohibit the provision to, or for the benefit of, a designated person of technical assistance relating to aircraft and ships. This includes a power to designate persons for the purposes of that sanctions measure; and
 - (D) amend regulation 19 (circumventing etc. prohibitions) of the 2019 Regulations to include within the scope of those prohibitions regulation 18A (provision of financial services relating to foreign exchange reserve and asset management).
- (7) The Russia (Sanctions) (EU Exit) (Amendment) (No. 8) Regulations 2022 introduced new restrictions in relation to trade in:
- (A) oil refining goods and technology,
 - (B) quantum computing and advanced materials goods and technology;
 - (C) luxury goods, and
 - (D) iron and steel goods.
- (8) The Russia (Sanctions) (EU Exit) (Amendment) (No. 9) Regulations 2022 introduced a requirement on providers of social media services, internet access services (i.e. internet service providers) and application stores to take reasonable steps to prevent their users in the United Kingdom from encountering or accessing online content generated by designated persons. Further, additional powers were conferred on OFCOM for the purpose of monitoring compliance with the new requirement and for imposing monetary penalties for failure to comply with the new requirement.
- (9) The Russia (Sanctions) (EU Exit) (Amendment) (No. 11) Regulations 2022 introduced additional restrictions in relation to trade in:
- (A) maritime goods and maritime technology;
 - (B) military goods and technology with non-government controlled Ukrainian territory;
 - (C) defence and security goods and technology;

- (D) interception and monitoring services;
 - (E) banknotes;
 - (F) jet fuel and fuel additives; and
 - (G) goods which generate significant revenues for Russia.
- (10) The Russia (Sanctions) (EU Exit) (Amendment) (No. 12) Regulations 2022 introduced the Investment Prohibition.
- (11) The Russia (Sanctions) (EU Exit) (Amendment) (No. 13) Regulations 2022 specified additional activities for which a person may be designated under the UK Russia Regulations. Further, the amending regulation introduced a new exception from trade sanctions measures for humanitarian assistance activity in non-government controlled areas of the Donetsk and Luhansk oblasts.
- (12) The Russia (Sanctions) (EU Exit) (Amendment) (No. 14) Regulations 2022 introduced additional restrictions in relation to trade in:
- (A) professional and business services;
 - (B) miscellaneous essential goods required for the functioning of the Russian economy;
 - (C) oil and oil products means;
 - (D) gold; and
 - (E) coal and coal products.
- (13) The Russia (Sanctions) (EU Exit) (Amendment) (No. 15) Regulations 2022 introduced trade prohibitions relating to gold jewellery and to certain processed gold and a prohibition on the import of liquefied natural gas which is consigned from or originates from Russia.
- (14) The Russia (Sanctions) (EU Exit) (Amendment) (No. 16) Regulations 2022 introduced a prohibition on direct or indirect supply or delivery by ship of certain oil and oil products which originate in or are consigned from Russia (i) from a place in Russia to a third country; or (ii) from one third country to another third country.
- (15) The Russia (Sanctions) (EU Exit) (Amendment) (No. 17) Regulations 2022 introduced a prohibition on providing trust services to a designated person or for the benefit of a person

connected with Russia. The regulations also introduce a number of additional professional and business services restrictions. In addition to accounting, business management and consulting and PR services, it is prohibited to provide advertising services, architectural services, auditing services, engineering services and IT consultancy and design services.

- (16) The Russia (Sanctions) (EU Exit) (Amendment) Regulations 2023 introduced a prohibition on the import of iron and steel products containing iron or steel originating in Russia that have been processed in a third country. In addition, the amending regulations introduced an additional schedule listing goods (revenue generating goods) subject to an import ban.
- (17) The Russia (Sanctions) (EU Exit) (Amendment) (No. 2) Regulations 2023 introduced a new definition of non-government controlled Ukrainian territory which includes also the additional territory of non-government controlled areas of the Kherson and Zaporizhzhia oblasts of Ukraine in addition to the Donetsk and Luhansk oblasts. The effect of the expanded definition means that existing finance, shipping and trade sanctions relating to the Autonomous Republic of Crimea and city of Sevastopol ("Crimea") and non-government controlled areas of the Donetsk and Luhansk oblasts, and relevant exceptions now apply to non-government controlled areas of the Kherson and Zaporizhzhia oblasts.
- (18) The Russia (Sanctions) (EU Exit) (Amendment) (No. 3) Regulations 2023 introduced a prohibition on the provision of legal advisory services to non-UK persons in relation to activity that would contravene UK Russia sanctions.
- (19) The Russia (Sanctions) (EU Exit) (Amendment) (No. 4) Regulations 2023 introduced prohibitions on the export, supply and delivery, and making available to, or for use in, Russia, of certain critical industry goods, luxury goods and G7 dependence and further goods.
- (20) The Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations 2023 introduced prohibitions on the import, acquisition, supply or delivery of diamonds and diamond jewellery which are located or originate in, or are consigned from, Russia. The regulations also prohibit the provision of ancillary services regarding such transactions and go on to create certain exceptions to those prohibitions.

