

PRIVATE AND CONFIDENTIAL

Memorandum

To:	Newtrend Group Holding Co., Ltd. 新琪安集團股份有限公司
From:	Ashurst Hong Kong
Date:	May 30, 2025
CC:	CMBC International Capital Limited (the " Sole Sponsor ") and CMBC Securities Company Limited and China Industrial Securities International Capital Limited and Guosen Securities (HK) Capital Company Limited (the " Joint Overall Coordinators ")
Re:	Memorandum of Advice - Reasoned Analysis of International Economic Sanctions and Export Controls Laws

1. INTRODUCTION

- 1.1 We have acted as the international sanctions counsel of Newtrend Group Holding Co., Ltd. 新琪安集團股份有限公司 (the "**Company**"), a limited liability company established under the laws of the PRC, which applies for the proposed initial public offering (the "**Offering**") and the listing of its shares on the Hong Kong Stock Exchange (the "**HKEx**").
- 1.2 During the Track Record Period, the Company and its subsidiaries (collectively, the "**Group**") had business dealings with certain purchasers in the following regions: Egypt, Guatemala, Hong Kong, Russia (for the purposes of this memorandum, exclude the territories of Ukraine occupied by Russia, namely Crimea, the self-proclaimed Luhansk People's Republic ("**Luhansk**"), the self-proclaimed Donetsk People's Republic ("**Donetsk**"), Zaporizhzhya and Kherson, and Turkey (the "**Relevant Activities**").
- 1.3 According to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") and the Guide for New Listing Applicants published by the HKEx (the "**Guide**"), the Company must obtain an analysis from its legal adviser, with basis, on:
- (a) whether the Relevant Activities constitute Primary Sanctioned Activity that (i) violates any applicable law or regulation in the Relevant Jurisdictions; and/or (ii) results in any material sanctions risk to the Relevant Persons;
 - (b) whether the Relevant Activities constitute Secondary Sanctionable Activity that would likely result in the imposition of any sanctions against the Relevant Persons (including designation as a Sanctioned Target and/or the penalties which might be imposed);
 - (c) whether the Group is a Sanctioned Target, Sanctioned Trader, or is located, incorporated, organised or a resident in a Sanctioned Country;

(d) for these purposes, the capitalized terms mentioned in paragraphs (a) to (c) above have the following meanings as defined by the Guide:

- (i) **"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 a listing applicant incorporated or located in a Relevant Jurisdiction 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.
- (ii) **"Relevant Jurisdictions"** means any jurisdiction that is relevant to the listing applicant 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.
- (iii) **"Relevant Persons"** means the Group, 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 Sole Sponsor, the Hong Kong underwriters, the HKEx, HKSCC, HKSCC Nominees Limited and the SFC.
- (iv) **"Sanctioned Country"** means any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions related law or regulation of the Relevant Jurisdiction.
- (v) **"Sanctioned Target"** means any person or entity (i) designated on the Specially Designated Nationals ("SDN") list (the **"SDN List"**) any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii).
- (vi) **"Sanctioned Trader"** means any person or entity that does a material portion (10% or more) of its business with Sanctioned Targets and/or Sanctioned Country entities or persons.
- (vii) **"Secondary Sanctionable Activity"** means certain activity by a listing applicant 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.

1.4 This memorandum is prepared pursuant to the Guide. For the purposes of this memorandum, Sanctioned Countries within the meaning of this definition under the Guide are the equivalent of **"Comprehensively Sanctioned Countries"**, and include the following countries or regions that are subject to a general and comprehensive export, import, financial or investment embargo: Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, Luhansk, Donetsk, Zaporizhzhya and Kherson territories of Ukraine occupied by Russia (the Kherson, Zaporizhzhya, Donetsk and Luhansk regions of Ukraine are collectively referred as the **"Covered Regions of Ukraine"**). Based on the information available to us, we have not identified the Group's

activities with any Sanctioned Countries during the period from 1 January 2022 to 31 December 2024 (the "**Track Record Period**").

- 1.5 For the purpose of the Guide, since Egypt, Guatemala, Hong Kong, Russia (excluding the Crimea region and the Covered Regions of Ukraine) and Turkey are subject to various forms of sanctions programs maintained by the Relevant Jurisdictions, they have been identified as the "**Identified Regions**" in this memorandum, albeit not a "general and comprehensive export, import, financial or investment embargo" within the meaning of the Guide.
- 1.6 Based on information provided by the Company regarding: (i) its operations and products; (ii) its country of incorporation and that of its Group entities; and (iii) the nationalities of its directors and members of the senior management team as disclosed in the prospectus of the Company (the "**Prospectus**"), the **Relevant Jurisdictions** to the Company are the United States of America (the "**U.S.**"), the European Union (the "**E.U.**") and the United Nations (the "**U.N.**").
- 1.7 This memorandum provides an outline of international laws and regulations relating to the economic sanctions and export control restrictions administered and enforced by the Relevant Jurisdictions (collectively, the "**International Sanctions**") for the purpose of the Guide. It also provides an analysis of the application of the International Sanctions to the Relevant Activities during the Track Record Period, as well as an analysis on the applicability of economic sanctions administered and enforced by the United Kingdom (the "**U.K.**") and Australia.
- 1.8 The analysis and assessment in this memorandum are based on the facts and information given to us as described in details below. If any of the facts or information is incorrect or incomplete, it may impact the analysis and assessment contained herein. In addition, International Sanctions laws and regulations are constantly evolving and subject to changes. Accordingly, the scope of the International Sanctions and their application detailed below are subject to changes. The Company is therefore advised to stay abreast of the latest development of the laws in this area. We, however, undertake no obligation to update this memorandum to reflect any change in International Sanctions or their applications after the date of this memorandum.
- 1.9 Our analysis and assessment in this memorandum are subject to the assumptions and limitations set out in **Annex I** to this memorandum.

2. **DEFINITIONS**

- 2.1 The below captioned terms shall have the following meanings for the purposes of this memorandum, unless otherwise specified.
 - "**Affiliate(s)**" means, with respect to a Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person; and shall include, but not be limited to, the connected parties of the Company.
 - "**American Beverage Customer**" means a world-renowned multinational corporation established in 1892, headquartered in the U.S. and listed on the NYSE, with the main business in manufacturing one of the world's most popular carbonated beverages.
 - "**American Confectionery Customer**" means a globally-leading multinational corporation established in 1911, headquartered in the U.S., with the main business in manufacturing pet food, pet care products, confectionery and snacks. It is globally well-known for its various branded chocolate bars, candies and chewing gum.
 - "**American Oral Care Products Customer**" means one of the world's largest oral care products manufacturers, a multinational corporation established in 1806, headquartered in the U.S. and listed on the NYSE, with the main business in manufacturing oral care products, personal care products, home care products, pet care products, etc.

- **"American Snacks Customer"** means a world-renowned multinational corporation having history dates back to 1923, headquartered in the U.S. and listed on the NASDAQ, with the main business in manufacturing snacks, biscuits, chocolates, gum, etc.. Its world-famous products include but not limited to its branded chocolate chip cookies, breakfast biscuits and milk chocolate bars.
- **"BIS"** means the U.S. Department of Commerce, Bureau of Industry and Security.
- **"EAR"** means The Export Administration Regulations, 15 C.F.R. Parts 730-774, as administered by the BIS.
- **"connected party(ies)"** shall have the meaning as ascribed to it under the Hong Kong Listing Rules.
- **"Control"** of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided that, such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members of such Person or power to control the composition of a majority of the board of directors of such Person. For the avoidance of doubt, in some jurisdictions, "Control" may be inferred at lower levels of voting rights.
- **"Director(s)"** means the director(s) of the Company.
- **"E.U. Member States"** means the European Union Member States, being Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden.
- **"EUR"** means the Euros, the official currency of the European Union.
- **"FY2022"** means the Company's financial year ended December 31, 2022.
- **"FY2023"** means the Company's financial year ended December 31, 2023.
- **"FY2024"** means the Company's financial year ended December 31, 2024.
- **"HKD"** means Hong Kong dollar, the official currency of Hong Kong.
- **"HKSAR"** means the Hong Kong Special Administrative Region of the PRC.
- **"Latest Practicable Date"** means May 21, 2025, being the latest practicable date for the purpose of ascertain information contained in the Prospectus.
- **"NASDAQ"** means the National Association of Securities Dealers Automated Quotations.
- **"NYSE"** means the New York Stock Exchange.
- **"OFAC"** means the U.S. Treasury Department's Office of Foreign Assets Control.
- **"Offering"** means the proposed listing of the shares of the Company on the main board of the HKEx.
- **"Person"** means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity.

- **"PRC"** means the People's Republic of China.
- **"RMB"** means Renminbi, the lawful currency of the PRC.
- **"SFC"** means the Securities and Futures Commission of Hong Kong.
- **"Swiss Food and Beverage Customer"** means a world-famous multinational corporation established in 1867, headquartered in Switzerland and listed on the SWX, with the main business in manufacturing baby food, medical nutrition, pet food, packaged drinking water and coffee. Its world-famous products include but not limited to its branded coffee, chocolate and cereals.
- **"U.S. Persons"** means:
 - (i) Any individual who is a U.S. citizen or a lawful permanent resident alien of the United States, including dual citizens, regardless of his or her current location in the world;
 - (ii) Any individual, regardless of his or her nationality, while physically located in the U.S.;
 - (iii) Any corporation, partnership, association, or other organization organized under the laws of the United States or of any state, territory, possession, or district of the United States; and
 - (iv) The foreign branches of any U.S. corporation, partnership, association or other organization organized under the laws of the United States or of any state, territory, possession or district of the United States;
- **"U.S. State Department"** means the United States Department of State.
- **"UFLPA"** means the Uyghur Forced Labor Prevention Act.
- **"UFLPA Entity List"** means a consolidated register of the various lists required to be developed and maintained pursuant to section 2(d)(2)(B) of the UFLPA.
- **"USD"** or **"US\$"** means United States dollars, the lawful currency of the United States.

