Hogan Lovells

MEMORANDUM

Hogan Lovells

11th Floor, One Pacific Place

88 Queensway

Hong Kong

T +852 2219 0888

F +852 2219 0222

www.hoganlovells.com

TO	**CIG SHANGHAI CO., LTD.**
	上海剑桥科技股份有限公司
CC	**Guotai Junan Capital Limited**
	Guotai Junan Securities (Hong Kong) Limited
FROM	Hogan Lovells
DATE	October 16, 2025
	Privileged and Confidential
SUBJECT	**Memorandum of Advice – Sanctions analysis in accordance with the Chapter 4.4 Guidance**

---

1. Introduction and Scope

1.1 We have acted as the international sanctions counsel to CIG Shanghai Co., Ltd. (the "**Company**") in connection with the proposed initial public offering (the "**Global Offering**") and listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEX**").

1.2 In light of Chapter 4.4 of the Guide for New Listing Applicants (the "**Chapter 4.4 Guidance**") effective from January 2024 and updated in May 2024, this memorandum assesses whether (i) the Company and its subsidiaries (the Company and its subsidiaries together, the "**Group**") has engaged in any Primary Sanctioned Activity (as defined below) that violates applicable laws or regulations in the Relevant Jurisdiction(s) (as defined below), and/or results in any material sanctions risk to the Relevant Persons (as defined below); (ii) the Group has engaged in any Secondary Sanctionable Activity (as defined below) that would likely result in the imposition of any sanctions against the Relevant Persons; and (iii) the Group is a Sanctioned Target (as defined below), is located, incorporated, organized or resident in a Sanctioned Country (as defined below), or is a Sanctioned Trader (as defined below).

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

1.4 For the purpose of this memorandum and consistent with the Chapter 4.4 Guidance, the following terms and expressions shall have the respective meanings set out below:

"**International Sanctions**" means rules and regulations related to economic sanctions programs administered by the Relevant Jurisdictions and U.S. export controls.

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

"**Relevant Jurisdiction**" means any jurisdiction that is relevant to the Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets of certain countries, governments, persons or entities targeted by such law or regulation. For the purpose of this memorandum, the Relevant Jurisdictions include the United States ("**U.S.**"), the European Union ("**EU**"), the United Nations ("**UN**"), the United Kingdom ("**UK**") and Australia.

"**Relevant Persons**" means the Company, together with its investors and shareholders and persons who might, directly or indirectly, be involved in permitting the listing, trading, clearing and settlement of its shares, including the HKEX, Guotai Junan Capital Limited ("**GTJA**") (as the sole sponsor) and/or Guotai Junan Securities (Hong Kong) Limited ("**GTJAS**") (as an overall coordinator) and related group companies.

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

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

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

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

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

"**EAR**" means the United States Export Administration Regulations, 15 C.F.R. Parts 730-774, administered by Commerce Department's Bureau of Industry and Security.

"**Military End User**" means the national armed services (army, navy, marine, air force or coast guard), as well as the national guard and national police, government intelligence or reconnaissance organizations, or any person or entity whose actions or functions are intended to support "military end uses." This definition is in line with the definition of Military End User as set out in 15 CFR § 744.21(g).

"**Military End Use**" means incorporation into a military item described on the United States Munitions List ("USML") (22 CFR Part 121, International Traffic in Arms Regulations); incorporation into items classified under Export Control Classification Numbers (ECCNs) ending in "A018" or under "600 series" ECCNs; or any item that supports or contributes to the operation installation, maintenance, repair, overhaul, refurbishing, "development," or "production," of military items described on the USM, or items classified in ECCNs ending in "0A18" or under "600 series" ECCNs (collectively with "military end user," the MEU rules). This definition is in line with the definition of Military End Use as set out in 15 CFR § 744.21(f).

"**Military-Intelligence End User**" means any intelligence or reconnaissance organization of the armed services (army, navy, marine, air force, or coast guard); or national guard.

"**Military-Intelligence End Use**" means the "development," "production," operation, installation (including on-site installation), maintenance (checking) repair, overhaul or refurbishing of, or incorporation into, items described on the USML or classified in ECCNs "0A18" or under "600 series" ECCNs, which are intended to support the actions or functions of a "military-intelligence end user," (collectively with "military-intelligence end user," the MIEU rules).