- (21) The Russia (Sanctions) (EU Exit) (Amendment) Regulations 2024 introduced a prohibition on the import of Russian diamonds processed in third countries as well as the provision of technical assistance, brokering and financial services in connection with the import of third country processed Russian diamonds.
 - (22) The Russia (Sanctions) (EU Exit) (Amendment) (No. 3) Regulations 2024 revoked and replaced the Russia Sanctions (EU Exit) (Amendment) (No. 2) Regulations 2024 and introduced new designation criteria to specify additional activities for which a person may be designated, and made amendments to the ship specification criteria to specify additional activities for which a ship may be specified.
- (v) Under the UK Russia Regulations, it is prohibited to export restricted products to or for use in Russia, which include but are not limited to:
- (1) military goods and technology to non-government controlled Ukrainian territory;
 - (2) energy-related goods;
 - (3) luxury goods;
 - (4) sterling or European Union denominated banknotes;
 - (5) jet fuel and fuel additives;
 - (6) Infrastructure-related goods to and for use in non-government controlled Ukrainian territory;
 - (7) G7 depending goods; and
 - (8) Russia's vulnerable goods,
- (vi) Pursuant to the UK Russia Regulations, it is prohibited to import restricted goods that are consigned or originate from Russia, which include but are limited to:
- (1) arms and related material;
 - (2) goods which originate in non-government controlled Ukrainian territory;
 - (3) gold, gold jewellery and processed gold;
 - (4) diamonds and diamond jewellery;
 - (5) iron and steel products;
 - (6) revenue generating goods;

- (7) oil and oil products;
 - (8) coal and coal products; and
 - (9) liquified natural gas.
- (vii) The UK Russia Regulations prohibit the supply or delivery of goods subject to an export ban. The UK Russia Regulations prohibit the making available of certain goods or technology for use in Russia or to a person connected with Russia. Some prohibitions also prohibit acquiring certain goods or technology which originate in Russia, are located in Russia or from a person connected with Russia. Pursuant to the UK Russia Regulations sanctions regulations it is prohibited to transfer certain technology to a place in Russia or a person connected with Russia. The transfer of restricted technology is also prohibited from a place in Russia to persons or places outside the UK.
- (viii) Pursuant to the UK Russia Regulations technical support is prohibited in relation to certain specified goods or technology.
 - (1) Prohibition to provide technical support relating to the repair, development, production, assembly, testing, use or maintenance of the goods or technology, or any other technical service relating to the goods or technology.
 - (2) The prohibition applies to technical assistance to persons connected with Russia or for use in Russia.
 - (3) The provision of technical assistance to in connection with specific arrangements, as specified in the UK Russia Regulations, is prohibited.
- (ix) Pursuant to the UK Russia Regulations the provision of financial services and funds related to certain goods and technology is prohibited.
 - (1) The prohibitions in the Regulations apply to the direct and indirect provision of financial services and making available of funds to persons connected with Russia.
 - (2) The prohibitions also prohibit the direct or indirect provision of financial services or funds in pursuance of or in connection with specific arrangements involving restricted goods.
- (x) The position of UK persons with respect to the Investment Prohibition was introduced by the Russia (Sanctions) (EU Exit) (Amendment) (No. 12) Regulations 2022 and is set out in regulation 18B of the UK Russia Regulations. Under these regulations UK persons acquiring shares in the Company are deemed to indirectly acquire an interest in the Russian Subsidiary, itself a person connected with Russia.