3. **DOCUMENTS AND INFORMATION PROVIDED BY THE GROUP**

3.1 In preparing this memorandum, we have:

- (a) prepared the "International Sanctions Due Diligence Questionnaire" and reviewed the responses to such questionnaire (as well as related supporting materials) provided to us by the Company on various dates;
- (b) reviewed the additional information and supporting documentation provided by the Company consisting of various agreements and purchase orders and other documents evidencing sales to purchasers located in the Identified Regions;
- (c) reviewed the responses provided by the Company addressing additional specific questions in respect of the Relevant Activities relating to the Identified Regions and certain entities which we received in various dates during the course of our analysis of the subject matter of this memorandum;
- (d) reviewed the Company's Prospectus prepared in connection with the proposed Offering, as amended and updated; and
- (e) reviewed other documents and information and performed other procedures as we deemed necessary to carry out our reason analysis in this memorandum.

4. BACKGROUND OF THE GROUP

Overview of the Group

- 4.1 The Company (formerly known as Newtrend Technology Co., Ltd. 新琪安科技股份有限公司) was established under the laws of PRC as a limited liability company on September 8, 2006. On December 4, 2017, the Company was converted into a joint stock company with limited liabilities. The current name of the Company, being Newtrend Group Holding Co., Ltd. 新琪安集團股份有限公司, was adopted on February 24, 2025.
- 4.2 The Group principally engages in the manufacturing and sale of food-grade and industrial-grade glycine, and sucralose. Its products are broadly categorised into (i) glycine, comprising food-grade glycine and industrial-grade glycine; (ii) sucralose; and (iii) others, mainly include by-products produced during its production process, such as sulphite and ammonium chloride.
- 4.3 During the Track Record Period, save for one subsidiary in the U.S. (which has been disposed by the Group on December 8, 2021), one subsidiary in Hong Kong, one subsidiary in Indonesia, one subsidiary in the Netherlands, and one subsidiary in Thailand, all other subsidiaries of the Company were in the PRC.
- 4.4 Based on information made available to us, as well as confirmations from the Company, the Company 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.
- 4.5 The Company was founded by Mr. WANG Xiaoqiang, who is also the chairman of the board, an executive Director, the general manager of the Company, and together with his spouse, Ms. Ding Dan, are the controlling shareholders (within the definition of the Hong Kong Listing Rules) of the Group. They are both PRC citizens and reside in the PRC.
- 4.6 The Company has further confirmed that, save for Mr. WANG Hao, an executive Director of the Company, who is a Chinese citizen and also a U.S. permanent resident alien, all other directors, supervisors and senior managements of the Company are either Chinese or Chinese (Hong Kong) without having other residency status or permanent residency.

Business involving the Identified Regions

- 4.7 The Company sells its products both within the PRC and outside of the PRC.
- 4.8 During the Track Record Period, the Group sold sucralose and food-grade glycine to purchasers located in the Identified Regions, namely: Egypt, Guatemala, Hong Kong, Russia and Turkey. The Group has confirmed that sucralose and food-grade glycine sold to the Identified Regions were for human food and pet food purposes.
- 4.9 During the Track Record Period, the Group's customers in the Identified Regions consisted of:
- (a) *manufacturers* in the industries of food and beverages, pet food, daily consumer goods, confectionery and snacks, and nutritional supplements, which used the Group's products as raw materials for the production of their own products;
 - (b) *designated wholesalers* designated by specific manufacturers to on-sell the Group's products to such manufacturers, such as the American Beverage Customer, the American Snacks Customer and the American Confectionery Customer (the "**Designated Wholesalers**"); and
 - (c) *other wholesalers*, who on-sold the Group's products to their customers (the "**Other Wholesalers**").

- 4.10 The revenue generated from sales to purchasers in the Identified Regions and the corresponding percentage of the Group's total revenues during the Track Record Period are set out below.

Year ended 31 December						
	2022		2023		2024	
	Revenue generated from each Identified Region (RMB)	Percentage of the Group's total revenue	Revenue generated from each Identified Region (RMB)	Percentage of the Group's total revenue	Revenue generated from each Identified Region (RMB)	Percentage of the Group's total revenue
Egypt	17,182,152.82	2.2%	20,367,111.91	4.6%	8,814,422.94	1.5%
Guatemala	407,940.00	0.05%	-	-	-	-
Hong Kong	-	-	285,522.22	0.1%	3,521,559.07	0.6%
Russia	89,117,974.63	11.7%	31,938,863.50	7.1%	22,313,490.43	3.9%
Turkey	2,359,608.48	0.5%	-	-	338,563.68	0.2%
Total	109,067,675.93	14.3%	52,591,497.63	11.8%	34,988,036.10	6.2%

- 4.11 The payments of transactions with the purchasers in the Identified Regions were denominated in USD, RMB or EUR. The Group received the payments relating to the sales to the Identified Regions from wholesalers (where the sales were made through wholesalers) or directly from manufacturers (where the sales were made directly to manufacturers). Payments were made by bank remittances.

4.12 Sales to Egypt

- With respect to sales to Egypt during the Track Record Period, the Group sold its products directly to two manufacturers in Egypt, namely the American Beverage Customer and the American Snacks Customer.
- The Group typically entered into annual supply agreements with the manufacturers who generally specified the forecast purchase amount for Egypt. The manufacturers then placed separate purchase orders with the Group.
- The Group generally delivered its goods to the designated delivery points (usually ports) in China for the American Beverage Customer. For the American Snacks Customer, the Group generally delivered its goods to the designated delivery points in Egypt.
- The Group only recorded a small amount of revenue from sales to Egypt, representing 2.2% of the total revenue in FY2022, 4.6% in FY2023 and 1.5% in FY2024.

4.13 Sales to Guatemala

- With respect to sales to Guatemala during the Track Record Period, the Group sold its products to one manufacturer, being the American Oral Care Products Customer.
- The Group typically entered into annual supply agreements with the manufacturer who generally specified the forecast purchase amount for Guatemala. The manufacturer then placed separate purchase orders with the Group.
- The Group generally delivered its goods to the designated delivery points in Guatemala.
- The Group only recorded a negligible amount of revenue from sales to Guatemala in FY2022 and did not have any sales to Guatemala in FY2023 and FY2024.

4.14 Sales to Hong Kong

- (a) With respect to sales to Hong Kong during the Track Record Period, the Group sold its products to two Other Wholesalers who then on-sold the Group's products to other end customers. Both Other Wholesalers have confirmed that the products of the Group have not been sold to the Sanctioned Countries nor Sanctioned Targets.
- (b) The Group typically entered into annual supply agreements with these two Other Wholesalers who generally specified the forecast purchase amount. They then placed separate purchase orders with the Group.
- (c) The Group generally delivered its goods to the designated delivery points (usually ports) in China for these two Other Wholesalers.
- (d) The Group did not have any sales to Hong Kong in FY2022, and only recorded a negligible amount of revenue from sales to the two Other Wholesalers in Hong Kong in FY2023 and FY2024.

4.15 Sales to Russia

- (a) With respect to sales to Russia during the Track Record Period, the Group directly sold its products to three manufacturers in Russia, including the Swiss Food and Beverage Customer and the American Confectionery Customer and seven Designated Wholesalers. All of these seven designated wholesalers sold the Group's products to the American Snacks Customer and the American Confectionery Customer, while one of them also started to on-sell a small amount of the Group's products to other customers in Russia since 2023. Such Designated Wholesaler has confirmed that (i) the products of the Group have not been sold to the Sanctioned Countries and (ii) all products of the Group were only sold within Russia (excluding the Crimea region of Ukraine and the Covered Regions of Ukraine, Luhansk, Donetsk, Zaporizhzhya, and Kherson).
- (b) The Group typically entered into annual framework sales agreements with, or received allocation awards from, manufacturers who generally specified the forecast purchase amount for Russia. The manufacturers then placed separate purchase orders through their Designated Wholesalers with the Group on their behalf.
- (c) The Company has confirmed that all the products (namely sucralose and food-grade glycine) sold to customers in Russia are for human food and pet food purposes.
- (d) The Group generally delivered its goods to the designated delivery points (usually ports) in China and the Company did not have direct involvement with shipping arrangement, warehousing maintenance, goods delivery, insurance or other operations in Russia.
- (e) The revenue of the Group generated from the sales to customers located in Russia amounted to RMB89.1 million, RMB31.9 million and RMB22.3 million, representing approximately 11.7%, 7.1%, and 3.9% of total revenue of the Group for FY2022, FY2023 and FY2024, respectively.

4.16 Sales to Turkey

- (a) With respect to sales to Turkey during the Track Record Period, the Group sold its products to two Designated Wholesalers who then on-sold the Group's products to one manufacturer, namely the American Snacks Customer.
- (b) For sales through the Designated Wholesalers to Turkey, the Group typically entered into annual framework sales agreements with, or received allocation awards from, manufacturer who generally specified the forecast purchase amount for Turkey. The

manufacturer then placed separate purchase orders through its designated wholesalers with the Group on its behalf.

- (c) In terms of delivery arrangements for sales to Turkey, for the sales to one of the Designated Wholesalers, the Group generally delivered its goods to the designated delivery points (usually ports) in China; and for the sales to the other Designated Wholesaler, the Group usually delivered its goods to the designated delivery points in Turkey.
- (d) The Group only recorded a very small amount of revenue from sales to Turkey purchasers in FY2022 and FY2024 and did not have any sales to Turkey in FY2023.

4.17 During the Track Record Period, the Group sourced from suppliers primarily based in China and the raw materials were sourced from China or Southeast Asia. The Company has confirmed, on behalf of all entities in the Group, that the Group did not source any raw materials from the U.S., the E.U. and the U.K.; accordingly, none of the Group's raw materials are subject to U.S., E.U. or U.K. export controls regulations. On the basis of this confirmation formed by the necessary due diligence process and according to our general understanding of the nature of the Group's business, an analysis of the Group's products against U.S., E.U., U.K. and/or U.K. Overseas Territories export control and trade related sanctions restrictions has not been undertaken.

4.18 Supplies from COFCO Sugar Limited

- (a) During the Track Record Period, the Group has sourced from COFCO Sugar Limited (中糧糖業有限公司), a wholly owned subsidiary of COFCO Sugar Holdings Limited (中糧糖業控股股份有限公司) which is an entity that has been placed on the UFLPA Entity List by the Department of Homeland Security ("DHS") since December 11, 2023.