1.5 This memorandum provides preliminary analysis in accordance with the Chapter 4.4 Guidance based on the facts provided to date to assess the Group's compliance with the International Sanctions and, where appropriate, sets forth certain recommendations in regard to Sanctioned Activities. This memorandum is not intended as a full due diligence review of these issues, nor is it intended to provide any assessment of the Group's existing policies or wider procedures implemented to manage its compliance with rules and regulations related to the International Sanctions.

1.6 In preparing this memorandum, Hogan Lovells reviewed the Company's responses to the "*International Sanctions Due Diligence Checklist*" dated February 10, 2025 (the "**Sanctions DD Checklist**"), prepared by Hogan Lovells, and related e-mail correspondence. We have also reviewed the information contained in the Company's prospectus prepared in connection with the Global Offering, as that document being amended from time to time during the Global Offering (the "**Prospectus**"). The Group's responses to the Sanctions DD Checklist have included various documents that relate to the subject matter of the Sanctions DD Checklist, and we have reviewed those documents as part of our preparation of this memorandum. In particular, we are advised by the Company that, during three years ended December 31, 2024 and six months ended June 30, 2025 (the "**Track Record Period**"), the Group had transactions with the following entity:

(a) Huawei Technologies Co., Ltd. (华为技术有限公司) ("**Huawei Technologies**").

1.7 As to matters of fact material to the conclusion stated herein, we have relied on the representations and statements of fact made in the documents we reviewed or made by the Group. We have not independently verified or established the facts so relied on.

1.8 As of the date of this memorandum, "**Sanctioned Countries**" within the meaning of the Chapter 4.4 Guidance include: Cuba, Iran, Kherson region, North Korea, Syria, the Crimea region of Ukraine/Russia, the so-called Donetsk People's Republic ("**DPR**"), Luhansk People's Republic ("**LPR**") regions of Ukraine and Zaporizhzhia region. We note that, during the Track Record Period, the Group had transactions with (1) the following countries or territories for which Relevant Jurisdictions maintain various forms of sanctions programs in place (albeit not a "general and comprehensive export, import, financial or investment embargo" within the meaning of the Chapter 4.4 Guidance): Balkans (Serbia), Hong Kong SAR, Iraq and Lebanon ("**Relevant Regions**"); and (2) the following Sanctioned Target: Huawei Technologies.

1.9 This memorandum is based on the understanding and assumptions detailed herein. Hogan Lovells relies on the completeness and accuracy of the information given to it by the Company. If any of the assumptions are incorrect, or any changes occur in or correction to the information given, the Company is recommended to inform Hogan Lovells so that it can confirm the content of this analysis.

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

2. CONCLUSION

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

(a) During the Track Record Period, the Group did not engage in Primary Sanctioned Activity because there were no activities in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target, by the Company and its subsidiaries incorporated or located in a Relevant Jurisdiction (if applicable) or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation. As such, the Group did not represent a violation of the applicable sanctions law or regulation in the Relevant Jurisdictions that could result in any material sanctions risk to the Relevant Persons, and, in assessing the materiality, we have taken into account the likelihood of the imposition of potential sanctions and the severity of the potential sanctions;

(b) The Group did not engage during the Track Record Period in Secondary Sanctionable Activity because there were no activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. As such, it is highly unlikely that the Group's activities would result in the imposition of sanctions on the Relevant Persons;

(c) None of the Group's customers in the Relevant Regions has been designated as a Sanctioned Target;

(d) None of the Group entities has been designated as a Sanctioned Target, nor is it located, incorporated, organised or resident in a Sanctioned Country; and

(e) The Group is not a Sanctioned Trader because it did not derive a material portion of its revenue (10% or more) during the Track Record Period from business activities with Sanctioned Country entities or persons or with Sanctioned Targets (in fact, no such revenue derived from business activities with Sanctioned Country entities or persons or with Sanctioned Targets was identified).

2.2 As no material sanctions risks are identified, the Company and/or its shareholders are not required to make undertakings pursuant to the Chapter 4.4 Guidance, and the Company would therefore not be deemed unsuitable for listing.

3. EXECUTIVE SUMMARY

3.1 The Group is a provider of critical AI infrastructure. The Group provides connectivity solutions across photonics, broadband, and wireless.

3.2 Based on the information provided by the Company on behalf of the Group:

(a) In relation to the Group's transactions with the Relevant Regions:

(i) During the Track Record Period, the Group sold its AI infrastructure products to the Relevant Regions.