For this to be prohibited under regulation 18B of the UK Russia Regulations, the purpose of the investment must be to make funds or economic resources available *"directly or indirectly to a person connected with Russia"* or *"for the benefit of a person connected with Russia"*. UK Government guidance² (which is non-binding) states that such purpose may be determined *"where this is explicitly stated to be the purpose of the transaction. For example, if the intention to make funds available to a person connected with Russia was stated as the purpose of a share issue in the prospectus for that share issue"*. We know of no such explicit statement included in the Global Offering prospectus or otherwise published by the Group. We further note that the Company has stated that it has implemented or will implement procedures to ensure that none of the funds raised in the listing will be used, directly or indirectly, in the Group's activities in Russia. This actively demonstrates that the purpose of the Global Offering itself is not to benefit persons connected with Russia, and any acquisition of shares in the Company could not be said to be for the purpose of making funds available to or for the benefit of persons connected with Russia. Therefore, in our view UK persons may purchase securities issued by the Group as part of the Global Offering, subject to any contrary statement in the Company's Global Offering prospectus or elsewhere which does suggest that a purpose for the transaction is to in some other way make funds or economic resources available to or for the benefit of persons connected with Russia.

- (xi) It is prohibited to directly or indirectly provide brokering services where they relate to specific prohibited arrangements as specified in the UK Russia Regulations.

7.5.6 Application to the Group

- (i) On the basis of our due diligence process and the Company's confirmation (for and on behalf of the Group) that:
 - (1) save for the Group's business activities involving the Sanctioned Russian Counterparties that were prior to the designation dates of each entities as Sanctioned Persons and/or Sanctioned Targets, the Group's activities involving the Relevant Regions have not identified any person specifically designated (i.e. listed / targeted) under any existing EU and UK sanctions regime;
 - (2) save for the Company, Soft BVI and five shareholders of the Company incorporated in BVI, there are no any national of or domiciled, or otherwise located in either the territories of the EU, the UK, or the UK Overseas Territories within the Group.
 - (3) no EU or UK nationals, nor any wider persons resident or otherwise located in either the territories of the EU or the UK who are employed or otherwise engaged by the Group, including the EU Shareholders, have been involved in any way (either directly or indirectly), including

² FAQ 11, UK Financial Sanctions FAQs, Updated 5 December 2024.

in the negotiation or approval of, or with the on-going performance of, or in any wider decision making capacity, with respect to any activity involving the sales in relation to Group's sales in the Relevant Regions;

- (4) save for the Group's business activities involving the Sanctioned Russian Counterparties as discussed in Section 3.1, the Group has not, during the Track Record Period, undertaken a contract or any other activity with a counterparty from, nor has procured goods or services from any individuals, entities or organizations, nor has used vessels that have been designated, or any person or entity that is owned or controlled by, or acting as an agent of a Sanctioned Person;
- (5) the Group's transactions did not potentially fund or facilitate sanctions-prohibited activity, nor grant any benefit towards any sanctioned person or entity;
- (6) the Group has not exported or directly or indirectly supply arms and related materiel, or equipment which might be used for internal repression;
- (7) the Group has not provided technical assistance related to military activities, or to the provision, manufacture, maintenance and use of arms and related materiel of any type;
- (8) the Group has not provided financing or financial assistance related to any activities referred to above;

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

8. AUSTRALIAN SANCTIONS

8.1 Overview

8.1.1 Australia has a dual sanctions regime consisting of sanctions measures imposed by the UN, together with Australian autonomous sanctions imposed by the Australian Government as a matter of its foreign policy. Australia's dual sanctions regime is administered by the Australian Sanctions Office ("**ASO**"), the Australian Government sanctions regulator, which sits within the Department of Foreign Affairs and Trade ("**DFAT**").

8.1.2 The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to:

- (i) any person in Australia;
- (ii) any Australian anywhere in the world;
- (iii) companies incorporated overseas that are owned or controlled by Australians or persons in Australia; and/or

- (iv) any person using an Australian flag vessel or aircraft to transport goods or transact services subject to UN sanctions.