5. U.S. SANCTIONS

5.1 Overview

- (a) The U.S. sanctions analysis in this memorandum addresses the two legal and regulatory regimes potentially applicable to the Group:
 - (i) Domestic or "primary" U.S. sanctions principally applicable to U.S. Persons or activities with a U.S. nexus, and administered by OFAC; and
 - (ii) Extraterritorial or "secondary" U.S. sanctions asserted against non-U.S. Persons and administered by OFAC and the U.S. State Department.
- (b) Primary Sanctions
 - (i) Persons and Activities Governed by U.S. Primary Sanctions
 - (A) In general, U.S. primary sanctions apply to "U.S. Persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. Persons);
 - (B) In the case of U.S. sanctions applicable to Cuba and Iran, primary sanctions also apply to non-U.S. subsidiaries of U.S. companies and other non-U.S. entities owned or controlled by U.S. Persons. See Section 218 of the Iran Threat Reduction and Syria Human Rights Act of 2012 ("TRA"), H.R. 1905 (PL 112-158) and the Iranian Transactions and Sanctions Regulations ("ITSR"), 31 C.F.R. § 560.215, which makes U.S. parent companies liable for their non-U.S. subsidiaries' Iranian sanctions violations, and the Cuban Assets Control Regulation ("CACR"), 31 C.F.R. 515.329(d), which defines affiliates and subsidiaries of U.S. corporations

within the definition of a person subject to U.S. jurisdiction for purposes of Cuba sanctions;

- (C) U.S. primary sanctions directly impose prohibitions on transactions and dealings with targeted countries, entities, and individuals. Primary sanctions principally apply to U.S. Persons, although they may be applied to non-U.S. Persons who cause U.S. Persons to violate sanctions or otherwise facilitate the violation of some sanctions programs. OFAC administers and enforces U.S. primary sanctions programs, and violation of primary sanctions carries monetary and criminal penalties. See 31 C.F.R. Part V;
- (ii) When the U.S. Government imposes primary sanctions against a foreign country, entity or individual, U.S. law often prohibits 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. U.S. law may also require a U.S. Person to "block" any assets owned, controlled or held for the benefit of a sanctioned country, entity, or individual. A "blocked" asset means no transaction may be undertaken or effected with respect to the asset — no payments, benefits, provision of services or other dealings — except pursuant to an authorization or license from OFAC;
- (iii) 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 prohibition on "facilitation". See CACR § 515.201(c); ITSR § 560.208; Syrian Sanctions Regulations, 31 C.F.R. § 542.205;
- (iv) The facilitation concept is broad. Typically, it arises in the context of parent companies and their subsidiaries or between affiliates, where one entity is jurisdictionally required to comply with primary sanctions 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. A prohibited facilitation of a transaction 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 sanctioned country 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 U.S.;
 - (B) Refers to a foreign person purchase orders, requests for bids, or similar business opportunities involving a party in or the government of a sanctioned country 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 U.S. ITSR § 560.417.
- (v) Targets of U.S. Primary Sanctions Programs
 - (A) There are two types of U.S. primary sanctions programs – "country based" programs and "list based" programs. Violations of either type 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;

- (B) *Country based 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:
 - (aa) "Comprehensive country-based" sanctions programs prohibit U.S. Persons from dealing in any manner with a Comprehensively Sanctioned Country and their governments. Currently, the U.S. maintains comprehensive sanctions against: Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, Luhansk, Donetsk, Zaporizhzhya and Kherson;
 - (bb) Generally, comprehensive country sanctions prohibit transactions with or services in, from or benefitting the targeted country. However, the comprehensive country sanctions may also be applicable to transactions outside the country. For example, the Cuban sanctions program prohibits U.S. Persons from engaging in transactions with any Cuban nationals (persons or entities) located in countries outside of Cuba (except for the U.S.) or Cuban goods outside of Cuba. As a further example, the current Iran sanctions apply outside of Iran to transactions involving the Government of Iran or entities that are owned or controlled by the Government of Iran;
 - (cc) "Limited country-based" sanctions programs prohibit U.S. Persons from participating in certain types of transactions with particular persons related to the sanctioned country and their governments, such as the provision of certain services, financing, investments, exports and/or imports. Currently, the U.S. government maintains limited sanctions programs relating to: Belarus, China, Russia and Venezuela. For example, OFAC maintains so-called "sectoral sanctions," which prohibit certain categories of activity with persons designated on the Sectoral Sanctions Identification List (i.e., persons determined by OFAC to be operating in sectors of the Russian economy);
- (C) *"List based" programs.* In addition to country-based targets, 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 SDN by OFAC. Currently, the SDN List targets persons involved with:
 - (aa) terrorists and terrorist organizations;
 - (bb) narcotics traffickers;
 - (cc) transnational criminal organizations;
 - (dd) persons involved in corruption;
 - (ee) persons involved in election interference;
 - (ff) foreign sanctions evaders;
 - (gg) persons involved in the proliferation of weapons of mass destruction; and

(hh) cyber-attackers;

Also the U.S. government maintains list-based sanctions programs relating to: Afghanistan, the Balkans, Central African Republic, Congo (DR), Ethiopia, Hong Kong, Iraq, Lebanon, Libya, Mali, Myanmar (Burma), Nicaragua, Somalia, South Sudan, Sudan, Ukraine, Yemen and Zimbabwe;

- (D) U.S. Persons are not allowed to have any dealings whatsoever with or facilitate dealings with parties designated on the SDN List unless specifically authorized by OFAC. The SDN List is frequently updated, and is available on OFAC's website www.ustreas.gov/ofac. Numerous vendors also provide screening solutions that can be tailored to fit a particular business need and IT systems;
- (vi) The Company has confirmed that, during the Track Record Period:
 - (A) the Company was incorporated in the PRC. Save for one subsidiary in the U.S. which has been disposed by the Group on December 8, 2021, the Company and all of the other Group entities are domiciled and incorporated outside of the U.S. (specifically the PRC, Hong Kong, Indonesia, the Netherlands and Thailand) and did not own, control or maintain any other branches or affiliates which are incorporated, domiciled or otherwise located in the U.S. None of the companies in the Group is located, incorporated, organized, or domiciled in the Sanctioned Countries or Identified Regions;
 - (B) none of the group companies was designated as a Sanctioned Target;
 - (C) to the best of the knowledge of the Company, none of the manufacturers and wholesalers located in the Identified Regions is a person or an entity listed on OFAC's SDN List or other restricted parties lists maintained by the U.S. while the Group is doing business dealings with them.
 - (D) none of its shareholders and, to the best of the Company's knowledge after due inquiry, none of its beneficial owners was located in Sanctioned Countries or is on the SDN List or other restricted parties lists maintained by OFAC; in addition, we have also conducted screening to confirm none of direct shareholders of the Company and their respective beneficial owners who indirectly own 1% interest or more in the Company is on the SDN List or other restricted parties lists maintained by OFAC;
 - (E) the Company is not owned 50% or more, or controlled by one or more U.S. Persons;
 - (F) no financing or financial assistance was received by the Group, either directly or indirectly, from any company, entity or body incorporated or located in the U.S. was used (either directly or indirectly) in the Group's business dealings with the Identified Regions;
 - (G) save for Mr. WANG Hao, an executive Director, who is a Chinese citizen and also a U.S. green card holder, and the then U.S. employees employed by the Group prior to the disposal of the U.S. subsidiary in December 2021 (collectively, the "**U.S. Individuals**"), none of the directors, supervisors or senior management of the Company is U.S. nationals, and based on representation from the Company, save for Mr. WANG Hao, none of the other U.S. Individuals has been involved in any way (either directly or indirectly), including in the negotiation or approval

of, or with the on-going performance of, or in any wider decision-making capacity, with respect to any of the Group's dealings in the Identified Regions (confirmations (A) through (F) are collectively referred to as "**U.S. Nexus Confirmations**"); and

(c) Secondary Sanctions

- (i) The U.S. has also enacted secondary sanctions targeting non-U.S. Persons who are engaged in certain defined activities, including (but not limited to) the following activities by non-U.S. Persons:
 - (A) Operating in, or having operated any of the identified sectors of the Belarusian economy;
 - (B) Operating in, or having operated in, the financial services sector, aerospace, marine and electronic sectors, accounting, trust and corporate formation services and management consulting sectors, quantum computing sector, metals and mining sector, architecture, engineering, construction, manufacturing or transportation sectors of the Russian economy;
 - (C) Operating in the Crimea region of Ukraine;
 - (D) Contributing to the development of nuclear weapons by Iran;
 - (E) Conduct of or material support for cyber-attacks;
 - (F) Investment in or support for Russian energy export pipelines;
 - (G) Investment in certain Russian crude oil projects;
 - (H) Financial services for SDN, defence transactions with Syria, or certain Russian crude oil projects;
 - (I) Conduct, support, or facilitation of evasion of sanctions;
 - (J) Knowingly engaging in significant transactions with the Russian defence or intelligence sectors; and
 - (K) Materially assisting, sponsoring, or providing financial, material, or technological support for, or goods or services to or in support of, sanctioned persons or sanctionable activities in Belarus. particularly those linked to the Belarusian military sector;
- (ii) Secondary sanctions grant broad discretion to the U.S. President and his delegated representatives to deny access to the U.S. economic system to non-U.S. Persons who have been determined to engage in the specified transaction. The President and his delegated representatives may choose from a list of pre-determined penalties, which include for example:
 - (A) Prohibition on U.S. Government contracting;
 - (B) Prohibition on U.S. visas for corporate officers;
 - (C) Prohibition on using the U.S. financial system; and
 - (D) Designation as an SDN;

- (iii) The imposition of penalties under secondary sanctions legislation is a mechanism that the U.S. employs to punish and deter non-U.S. parties from certain behaviour and transactions.

5.2 Application to Egypt

(a) Overview

- (i) As of the Latest Practicable Date, the United States has not maintained comprehensive sanctions against Egypt or any sanctions that are territorial in nature and that apply to Egypt as a country. Certain SDNs reside in Egypt, and U.S. Persons are prohibited from dealings with such parties and entities they own at 50% or greater level, directly or indirectly.