- 8.1.3 The ASO maintains the Consolidated List of all persons and entities designated for the purposes of sanctions regimes implemented under Australian sanction laws.
- 8.1.4 A criminal offence is committed if an individual or a body corporate to whom Australian sanctions measures apply, engages in conduct and the conduct contravenes a sanction law.
- 8.1.5 The Australian autonomous sanctions regimes are primarily implemented under the *Act Autonomous Sanctions 2011* (Cth) (the "**Act**") and the *Autonomous Sanctions Regulations 2011* (Cth) (the "**Regulations**").
- 8.1.6 The Act prohibits a person from engaging in conduct that is in breach of the sanctions laws.
- 8.1.7 Part 3 of the Regulations specifies that section 15.1 of the *Criminal Code* (being Schedule 1 to the *Criminal Code Act 1995* (Cth)) applies to a person that makes an unauthorised sanctioned supply. This has the effect of making the offence extra territorial if the alleged offence occurs outside of Australia by a person who is an Australian citizen or a body corporate incorporated under Australian law.
- 8.1.8 The prohibited conduct applies to conduct committed entirely inside or outside Australia if at the time of the alleged offence, the alleged offender is an Australian citizen or a body corporate incorporated under Australian law.

8.2 **Application to Hong Kong**

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

8.3 **Application to Myanmar/Burma**

The Regulations currently prohibit:

- 8.3.1 the direct or indirect supply, sale or transfer to Myanmar/Burma, for use in Myanmar/Burma, or for the benefit of Myanmar/Burma, of arms or related materiel;
- 8.3.2 the provision to Myanmar/Burma, or to a person for use in Myanmar/Burma, of technical advice, assistance or training, financial assistance, a financial service or other service if it assists with or is provided in relation to the direct or indirect supply, sale or transfer of arms or related materiel to Myanmar/Burma, for use in Myanmar/Burma, or for the benefit of Myanmar/Burma; and

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

8.4 **Application to Ukraine (excluding Crimea)**

8.4.1 Australia imposes an autonomous sanctions regime in relation to Ukraine in response to the Russian threat to the sovereignty and territorial integrity of Ukraine.

8.4.2 Australian sanctions laws prohibit (without a sanctions permit):

- (i) the use of or dealing with an asset that is owned or controlled by a 'designated person or entity' for Ukraine; and
- (ii) making an asset available directly or indirectly to, or for the benefit of, a 'designated person or entity' for Ukraine. An 'asset' is defined broadly to include an asset or property of any kind, whether tangible or intangible, movable or immovable.

8.4.3 Australian sanctions laws also prohibit the entry into or transit through Australia of a 'designated person' for Ukraine.

8.5 **Application to Russia (excluding specified regions in Ukraine including LPR, DPR, Kherson and Zaporizhzhia)**

8.5.1 Australia imposes an autonomous sanctions regime in relation to Russia/Ukraine pursuant to the Regulations and the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015 (Cth) ("**Autonomous Sanctions Specification**").

8.5.2 The Australian Government announced on March 19, 2014, that it would impose a sanctions regime in response to the Russian threat to the sovereignty and territorial integrity of Ukraine. On September 1, 2014, the then Prime Minister of Australia announced expanded autonomous sanctions in relation to Russia, Crimea and Sevastopol. These measures were implemented through amendments to the Regulations commencing on March 31, 2015 and, following the Russian operation in Ukraine, February 4, 2022.

8.5.3 Australian sanctions laws prohibits the direct or indirect supply, sale or transfer to Russia, for use in Russia, or for the benefit of Russia, of the following 'export sanctioned goods' (without a sanctions permit):

- (i) arms or related materiel. (The import, purchase or transport of arms or related materiel which originated in or has been exported from Russia is also prohibited); and
- (ii) items suited to any of the following categories of exploration and production projects in Russia, including its Exclusive Economic Zone and Continental Shelf:
 - (1) oil exploration and production in waters deeper than 150 meters;

- (2) oil exploration and production in the offshore area north of the Arctic Circle; or
- (3) projects that have the potential to produce oil from resources located in shale formations by way of hydraulic fracturing (other than exploration and production through shale formations to locate or extract from non-shale reservoirs).