(b) Analysis

- (i) We have conducted screening against all the manufacturer customers of the Group to whom the Group has directly sold its products to Egypt and none of them is on the SDN List or other restricted parties lists maintained by OFAC.
- (ii) Based on the above screening due diligence, as well as the U.S. Nexus Confirmations described above, the presence of USD and involvement of Mr. WANG Hao (a U.S. Person) in the business dealings with the manufacturer customers in Egypt during the Track Record Period did not implicate U.S. Primary Sanctions as the Group did not have business dealings with SDN or other restricted persons in Egypt which were designated by OFAC. As such, **our assessment is that the business dealings of the Group in respect of Egypt during the Track Record Period are not subject to material risk in respect of U.S. Primary or Secondary sanctions.**

5.3 Application to Guatemala

(a) Overview

- (i) As of the Latest Practicable Date, the United States did not maintain comprehensive sanctions against Guatemala or any sanctions that are territorial in nature and that apply to Guatemala as a country. Certain SDN reside in Guatemala, and U.S. Persons are prohibited from dealings with such parties and entities they own at 50% or greater level, directly or indirectly.

(b) Analysis

- (i) We have conducted screening against the only manufacturer customer of the Group in relation to sales to Guatemala and it is not on the SDN List or other restricted parties lists maintained by OFAC.
- (ii) Based on the above screening due diligence, as well as the U.S. Nexus Confirmations described above, the presence of USD and involvement of Mr. WANG Hao (a U.S. Person) in the business dealings with the manufacturer customer in Guatemala during the Track Record Period did not implicate U.S. Primary Sanctions as the Group did not have business dealings with SDN or other restricted persons in Guatemala which were designated by OFAC. As such, **our assessment is that the business dealings of the Group in respect of Guatemala during the Track Record Period are not subject to material risk in respect of U.S. Primary or Secondary sanctions.**

5.4 Application to Hong Kong

(a) Overview

- (i) The U.S. has several sanctions authorities targeting certain conduct related to the situation with respect to Hong Kong, including the Hong Kong Autonomy Act H.R. 7440 ("**HKAA**"), Hong Kong Human Rights and Democracy Act of 2009 ("**HKHRDA**") and EO 13936. U.S. Persons are prohibited from engaging in certain transactions with "specially designed nationals and blocked persons" absent a general or specific license from OFAC or other exemption;
- (ii) On July 14, 2020, the HKAA became law authorizing the imposition of sanctions on certain parties related to certain activities in the HKSAR. The Act provides a range of sanctions available to the U.S. government to target foreign persons who are determined to be materially contributing to, have materially contributed to, or attempt to materially contribute to the failure of the PRC to meet its obligations under the Joint Declaration or the Basic Law, as defined in the HKAA (such sanctions being mandatory one year after such determination), such as designated senior Hong Kong or Chinese government officials or Chinese companies involved in the erosion of Hong Kong's autonomy. Further, the HKAA requires the imposition of certain sanctions on any foreign financial institutions determined to "knowingly conduct significant transactions" with a foreign person meeting the above criteria. 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 (19 December 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 to restrictive measures if they engage in "significant" transactions with such designated persons;
- (iii) HKHRDA requires the imposition of asset-blocking sanctions and visa restrictions on any foreign person that the President determines is responsible for (1) the extrajudicial rendition, arbitrary detention, or torture of any person in Hong Kong, or (2) other gross violations of internationally recognized human rights in Hong Kong;
- (iv) On July 14, 2020, the U.S. President issued the Executive Order on Hong Kong Normalization ("**EO 13936**"), which implements certain provisions of the HKAA and the HKHRDA. 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) determined:
 - (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:

- (aa) Actions or policies that undermine democratic processes or institutions in Hong Kong;
 - (bb) Actions or policies that threaten the peace, security, stability, or autonomy of Hong Kong;
 - (cc) 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;
 - (dd) 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:
 - (aa) An entity, including any government entity, that has engaged in, or whose members have engaged in, any of the activities described above;
 - (bb) An entity whose property and interests in property are blocked pursuant to EO 13936;
- (D) 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;
- (E) 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;
- (F) 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;
- (v) 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, U.S. sanctions extend to dealings with any non-listed entity in which those SDNs hold, directly or indirectly, a 50% or greater interest;
- (vi) 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;
- (vii) On March 31, 2025, OFAC added six Hong Kong government officials to its SDN list pursuant to EO 13936.

- (viii) In addition to OFAC sanctions, on December 23, 2020, pursuant to EO 13936, BIS removed Hong Kong as a separate destination under the EAR. Subsequently, all items subject to the EAR that are destined for export, reexport or transfer (in-country) to or from Hong Kong will be treated as exports, reexports or transfers (in-country) to or from the PRC and thus be subject to export controls imposed on the PRC (including those discussed in 6.1(d) above). In addition, Hong Kong government entities were placed on the BIS military end-user restricted list.

(b) Analysis

- (i) The Company confirmed that there were only two Other Wholesaler customers in Hong Kong and none of them is an individual.
- (ii) We have conducted screening against these two Other Wholesalers in Hong Kong and none of them is on the SDN List or other restricted parties lists maintained by OFAC.
- (iii) Each of these two Other Wholesalers in Hong Kong has confirmed to the Company that the products of the Group have not been sold to the Sanctioned Countries nor Sanctioned Targets.
- (iv) Based on the above screening due diligence and confirmations, as well as the U.S. Nexus Confirmations described above, the presence of USD and involvement of Mr. WANG Hao (a U.S. Person) in the business dealings with the two Other Wholesalers in Hong Kong during the Track Record Period did not implicate U.S. Primary Sanctions as the Group did not have business dealings with SDN or other restricted persons in Hong Kong which were designated by OFAC. As such, **our assessment is that the business dealings of the Group in respect of Hong Kong during the Track Record Period are not subject to material risk in respect of U.S. Primary or Secondary sanctions.**

5.5 Application to Russia

(a) Overview

- (i) The U.S. President issued four Executive Orders - 13660 of March 6, 2014, 13661 of March 16, 2014, 13662 of March 20, 2014, and 13685 of December 19, 2014 - finding that the actions and policies of the Government of Russia, including its purported 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 U.S.;
- (ii) The U.S. Congress has enacted three sanctions laws targeting Russia: the Ukraine Freedom Support Act of 2014 (P.L. 113-272); the Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 (P.L. 113-95); and the Countering America's Adversaries Through Sanctions Act (2 August 2017, P.L. 115-44) (implemented via Executive Order 13849 of September 20, 2018);
- (iii) In addition, the U.S. President issued:
 - (A) two Executive Orders - 13694 of April 1, 2015 and 13757 of December 29, 2016 in respect of significant malicious cyber-enabled activities;

- (B) Executive Order 13848 of September 12, 2018 in respect of foreign interference in United States Election; and
- (C) two Executive Orders – 14024 of April 15, 2021 and 14039 of August 20, 2021 in respect of Russian harmful foreign activities;
- (iv) Since Russia's military operations in Ukraine in February 2022, U.S. sanctions targeting Russia have been further expanded. The U.S. President further issued Executive Order 14065 of 21 February 2022, finding that Russia's purported recognition of the so-called Donetsk People's Republic or Luhansk People's Republic regions of Ukraine contradicts Russia's commitments under the Minsk agreements and further threatens the peace, stability, sovereignty, and territorial integrity of Ukraine;
- (v) On February 24, 2022, the U.S. Treasury imposed correspondent and payable-through account sanctions on certain financial institutions. These were implemented through Directive 2 under Executive Order 14024;
- (vi) In a joint statement on February 26, 2022, the United States (together with E.U., U.K. and other major economies) also agreed to remove selected Russian banks from the SWIFT messaging system, ensuring that those banks were disconnected from the international financial system. Later, this measure was expanded and supported by Canada, Japan and other countries;
- (vii) Three additional Executive Orders were issued in March and April restricting "new investment" in Russia by U.S. Persons (E.O. 14066, issued 8 March 2022, E.O. 14068, issued 11 March 2022, and E.O. 14071, issued 6 April 2022);
- (viii) On February 24, 2023, OFAC announced further sanctions actions against Russia, which imposed sanctions on 22 individuals and 83 entities, targeting Russia's financial services, metals and mining, aerospace, defence, military supply chains, technology and electronics, carbon fiber, as well as individuals and companies worldwide that are helping Russia evade existing sanctions.
- (ix) On April 12, 2023, OFAC announced sanctions designations of over 120 entities and individuals from over 20 countries in connection with U.S. sanctions targeting Russia. The sanctions aimed to further curb Russia's access to the international financial system through facilitators and their businesses, and among the sanctions targets was the facilitation network of a Russian oligarch. OFAC also sought to reinforce existing measures and further disrupt Russia's importation of critical technologies used in its war against Ukraine.
- (x) On May 19, 2023, OFAC sanctioned 22 individuals and 104 entities from over 20 countries, targeting Russia-related sanctions evasions and circumventions, Russia's access to critical technology, future energy extraction capabilities and financial service sectors. Additionally on the same date, OFAC expanded sanctions authorities to target new sectors of Russia's economy, including the architecture, engineering, construction, manufacturing and transportation sectors. On the same date, the U.S. State Department also designated almost 200 individuals, entities, vessels and aircraft.
- (xi) The U.S. government has since continued to impose new rounds of sanctions and export controls on Russia and designate additional individuals and entities dealing with Russia.
- (xii) In summary, the sanctions on Russia take several different forms:
 - (A) certain Russian persons and entities have been placed on the SDN List and thus U.S. Persons and, in most cases (particularly the SDN

designations implemented in 2022), non-U.S. Persons are prohibited from dealing with them and the entities that they own 50% or more (directly or indirectly, solely or in aggregate);

- (B) the Crimea region of Ukraine, Luhansk, Donetsk, Zaporizhzhya and Kherson are subject to a comprehensive trade embargo for U.S. Persons and most of these restrictions will also apply to non-U.S. Persons;
- (C) "sectoral" sanctions (mainly applicable to U.S. Persons) have been imposed on Russia's energy, financial, and defence industries, among other sectors, and target specified types of investment, finance, and/or sales of U.S.-origin goods and services to these industries as well as key public financial institutions;
- (D) significant export control restrictions, including general denial policy for certain categories of goods exported to Russia (semiconductors, computers, information security), and removing Russia from the preferred trade partner status, which will impact U.S. content/origin goods and technology being transferred to Russia or Russian parties anywhere in the world;
- (E) removal of numerous Russian banks from the SWIFT messaging system, ensuring that those banks were disconnected from the international financial system;
- (F) restriction of "new investment" in Russia by U.S. Persons;
- (G) price caps on certain Russian energy resources sold internationally; and
- (H) secondary sanctions threatening the imposition of penalties on non-U.S. Persons that undertake a variety of defined activities with Russia, including significant transactions with SDNs, operating in Crimea region of Ukraine, construction of energy export pipelines, sanctions evasion, corruption, and defence and intelligence-related sector transactions.

(xiii) While Russia is subject to sweeping sanctions by the U.S., to ensure that humanitarian aid and essential supplies can still flow into Russia despite the sanctions, OFAC has issued general licences in order to authorize activities that would otherwise be prohibited under sanctions. In February 2022, OFAC issued General License No. 6, which has since been superseded and replaced with subsequent general licences and the current one in force is General License No. 6D issued in June 2024. General License No. 6D authorises, among other activities, transactions otherwise prohibited by the Russian Harmful Foreign Activities Sanctions Regulations, 31 CFR part 587, related to the production, manufacturing, sale, transport, or provision of agricultural commodities.

(xiv) For the purposes of these general licences, agricultural commodities are products that fall within the term "agricultural commodity" as defined in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602) and are intended for use as, among other things, food for humans (including raw, processed, and packaged foods; live animals; vitamins and minerals; food additives or supplements; and bottled drinking water) or animals (including animal feeds).

(b) Analysis

- (i) With respect to sales to Russia during the Track Record Period, the Company has confirmed that all the products sold to customers in Russia are all sucralose and food-grade glycine, which are food additives and such products were being sold for human food and pet food purposes. Therefore, the

Company's products sold to Russia are within the scope of General License No. 6D.

- (ii) We have conducted screening against all the manufacturers, wholesalers and end customers of the Group during the Track Record Period to the extent the Group has their identity information, and none of them is on the SDN List or other restricted parties lists maintained by OFAC.
- (iii) In addition, with respect to sales made to the Designated Wholesaler who started to sell a small amount of the Group's products to other customers in Russia since 2023, the Company has obtained written confirmation from all manufacturers who have confirmed the list of their respective designated wholesalers in Russia that the products of the Group have not been sold to the Sanctioned Countries and all products of the Group were only sold within Russia (excluding the Crimea region of Ukraine, Luhansk, Donetsk, Zaporizhzhya and Kherson).
- (iv) In addition, with respect to the Other Wholesalers from the PRC with more than RMB1 million annual sales, the Company has procured their confirmations that the products of the Group have not been sold to the Sanctioned Countries nor Sanctioned Targets.
- (v) In respect of the Russian sales, since March 2022 when Russia started to be subject to sweeping sanctions imposed by the U.S. and as of the Latest Practicable Date, the payments of such sales have either been switched to RMB or made in USD from non-Russian financial service providers or from the accounts of non-sanctioned banks of the Russian counterparties, and thus such sales did not give rise to a U.S. Primary Sanctioned Activity;
- (vi) Based on the above screening due diligence, confirmations and considerations, as well as the U.S. Nexus Confirmations described above, the presence of USD and involvement of Mr. WANG Hao (a U.S. Person) in the business dealings with customers in Russia during the Track Record Period did not implicate U.S. Primary Sanctions as the Group did not have business dealings with any SDNs or other restricted persons in Russia which were designated by OFAC, nor did such business dealings give rise to material U.S. Secondary Sanctions risks. This is on the basis, in particular, that (i) the U.S. government has clarified that the U.S. has not imposed sanctions on the production, manufacturing, sale, or transport of agricultural commodities (which explicitly include food) relating to Russia to reduce the impact on global food supplies and ensure world food security, (ii) sucralose and food-grade glycine for food purposes are not contrary to any sectoral sanctions or the spirit of U.S. sanctions targeting Russia; and (iii) the applicability of General License No. 6D with respect to the Group's products sold to Russia. As such, **our assessment is that the business dealings of the Group in respect of Russia during the Track Record Period are not subject to material risk in respect of U.S. Primary or Secondary sanctions.**

5.6 Application to Turkey

(a) Overview

- (i) The United States do not maintain comprehensive sanctions against Turkey or any sanctions that are territorial in nature and that apply to Turkey as a country. Pursuant to Executive Order 13894, OFAC maintains "Syria-related" sanctions that provide authority to designate certain parties, including officials or agencies of the Turkish government, who are found to contribute to the destabilization of situation in Syria or are involved in human rights abuses. On October 14, 2019, OFAC designated as SDN the Turkish Ministry of National Defense and the

Turkish Ministry of Energy and Natural Resources, as well as several individual Turkish government officials. At the same time, OFAC issued general licence providing temporary authorization to wind-down activities with these SDN. Before that general licence expired, these Turkish government entities and officials were removed from the SDN List so the restrictions never become effective against them in practical terms;

- (ii) On December 14, 2020, the U.S. Government imposed certain sanctions on the Turkish Presidency of Defense Industries (Savunma Sanayii Başkanlığı, or SSB), a Turkish government entity but did not designate it as an SDN; its president, Dr. Ismail Demir; SSB Vice President Faruk Yigit; SSB Head of Air Defense and Space Department Serhat Genecoglu; and SSB Program Manager for Air Defense Systems Mustafa Alper Deniz pursuant to section 231 of the Countering America's Adversaries Through Sanctions Act ("**CAATSA**"). Pursuant to section 231 of CAATSA, the measures imposed on SSB include: a prohibition on U.S. export licenses and authorization for any goods or technology transferred to SSB; a prohibition on loans or credits by U.S. financial institutions to SSB totalling more than \$10 million in any 12-month period; a ban on U.S. Export-Import Bank assistance for exports to SSB; and a requirement for the United States to oppose loans benefitting SSB by international financial institutions. With respect to individual Turkish officials, a visa denial was imposed on Dr. Demir, Mr. Yigit, Mr. Genecoglu, and Mr. Deniz. These individuals have also been designated as SDNs and are subject to broad restrictions associated with such designation.
- (iii) On September 14, 2023, OFAC imposed sanctions on several Turkish companies and a Turkish national for helping Russia evade sanctions and supporting Moscow in its war against Ukraine.

(b) Analysis

- (i) We have conducted screening against all the manufacturer customers of the Group in relation to sales to Turkey and none of them is on the SDN List or other restricted parties lists maintained by OFAC.
- (ii) Based on the above screening due diligence, as well as the U.S. Nexus Confirmations described above, the presence of USD and involvement of Mr. WANG Hao (a U.S. Person) in the business dealings with manufacturer customers in Turkey during the Track Record Period did not implicate U.S. Primary Sanctions as the Group did not have business dealings with SDN or other restricted persons in Turkey which were designated by OFAC. As such, **our assessment is that the business dealings of the Group in respect of Turkey during the Track Record Period are not subject to material risk in respect of U.S. Primary or Secondary sanctions.**

5.7 Supplies from COFCO Sugar Limited

- (a) On December 23, 2021, the U.S. has enacted the UFLPA which prohibits goods from being imported into the U.S. that are either produced in Xinjiang, or by entities identified on the UFLPA Entity List, unless the Commissioner of U.S. Customs and Border Protection (CBP) determines, by clear and convincing evidence, that the goods were not produced with forced labour;
- (b) During the Track Record Period, the Group has sourced from COFCO Sugar Limited (中糧糖業有限公司), a wholly owned subsidiary of COFCO Sugar Holdings Limited (中糧糖業控股股份有限公司) which is an entity that has been placed on the UFLPA Entity List by the Department of Homeland Security ("**DHS**") since December 11, 2023;

- (c) According to the DHS' guidance, unless a subsidiary or affiliate is explicitly named on the UFLPA Entity List, or except where the term "subsidiaries" or "affiliated entities" is attached to a name on the UFLPA Entity List, the imported goods produced by that subsidiary or affiliate would not automatically be subject to the UFLPA restriction; and
- (d) COFCO Sugar Limited has not been named on the UFLPA Entity List and the term "subsidiaries" or "affiliated entities" is not attached to COFCO Sugar Holdings Limited when it was placed on the UFLPA Entity List; accordingly, while its parent company has been placed on the UFLPA Entity List, the purchase by the Group from COFCO Sugar Limited would not be subject to the UFLPA restriction.

6. **E.U. SANCTIONS**

Overview of E.U. Sanctions Regime

- 6.1 The E.U. has over 40 different sanctions regimes in place. The E.U. implements all sanctions adopted by the U.N. Security Council. The E.U. may also reinforce U.N. sanctions by applying measures in addition to those imposed by the U.N. Security Council and/or impose sanctions on its own initiative.
- 6.2 E.U. sanctions may target governments of non-E.U. countries, as well as companies, groups, organisations, or individuals through any of the following measures:
 - (a) arms embargoes;
 - (b) restrictions on admission of listed persons (travel ban): targeted persons cannot enter the E.U., or travel beyond their member state of nationality if they are an E.U. citizen;
 - (c) freezing of assets belonging to listed persons or entities: all their assets in the E.U. are frozen and E.U. persons and entities cannot make any funds and/or economic resources available to those listed; and/or
 - (d) financial sanctions or restrictions concerning specific sectors of economic activity, including but not limited to: import or export bans on certain goods, investment bans and prohibitions on supplying certain services.
- 6.3 E.U. sanctions focus on freezing the assets and economic resources of certain designated persons or entities. The sanctions provide that:
 - (a) all funds and economic resources belonging to, owned, held or controlled by any designated person or entity are to be frozen;
 - (b) no funds or economic resources shall be made available, directly or indirectly, to or for the benefit of any designated person or entity; and/or
 - (c) the participation, knowingly and intentionally, in activities the object or effect of which is, directly or indirectly, to circumvent the measures referred to in sub-paragraphs (a) and (b) above shall be prohibited.
- 6.4 E.U. sanctions define "funds" and "economic resources" very widely: "funds" means financial assets and benefits of every kind and "economic resources" means assets of every kind which are not funds, but which may be used to obtain funds, goods or services.
- 6.5 The E.U. has issued guidelines which provide information on what is meant by "own" or "control" in the context of financial sanctions. "Owning" a person, entity or body means being in possession of more than 50 per cent of the proprietary rights of an entity or having majority interest in it. A number of criteria are taken into account in assessing whether a legal person

or entity is "controlled" by another person or entity, including (but not limited to) holding a majority of voting rights, exercising a dominant influence and/or sharing financial liabilities.