8.5.4 Australian sanctions laws also prohibit (without a sanctions permit):

- (i) the provision to Russia, or to a person for use in Russia:

- (1) technical advice, assistance or training;
- (2) financial assistance;
- (3) a financial service; or
- (4) another service,

if it assists with, or is provided in relation to:

- (A) a military activity; or
- (B) the manufacture, maintenance or use of 'arms or related materiel';

- (ii) the provision to Russia, or to a person, entity or body for use in Russia, of drilling services, well-testing services, logging and completion services and the supply of specialised floating vessels that are necessary for any of the following categories of exploration and production projects in Russia, including its Exclusive Economic Zone and Continental Shelf:

- (1) oil exploration and production in waters deeper than 150 metres;
- (2) oil exploration and production in the offshore area north of the Arctic Circle; or
- (3) projects that have the potential to produce oil from resources located in shale formations by way of hydraulic fracturing (other than exploration and production through shale formations to locate or extract from non-shale reservoirs);

- (iii) the provision to a person of an investment service if it assists with, or is provided in relation to, a sanctioned commercial activity (listed in subparagraphs 8.5.4(iv) and 8.5.4(v) below);

- (iv) the direct or indirect purchase or sale of, or any other dealing with, bonds, equities, transferable securities, money market instruments or other similar financial instruments, if the financial instrument:

- (1) is issued after July 28, 2017 by an entity specified in the Autonomous Sanctions Specification; and
- (2) has a maturity period specified in the Autonomous Sanctions Specification for the financial instrument and the entity.

This prohibition does not apply to an activity in relation to tradable securities or any other financial instrument that:

- (A) is a derivative product the value of which is linked to an underlying asset of a type mentioned in Section 8.5.4(iv); and
 - (B) does not involve the purchase or sale of, or any other dealing in relation to, the underlying asset;
- (v) directly or indirectly making, or being part of any arrangement to make loans or credit if the loan or credit:
- (1) is made to an entity specified in the Autonomous Sanctions Specification; and
 - (2) has a maturity period specified in the Autonomous Sanctions Specification for the financial instrument and the entity.

This prohibition does not apply to:

- (A) loans or credit that have a specific and documented objective to provide:
 - (I) financing for non-prohibited imports or exports of goods and non-financial services between Australia and Russia; or
 - (II) emergency funding to meet the solvency and liquidity criteria for legal persons: established in Australia and whose proprietary rights are more than 50% owned by an entity specified in the Autonomous Sanctions Specification; and
- (B) drawdowns or disbursements made under a contract concluded before July 28, 2017 if:
 - (I) all the terms and conditions of such drawdown or disbursement: were agreed before July 28, 2017 and have not been modified on or after July 28, 2017; and
 - (II) before July 28, 2017, a contractual maturity date has been fixed for the repayment in full of all funds made available and for the cancellation of all the commitments, rights and obligations under the contract.

- (vi) from 25 April 2022, the import, purchase or transport of oil, refined petroleum products, natural gas, coal and other energy products from Russia;
- (vii) directly or indirectly supplying, selling, transferring certain luxury goods to, for use in, or for the benefit of Russia;
- (viii) directly or indirectly supplying, selling, transferring aluminium ores (including bauxite), alumina and related products to, for use in, or for the benefit of Russia;
- (ix) the import, purchase or transport of gold (including gold plated with platinum) in unwrought or in semi-manufactured forms, or in powder form, that originate in, or was exported from, Russia after 30 September 2022;
- (x) directly or indirectly making an asset available to (or for the benefit of) a designated person or entity;
- (xi) using or dealing with an asset, or allowing or facilitating another person to use or deal with an asset, if the asset is owned or controlled by a designated person or entity (the assets are 'frozen' and cannot be used or dealt with), noting that:
 - (1) an 'asset' includes an asset or property of any kind, whether tangible or intangible, movable or immovable; and
 - (2) a 'controlled asset' is an asset owned or controlled by a designated person/entity (and in some cases a person/entity acting on their behalf or another entity owned or controlled by the designated person/entity); and
- (xii) the entry or transit to Australia of designated persons.