- 6.6 All E.U. sanctions apply:
- (a) within the E.U. (including its airspace);
 - (b) on board any aircraft or vessel under the jurisdiction of any E.U. Member State;
 - (c) to any E.U. national, regardless of where they are resident/located;
 - (d) to any legal person, entity or body which is incorporated/constituted under the laws of any E.U. Member State, irrespective of their location, including unincorporated branches, but not entities incorporated outside the E.U.; and
 - (e) to any legal person, entity or body in respect of any business done in the E.U.
- 6.7 The E.U. generally does not utilize secondary sanctions which apply extraterritorially to parties without any nexus to the E.U.
- 6.8 E.U. sanctions regulations typically include a standard of liability clause stating that an action by an individual or an entity does not give rise to liability if such person or entity did not know, and had no reasonable cause to suspect, that their actions would infringe E.U. sanctions.
- 6.9 E.U. sanctions are implemented through E.U. regulations, which are directly applicable in the member states of the E.U. and do not require further implementing legislation on a national level.
- 6.10 Each member state sets its own penalties for breaches of E.U. sanctions. This is generally done by way of national legislation. In some member states of the E.U., national legislation creates criminal offences and may further elaborate on activities which will be regarded as contrary to E.U. regulations.
- 6.11 The E.U. Commission is responsible for ensuring that E.U. Member States implement, and the regulations imposing, the relevant sanctions, but it does not take any enforcement action for individual breaches of E.U. sanctions. Any enforcement action for breach of E.U. sanctions is taken on a national level by specifically designated member state authorities (the "**National Competent Authorities**").

Application to Egypt

- 6.12 On March 21, 2011, the E.U. introduced targeted sanctions, in the form of freezing of assets, against individual members of the former government and those close to them who are subject to legal measures by the Egyptian authorities.
- 6.13 The sanctions were set out in Council Decision 2011/172/CFSP of March 21, 2011, as last amended through Council Decision (CFSP) 2020/418 of March 19, 2020, and Council Regulation (E.U.) 270/2011, as last amended by Council Implementing Regulation (E.U.) 2020/416 of March 19, 2020. On March 12, 2021, the E.U. repealed its sanctions with regard to Egypt through Council Decision (CFSP) 2021/449 of March 12, 2021 and Council Regulation (E.U.) 2021/445 of March 12, 2022.
- 6.14 E.U. sanctions included the following restrictions:
- (a) all funds belonging to persons alleged to be responsible for embezzlement of Egyptian public assets, and natural or legal persons, entities or bodies that are associated with them and that are placed on the E.U.'s sanctions list are to be frozen; and
 - (b) no funds or financial resources are to be made available to these persons.

- 6.15 On March 12, 2021, the E.U. revoked its sanctions framework against Egypt and de-listed the nine persons subject to asset-freezing measures. Currently, the E.U. does not maintain any sanctions against Egypt, but the above restrictions were in place during the Track Record Period.

Application to Guatemala

- 6.16 Guatemala is subject to EU sanctions pursuant to (EU) Council regulation 2024/455. The sanctions regime in respect of Guatemala was established on January 12, 2024, to hold accountable those obstructing a democratic transition following the 2023 general elections.
- 6.17 On February 2, 2024, the EU imposed restrictive measures against certain individuals for actions that undermine democracy, the rule of law or the peaceful transfer of power in Guatemala, including:
- (a) asset freeze measures and travel bans;
 - (b) prohibitions on making funds available.

Application to Hong Kong

- 6.18 During the Track Record Period, the E.U. has not imposed any sanctions on Hong Kong.

Application to Russia

- 6.19 The E.U. has implemented various forms of sanctions programs against Russia. In response to Russia's invasion of Ukraine in February 2022, the E.U. has imposed additional sanctions against Russia. The current E.U. sanctions in place against Russia are outlined below:
- (a) restrictions on certain designated persons, entities and bodies (also notably including some financial institutions), usually comprising asset freezes or travel bans (often referred to as non-sectoral sanctions);
 - (b) prohibition of "any transaction" with certain Russian state-owned-entities;
 - (c) ban on overflight of E.U. airspace and access to E.U. airports by Russian carriers of all kinds;
 - (d) sectoral sanctions, including restrictions on activities in the following sectors: (i) arms; (ii) financing and capital markets (including a SWIFT ban for numerous Russian banks as well as asset freeze measures targeting several Russian banks and unprecedented restrictions against the Russian Central Bank); (iii) oil & gas; and (iv) military;
 - (e) suspension of energy and mining transactions and investment with Russia and related limitations on E.U. insurance and logistics providers;
 - (f) suspension of broadcasting of state owned media;
 - (g) export and import restrictions;
 - (h) oil price cap; and
 - (i) restrictions on the provision of certain professional services (accounting and legal services, engineering, IT consultancy services, etc.) and trust services.

Non-Sectoral Sanctions

- 6.20 As set out above, the E.U. has imposed certain individual sanctions on persons and entities associated with the Putin regime as a countermeasure to the annexation of Crimea and Sevastopol, unrest in eastern Ukraine, and the most recent Russian military invasion of

Ukraine. The E.U. Consolidated List contains the names and certain details of all currently designated persons and entities pursuant to the E.U. Russia Sanctions.

Sectoral Sanctions

- 6.21 In addition to these individual sanctions, in July and September 2014, the E.U. imposed sectoral sanctions on the Russian economy. These sanctions were subsequently amended and extended for 6 months successively since July 1, 2016. Following Russia's military invasion of Ukraine in February 2022, the E.U. has introduced more than 10 separate packages of restrictive measures (together, the "**E.U. Russia Economic Sanctions**").
- 6.22 In broad terms, the E.U. Russia Economic Sanctions (both sectoral and non-sectoral) provide for:
- (a) a prohibition on the sale, supply, transfer or export to Russia of so-called dual-use goods and technology for military use in Russia or to Russian military end-users;
 - (b) a prohibition on E.U. nationals and companies from buying or selling or otherwise dealing with new bonds, equity treasury deposits, transferrable securities or money-market instruments issued by certain Russian banks, defence companies, and oil companies and/or their subsidiaries or persons acting on their behalf, including making new loans or credit available to such entities, with a maturity exceeding 90 or 30 days respectively if issued after August 1, or September 12, 2014 (depending on the entity) (referred to as the "capital markets restrictions");
 - (c) restrictions on exports of certain energy-related equipment and technology to Russia but not projects concerned with the exploitation of gas (a reflection of the high dependence by E.U. Member States on Russian gas);
 - (d) gradual suspension of oil-related purchases from Russia and related restrictions (including price caps) on E.U. insurance and logistics providers;
 - (e) a prohibition on the provision of specified services necessary for certain oil-related activities;
 - (f) a prohibition on the use by several major Russian banks from use of the SWIFT messaging system;
 - (g) restrictions on providing "technical assistance", "brokering services", financing or financial assistance in respect of the above items, or items on the E.U.'s Common Military List;
 - (h) a prohibition on the sale, licensing, transfer or the granting of rights to access or re-use intellectual property rights or trade secrets related to certain goods and technology subject to export restrictions to individuals or entities in Russia, or for use in Russia;
 - (i) a prohibition on the unauthorized transit of goods through Russia which might contribute to Russia's military and technological enhancements, or the development of the defence and security sector, suited for use in aviation or the space industry and of jet fuel and fuel additives;
 - (j) a prohibition on accessing to the E.U. ports and locks to any vessel that the competent authority has reasonable cause to suspect is in breach of the prohibitions applicable to crude oil and petroleum products;
 - (k) a prohibition on the exports to Russia of luxury goods; and
 - (l) a prohibition on the imports from Russia of: diamonds (include jewellery), steel, iron, pig iron, cement, asphalt, copper and aluminium wires, foil, tubes, pipes, wood, paper,

synthetic rubber, plastics, seafood, spirits, cigarettes, cosmetics, gold (include jewellery) and liquified propane.

- 6.23 Prior to February 2022, certain Russian banks, defence companies and oil companies were subject to capital markets restrictions. Many of them are subject to much tougher E.U. sanctions now.
- 6.24 In relation to agricultural and food products, on July 21, 2022, for the purposes of reducing the impact on global food supplies and prices and ensuring world food security, the E.U. stated that it is committed to avoiding all measures which might lead to food insecurity around the globe, and it had not taken any measures targeting the trade in agricultural and food products, between third countries and Russia, pursuant to the Council Regulation (EU) 2022/1269.
- 6.25 On 14 March 2025, the EU Council adopted its position on a regulation imposing tariffs on agricultural products and fertilisers from Russia and Belarus. Once implemented, agricultural imports from Russia will be subject to EU tariffs.

Application to Turkey

- 6.26 Turkey is not subject to comprehensive sanctions imposed by the E.U. The sanctions framework for Turkey-related measures was adopted on November 11, 2019, through Council Regulation (E.U.) 2019/1890, as last amended by Commission Implementing Regulation (E.U.) 2022/595 of April 11, 2022, and Council Decision (CFSP) 2019/1894, as last amended by Council Decision (CFSP) 2021/1966 of November 11, 2021. E.U. sanctions on Turkey are limited to asset freezing measures and travel ban on parties in Turkey. It does not prohibit activities with the entire country of Turkey (and everyone in it), nor does it prohibit activities with the Turkish government.
- 6.27 At present, there are only individuals at executive positions at the Turkish Petroleum Corporation (TPAO) who are subject to asset freezing measures pursuant to Council Implementing Regulation (E.U.) 2020/274 of February 27, 2020.
- 6.28 The E.U. restrictive measures targeting Turkey were extended to apply to and in the U.K. Overseas Territories pursuant to the Turkey (Sanctions) (Unauthorised Drilling Activities in the Eastern Mediterranean) (Overseas Territories) Order 2020.

Analysis

- 6.29 Based on information available to us, E.U. sanctions will have applied during the Track Record Period to:
- (a) any E.U. nationals who are employees of any of the companies in the Group, regardless of which company they work for or where they are resident/located; and
 - (b) any entity within the Group and/or any director or employee of the Group in respect of any business done by the Group in the E.U.
- 6.30 The Company has confirmed that:
- (a) all activities involving the Identified Regions were negotiated, entered into and performed without any involvement (including in any approval or decision making capacity) by any entity incorporated, domiciled or otherwise located in either the E.U. or the U.K.'s Overseas Territories;
 - (b) to the best of the knowledge of the Company after due inquiry, none of the manufacturers and wholesalers located in the Identified Regions is a person or an entity on lists maintained by the E.U. while the Group is doing business dealings with them.
 - (c) no E.U. nationals employed or otherwise engaged by the Group have been involved in any way, including in the negotiation or approval of, or with the on-going performance

of, or in any wider decision making capacity, with respect to any of the Group's dealings involving the Identified Regions.

- 6.31 We have undertaken a search of the E.U. Consolidated List and none of the Group's customers from the Identified Regions was at the relevant time listed as designated entities. Based on searches of publicly available information, there is no indication that these counterparties have been listed as a designated entity (and subsequently delisted) at any point during the Track Record Period. Further, those searches do not indicate that any of the counterparties in the Identified Regions appear to be owned or controlled by, or have any links to, any designated persons or entities.
- 6.32 The Relevant Activities do not relate to goods or services which fall within the scope of E.U. Sanctions restrictions, either currently or at any point during the Track Record Period. In reaching this conclusion, we have relied on assurances from the Company that none of the goods and/or services provided by the Company and the Group:
- (a) is intended for any military end user or are listed in the E.U. Common Military List or the E.U. Dual Use list; and/or
 - (b) has any application in relation to:
 - (i) nuclear or missile technology;
 - (ii) monitoring, surveillance or interception of internet communications or phone calls; and/or
 - (iii) chemical, biological and/or nuclear weapons.
- 6.33 **Therefore, our assessment is that the business dealings of the Group in the Identified Regions during the Track Record Period are not subject to material risk under E.U. sanctions.**

7. U.N. SANCTIONS

Overview of the U.N. Sanctions Regime

- 7.1 The U.N. can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. It does this by way of Resolutions passed by the U.N. Security Council.
- 7.2 U.N. Security Council sanctions have taken a number of different forms and have measures ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions.
- 7.3 As of the Latest Practicable Date, there are a number of ongoing U.N. 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 Security Council.
- 7.4 U.N. Security Council Resolutions are binding upon U.N. member states but are not enforceable against private parties. U.N. member states are therefore required to implement U.N. sanctions. The domestic laws of U.N. member states will determine how sanctions imposed by the U.N. Security Council are implemented and enforced against private parties.
- 7.5 During the Track Record Period, the U.N. has not imposed any sanctions with respect to Egypt, Guatemala, Hong Kong, Russia and Turkey.

Analysis

- 7.6 U.N. Security Council Resolutions are binding upon U.N. member states but are not enforceable against private parties. There is no U.N. enforcement authority. It is the responsibility of individual U.N. member states to implement U.N. sanctions into national legislation and to take any enforcement action. U.N. sanctions therefore do not impose any additional direct obligations on private parties to those that apply as a matter of any relevant national laws. Accordingly, it is necessary to look to the national legislation of the Relevant Jurisdictions in order to assess compliance.
- 7.7 Based on the Company's confirmation and the due diligence undertaken by us to search the U.N. sanctions list, none of the Group's counterparties from the Identified Regions was at the relevant time listed as designated persons or entities in the U.N. sanctions list. In addition, based on our understanding of the nature of the Company's business, all of the Group's business in relation to the Identified Regions was in relation to selling of sucralose and food-grade glycine to its purchasers, which does not involve export-controlled products under the U.N. Security Council sanctions.
- 7.8 **Therefore, our assessment is that the business dealings of the Group in respect of the Identified Regions during the Track Record Period are not subject to material risk under existing U.N. sanctions.**

8. U.K. SANCTIONS

Overview of U.K. Sanctions Regime

Implementation of E.U. sanctions

- 8.1 As explained in paragraphs 6.7 and 6.10, the E.U. sanctions are directly applicable in the member states of the E.U. The U.K. left the E.U. on December 31, 2020, and E.U. law ceased to have effect in the U.K. until December 31, 2020, with specific U.K. measures having effect after that date.
- 8.2 During the period of E.U. membership, the U.K. made statutory instruments (U.K. regulations) to impose penalties for breaches of E.U. regulations and obtain, provide and use information relating to the-operations of these regulations.

The U.K.'s standalone sanctions regime

- 8.3 As from 11 PM on December 31, 2020, the U.K. operates its own sanctions regime, although most of the existing E.U. sanctions were in effect replicated into U.K. legal system prior to that date so as to prepare for a "no deal Brexit". The power to introduce these unilateral measures was granted under the Sanctions and Anti-Money Laundering Act 2018 (the "**Sanctions Act**"). The extent to which U.K. and E.U. sanctions subsequently diverge will depend on policy decisions. In addition, the U.K. (as a stand-alone member of the U.N.) will be required to give effect to U.N. sanctions.
- 8.4 The U.K. has established a new and standalone human rights sanctions regime. This is in force now and is distinct from any E.U. legislation. The U.K. currently only implements a global human rights sanctions regime through regulations under the Sanctions Act. The U.K. maintains a list of those persons who are designated under the U.K.'s human rights sanctions regime (the "**U.K. HR Sanctions List**").
- 8.5 The U.K. also imposes autonomous terrorism and terrorist financing sanctions. These provide HM Treasury with powers to, inter alia, freeze the funds and economic resources of those suspected or believed to be involved in terrorist activities. It also restricts the making available of funds, financial services and economic resources to, or for the benefit of such persons. The

targets of such sanctions are included on the U.K.'s Consolidated List of sanctions targets (along with E.U. sanctions targets).

Application of sanctions in the U.K.

8.6 U.K. laws in respect of sanctions, both E.U. sanctions and autonomous sanctions ("**U.K. Sanctions**"), apply:

- (a) within the territory and territorial waters of the U.K. and to all U.K. persons, wherever they are in the world;
- (b) to all individuals and legal entities who are within or undertake activities within the U.K.'s territory; and/or
- (c) to all U.K. nationals and U.K. legal entities established under U.K. law, including their non-U.K. branches (but not separately incorporated non-U.K. subsidiaries), irrespective of where their activities take place.

Regulation and enforcement

8.7 The Office of Financial Sanctions Implementation (the "**OFSI**"), which is part of HM Treasury, maintains two lists of those subject to financial sanctions:

- (a) the "consolidated list" includes all designated persons subject to financial sanctions under E.U. and U.K. legislation, as well as those subject to U.N. sanctions which are implemented through U.K. regulations (the "**U.K. Consolidated List**"); and
- (b) a separate list of entities subject to specific capital market restrictions. These entities are not contained on the U.K. consolidated list (the "**U.K. Capital Markets Restrictions List**").

8.8 OFSI also has the power to impose financial penalties on a party which breaches financial sanctions. In circumstances where the breach relates to particular funds or economic resources, the maximum fine will be linked to the amount of such funds and economic resources. The current permitted maximum financial penalty is the greater of (i) £1,000,000, and (b) 50 per cent of the estimated value of the funds or resources.

8.9 OFSI will take into account various factors when deciding whether to impose a financial penalty, including inter alia the following:

- (a) whether there has been direct provision of funds or economic resources to a designated person;
- (b) whether there has been a deliberate circumvention of sanctions, or whether the breach was negligent, or whether it was caused by a systems/controls failure;
- (c) the value of the breach;
- (d) whether there have been repeated or persistent breaches; and/or
- (e) whether the breach was reported to OFSI and the party's cooperation with OFSI.

8.10 Historically, U.K. and E.U. sanctions authorities have taken a less aggressive approach to enforcement than the U.S. OFAC and OFSI's financial penalties for sanctions breaches had been relatively low. However, in February 2020, OFSI imposed a fine in excess of £20 million on Standard Chartered Bank, which was its first and only multi-million pound fine since its inception in 2016.

Analysis

- 8.11 U.K. Sanctions will apply to:
- (a) any Group employees or directors who are based in the U.K. or who undertake any activities in the U.K.;
 - (b) any U.K. nationals who are employees of any of the companies in the Group, regardless of which company they work for or where they are resident/located; and
 - (c) to any Group entity which undertakes activities within the U.K.'s territory.
- 8.12 Subject to the above, U.K. Sanctions will not *prima facie*, apply to any entities within the Group which are not in the U.K. or doing business in the U.K. or any members or employees/directors of the Group who do not fall into one the above categories. As such, all operating Group companies will not be subject to the U.K. Sanctions.
- 8.13 Nevertheless, for prudence's sake, we have undertaken a search of the U.K. Consolidated List, the U.K. Capital Markets Restrictions List and the U.K. HR Sanctions List. None of the Company's or Group's counterparties from the Identified Regions is currently listed as designated entities. Based on searches of publicly available information, there is no indication that these counterparties have been listed as a U.K.-designated entity (and subsequently delisted) at any point during the Track Record Period. Further, those searches do not indicate that any of the counterparties from the Identified Regions appear to be owned or controlled by, or have any links to, any Sanctioned Targets.

9. AUSTRALIA SANCTIONS

Overview of Australian Sanctions Regime

- 9.1 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**").
- 9.2 The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to:
- (a) any person in Australia;
 - (b) any Australian anywhere in the world;
 - (c) activities in Australia;
 - (d) companies incorporated overseas that are owned or controlled by Australians or persons in Australia; and/or
 - (e) any person using an Australian flag vessel or aircraft to transport goods or transact services subject to UN sanctions.
- 9.3 The ASO maintains the Consolidated List of all persons and entities designated for the purposes of sanctions regimes implemented under Australian sanction laws. 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 sanctions law.
- 9.4 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**"). The Act prohibits a person from engaging in conduct that is in breach of the sanctions laws. 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. 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.

Analysis

9.5 The Company has confirmed that no Australian citizens employed or otherwise engaged by the Group have been involved in any way, including in the negotiation or approval of, or with the on-going performance of, or in any wider decision making capacity, with respect to any of the Group's dealings involving the Identified Regions.