8.6 Application to specified regions in Ukraine

- 8.6.1 Australian sanctions applied to the Crimean and Sevastopol regions of Ukraine between 31 March 2015 and 27 March 2022.
- 8.6.2 However, in light of Russia's operations in Ukraine in February 2022, Australian sanctions were extended on 28 March 2022 so that they now apply to the Crimean, Sevastopol, Donetsk and Luhansk regions of Ukraine alongside any other regions of Ukraine specified by the Minister for Foreign Affairs ("**Specified Regions**").
- 8.6.3 Australian sanctions laws prohibit the following in relation to the Specified Regions (except where permissible pursuant to a sanctions permit issued by the Minister for Foreign Affairs):
 - (i) the direct or indirect supply, sale or transfer to the Specified Regions, for use in the Specified Regions, or for the benefit of the Specified Regions, of specified items ("**Sanctioned Goods**") relating to the creation, acquisition or development of infrastructure for:

- (1) the transport, telecommunications or energy sectors;
 - (2) the exploitation of oil, gas or mineral reserves in the Specified Regions;
- (ii) the import, purchase or transport of any goods that originate in, or are exported from, the Specified Regions, except goods that have been verified by Ukrainian officials;
- (iii) granting loans or credit or establish joint ventures in the Specified Regions ("**Sanctioned Activities**") relating to:
 - (1) the creation, acquisition or development of infrastructure in the transport, telecommunications or energy sectors; or
 - (2) the exploitation of oil or gas, or of specified mineral resources;
- (iv) the provision of services which relate to Sanctioned Goods or Sanctioned Activities, specifically the provision of:
 - (1) services which relate to the supply of Sanctioned Goods to the Specified Regions, or to the manufacture, maintenance or use of such goods for the Specified Regions;
 - (2) financial assistance or financial services which relate to goods originating in or exported from the Specified Regions; and
 - (3) services to the Specified Regions, or for use in the Specified Regions, which relate to engagement in a Sanctioned Activity for the Specified Regions;
- (v) directly or indirectly making an asset available to (or for the benefit of) a designated person or entity;
- (vi) using or dealing with an asset, or allowing or facilitating another person to use or deal with an asset, if the asset is owned or controlled by a designated person or entity (the assets are "frozen" and cannot be used or dealt with); and
 - (1) an 'asset' includes an asset or property of any kind, whether tangible or intangible, movable or immovable;
 - (2) the Consolidated List of designated persons and entities is available on the Department of Foreign Affairs and Trade's [website](#); and
 - (3) if you become aware that you are holding an asset of a designated person or entity, you are required to freeze (hold) that asset and notify the Australian Federal Police as soon as possible.
- (vii) the entry or transit to Australia of designated persons.

8.7 Application to the Group

8.7.1 On the basis that:

- (i) the Group is not:
 - (1) a person in Australia;
 - (2) an Australian citizen or Australian-registered body;
 - (3) owned or controlled by Australians or persons in Australia; or
 - (4) a person using an Australian flag vessel or aircraft to transport goods or transact services subject to Australian autonomous sanctions;
 - (5) engaged in any activities in Australia; and
- (ii) the Group's dealings do not involve products or services that are restricted under Australian export controls,

Hogan Lovells' assessment is that the Group's activities do not implicate the prohibitions or other restrictions under international sanctions measures administered and enforced by the Australian Government.

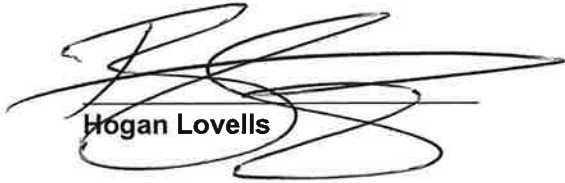
The conclusion stated in this memorandum is not binding on OFAC, the U.S. Department of State, the European Commission, the competent authorities of European Union Member States, Australia, or on any other regulatory or judicial authority, which have substantial discretion in determining whether to investigate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

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

This memorandum may also be disclosed for information only to (but not relied on by) the professional parties authorised by the Company, the HKEX, the Securities and Futures Commission, the Registrar of Companies in Hong Kong, the China Securities Regulatory Commission, and is not to be used or otherwise referred to for any other purpose other than as required by laws, regulations or court order or is requested by other relevant governmental, regulatory or judicial authorities, and such disclosure and non-reliance and the liability waiver referred to above are governed by and construed in accordance with the laws of England and Wales.

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

If you have questions or comments regarding this memorandum, or would otherwise like to discuss the information herein, please contact Ben Kostrzewa at ben.kostrzewa@hoganlovells.com or Aleksandar Dukic at aleksandar.dukic@hoganlovells.com.



Hogan Lovells