9.6 On the basis that neither the Company nor any of its subsidiaries is:

- (a) a person in Australia;
- (b) an Australian citizen or an Australian registered body corporate;
- (c) owned or controlled by an Australian registered body corporate;
- (d) using an Australian flag vessel or aircraft to transport goods or transact services subject to Australian autonomous sanctions,
- (e) a member of the Group directly or indirectly re-exports any Australia-origin technology, goods or software from Australia; or
- (f) none of the Group's services or products (or any components) contain any components, software, or technology exported from Australia;

Australia sanctions will not *prima facie* apply to any entities within the Group.

9.7 Nevertheless, for prudence's sake, we have undertaken a search of the AUS Consolidated List. None of the Group's counterparties from the Identified Regions is currently listed on the AUS Consolidated List as designated entities who are subject to targeted financial sanctions or travel bans under Australian law.

10. Others

10.1 Sanctioned Trader

- (a) The Group is not a Sanctioned Trader as no revenue during the Track Record Period was identified to be derived from business activities with Sanctioned Targets based on the information provided by the Company.

10.2 Sanctioned Target

For completeness, no member of the Group has been designated as a Sanctioned Target, nor is it located, incorporated, organised or resident in a Sanctioned Country.

10.3 Export Controls of Other Jurisdictions that are not Relevant Jurisdictions

- (a) During the Track Record Period, the Group had business dealings with a supplier incorporated in Singapore which supplied ethanoic acid, methanol and ethyl acetate for the Group.
- (b) Singapore is a U.N. member state and implements U.N. sanctions by virtue of the United Nations Act 2001 (Cap. 339) ("UNA"). UNA which applies to non-financial institutions and individuals, and, through regulations issued by the Monetary Authority

of Singapore ("**MAS**") under the Monetary Authority of Singapore Act 1970 ("**MAS Act**"), which apply to financial institutions.

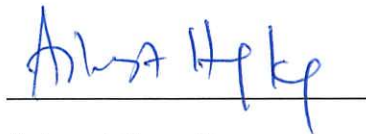
- (c) In response to Russia's invasion of Ukraine, Singapore also implemented unilateral sanctions against Russia. Lastly, Singapore applies targeted financial sanctions against individuals and entities designated as terrorists by either the UNSC or the Singapore government, pursuant to the Terrorism (Suppression of Financing) Act ("**TSOFA**"). The relevant individuals and entities are designated by the Inter-Ministry Committee on Terrorist Designation pursuant to the United Nations Security Council Resolution 1373 relating to terrorism.
- (d) The sanctions regime in Singapore has a dual approach where the United Nations Security Council resolution are generally implemented through regulations made under the UNA, while regulations targeting financial institutions are implemented under the MAS Act. In addition, TSOFA gives effect to the International Convention for the Suppression of the Financing of Terrorism.

Analysis

Singapore does not have a consolidated searchable list of sanctioned individuals and entities. The MAS does maintain a website with links to the relevant U.N. lists as well as the schedule of terrorist / terrorist entities under the TSOFA.

For prudence's sake, we have undertaken a search of the United Nations Security Council resolution and the said website maintained by the MAS. Neither the entities in our Group nor the supplier the Group had dealings with is red-flagged under aforesaid search results. Therefore, Singapore sanctions and export control laws will not *prima facie* apply to any entities within the Group.

Should you have questions regarding this memorandum or would like to discuss the information set out in this memorandum, please contact Li Jiang at Li.Jiang@ashurst.com or Ashurst sanctions team at project.soaringdragon@ashurst.com.

A handwritten signature in blue ink, appearing to read "Ashurst HK", is written over a horizontal line.

Ashurst Hong Kong

ANNEX I

ASSUMPTIONS AND QUALIFICATIONS

1. Reliance

This memorandum is privileged and confidential. It has been prepared for the benefit of the Company in connection with the Offering. The conclusion made based on our reasoned analysis of the relevant facts to the applicable International Sanctions laws does not necessarily represent the view of, nor does it bind, the sanctions authorities in the various Relevant Jurisdictions, which have discretion in deciding on whether to investigate or enforce sanctions related matters.

Except for the Company, this memorandum is not to be disclosed to, or relied on by, any other person or for any other purpose or quoted or referred to in any public document or filed with any government or other agency or other person except with our prior written consent (and in accordance with any conditions stated in such consent). We hereby give our consent for this memorandum to be disclosed to, but not relied on by, the Sole Sponsor.

2. Assumptions

2.1 General

In conducting our due diligence and for the purposes of preparing this memorandum, we have made certain assumptions. The fact that we have made an assumption in this memorandum does not imply that we have made any enquiry to verify any such assumption so made.

The persons involved in the production of this memorandum are not, to the best of their knowledge, aware of any circumstances which would affect the correctness of any assumption.

No assumption is limited by reference to any other assumption or qualification.

This memorandum deals only with the International Sanctions in force as of the Latest Practicable Date. For the avoidance of doubt, we are under no obligation to update this memorandum or advise any recipient of this memorandum about any changes in International Sanctions after the Latest Practicable Date. Except for the International Sanctions discussed in this memorandum, no opinion, advice and view is expressed or implied as to the law of any other country or territory, or as to other matters of fact.

2.2 Assumptions as to the information in the documents provided

We have assumed that:

- (a) all documents provided to us are reliable, accurate and complete;
- (b) no document has been tampered with, modified or edited in any way by any person once it has been made available (electronically or otherwise), except to the extent notified to us; and
- (c) all information and comments made to us and responses provided to us by the Group were reliable, accurate and complete.

2.3 Assumptions as to validity of documents

In relation to the documents provided, we have assumed as follows:

- (a) the authenticity, completeness and conformity of originals of all copies of documents;

- (b) where a document reviewed was in a draft form, that it has been or will be executed in the form of that draft;
- (c) that all documents are within the capacity and power and for the corporate benefit of, and have been or will be validly authorised, executed and delivered by, each party to them, and constitute legal, valid and binding obligations of those parties, enforceable in accordance with their terms under all applicable laws;
- (d) that in respect of any documents containing conditions precedent to the operation of part or all of that document, all conditions precedent have been satisfied or waived in accordance with the terms of the document;
- (e) the authenticity of all signatures, seals and dates and of any stamp duty paid or marked on documents;
- (f) that all documents that should have been stamped, have been or will be duly stamped and will not incur penalties or fines for late or inadequate stamping; and
- (g) that the relevant parties have not engaged in any conduct which amounts to a breach of any of their respective contractual obligations and the contracts have not been terminated or varied, except to the extent expressly identified in this memorandum.

3. **Qualifications**

This memorandum is subject to the following qualifications:

- (a) This memorandum is not intended as a full due diligence review of all issues relating to International Sanctions, nor is it intended to provide an assessment of any policies or procedures implemented by the Group to ensure compliance with the International Sanctions.
- (b) We have not undertaken any independent verification of any of the information supplied to us.
- (c) We have not made any investigations, enquiries or searches other than those specifically referred to in this memorandum.
- (d) The information contained in government records is not necessarily accurate or up to date.
- (e) Information concerning the Group may be known by our partners or employees who have not been directly involved in the preparation of this memorandum – we have not made any attempt to collate such information and will not be taken to be aware of such information for the purposes of this memorandum.
- (f) The statements made and the opinions expressed in this memorandum are given only to the extent that a law firm, having the role described in this memorandum could reasonably be expected to have become aware of relevant facts and to have identified implications of those facts.
- (g) We specifically disclaim any special knowledge, skills or expertise in any capacity other than that of legal advisers, including any of a financial, business, statistical, information technology, insurance, accounting, taxation or valuation nature or otherwise.
- (h) In preparing this memorandum, we have not:
 - (i) reviewed any financial statements of the Group;
 - (ii) interviewed any directors or members of the senior management of the Group;

- (iii) considered in detail whether all procedural steps have been complied with prior to the grant of any licenses, permits, consents, registrations and approvals. Our assumption has been that if a license, permit, consent, registration or approval has been granted, it is valid;
- (iv) carried out any legal, financial, accounting, taxation, tax structuring or operational analysis in relation to the Group or their activities save as those specifically referred to in this memorandum;
- (v) reviewed any environmental report or environmental study;
- (vi) undertaken any commercial analysis of the Offering;
- (vii) conducted any license or litigation related searches; or
- (viii) undertaken any physical examination of the Group's offices or premises.

4. **Screening Methodology Limitations**

Our sanctions screening of the Screened Suppliers and Customers is subject to the following limitations:

- (a) Because the Company does not routinely collect information about the identities of the upstream owners of counterparties, screening work was not performed on any of the counterparties' owners/controllers. It is therefore possible that the ultimate legal and/or beneficial owner(s) of certain customers are in fact sanctioned under any U.S. sanctioned programs, and the sanction measures imposed against the sanctioned persons to likewise apply to the relevant customer if owned, directly or indirectly, 50% or more by such owner(s).
- (b) The screening of the names of counterparties provided the Company using the Lexis Bridger screening software compares the entered name against relevant lists and returns potential matches. The system can identify ownership relationships and other affiliations linking the entered counterparty to direct or indirect shareholders, subsidiaries, or affiliates that may be Sanctioned Targets only when such information is publicly available. In some instances, affiliations with Sanctioned Targets were detected though near-matches with the names of Sanctioned Targets indicated obvious affiliations.
- (c) We have screened all customers and suppliers, the transactions with which would be subject to the relevant sanctions regimes and/or HKEx's requirements. Our screening methodology relied on a risk-based approach as recommended by international sanctions regulators, which we understand should sufficiently cover all sanctions exposure for the Group. Especially with respect to risks under US secondary sanctions, the measures differ by sanctions regimes but generally apply to "material" or "significant" transactions with an SDN or an entity owned 50% or more by such SDN.
- (d) The screening was conducted as of the date of this memorandum. Accordingly, this methodology would not detect scenarios in which an entity was designated at the time of the relevant transactions, but subsequently de-listed and thus not included on the consolidated list (if available) of the relevant country / region at the time of screening. For the same reasons, this methodology would not detect scenarios in which a party was designated after the screening date, or in which the specific restrictions and licensing requirements applicable to a party were changed after the screening date.