(b) In relation to the Group's transactions with Huawei Technologies:

(i) During the Track Record Period, the Group provided design and manufacturing services to Huawei Technologies domestically in China, transactions were denominated in RMB and did not involve exports or transactions outside the Chinese border. For the Group to provide the design and manufacturing services, Huawei Technologies provided raw materials and accessories to the Company, none of the raw materials and accessories are subject to the EAR, the Company then delivered the finished products to Huawei Technologies after manufacturing.

(ii) Huawei Technologies was designated by the Bureau of Industry and Security ("**BIS**") on the Entity List effective from May 21, 2019. Provision of items subject to the Export Administration Regulation ("**EAR**") without a licence from BIS to Huawei Technologies is prohibited. License application is subject to a presumption of denial.

(iii) Huawei Technologies was designated by the Office of Foreign Assets Control ("**OFAC**") on the Non-SDN Chinese Military-Industrial Complex Companies ("**CMIC**") List effective August 2, 2021. United States persons are prohibited beginning on August 2, 2021, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of Huawei Technologies unless licensed or authorized by the relevant U.S. government authority.

(c) Given the nature of the transactions involving Huawei Technologies stated above, including that the Group was not engaged in any exports or transactions of any items subject to the EAR to Huawei Technologies, export restrictions applicable to each Huawei Technologies being designated on the Entity List maintained by the BIS were not implicated.

(d) EO 13959 prohibits United States persons beginning on the effective date for the designation of a CMIC, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of any person listed as a CMIC unless licensed or authorized by the relevant U.S. government authority. Given the transactions of the Group and Huawei Technologies did not involve any purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities of Huawei Technologies, the investment and trading restrictions applicable to Huawei Technologies are not implicated.

(e) Pursuant to *15 CFR § 744.21 – "Restrictions on Certain `Military End Use' or `Military End User' in the People's Republic of China, Russia, or Venezuela*", BIS may inform and provide notice to the public that certain entities are subject to the additional prohibition ... following a determination by the End-User Review Committee that a specific entity is a `Military End User' ... and therefore any exports, reexports, or transfers (in-country) to that entity represent an unacceptable risk of use in or diversion to a `Military End Use' or `Military End User' in China, Russia, or Venezuela. Such entities may be added to supplement no. 7 to part 744—`Military End-User' List ("**MEU List**") through Federal Register notices published by BIS, and will thus be subject to a license requirement for exports, reexports, or transfers (in-country) of items specified in supplement no. 2 to part 744. The listing of entities under supplement no. 7 to part 744 is <u>not an exhaustive listing</u> of `Military End Users' for purposes of this section. Exporters, reexporters, and transferors are responsible for determining whether transactions with entities not listed on supplement no. 7 to part 744 are subject to a license requirement under paragraph (a) of this section. The process in this paragraph (b)(1) for placing entities on the MEU List is only one method BIS may use to inform exporters, reexporters, and transferors of license requirements under this section. As such, it is advised by the BIS, exporters, reexporters, or transferors must conduct their own due diligence for entities not identified in Supplement No. 7 to Part 744 of the EAR.

As defined under *15 CFR § 744.21(g),* the term 'Military End User' means the national armed services (army, navy, marine, air force, or coast guard), as well as the national guard and national police, government intelligence or reconnaissance organizations (excluding those described in § 744.22(f)(2)), or any person or entity whose actions or functions are intended to support 'military end uses' as defined in paragraph (f) of [the] section. According to paragraph (f) of [the] section, 'military end use' means: incorporation into a military item described on the U.S. Munitions List (USML) (22 CFR part 121, International Traffic in Arms Regulations); incorporation into items classified under Export Control Classification Numbers

(ECCNs) ending in "A018" or under "600 series" ECCNs; or any item that supports or contributes to the operation, installation, maintenance, repair, overhaul, refurbishing, "development," or "production," of military items described on the USML, or items classified under ECCNs ending in "A018" or under "600 series" ECCNs.

Based on Appendix B to Part 586—Executive Order 14032 of June 3, 2021 Addressing the Threat From Securities Investments That Finance Certain Companies of the People's Republic of China, Huawei Technologies was designated on the CMIC by being considered as a military-industrial complex of the People's Republic of China that involves in *"military, intelligence, and security research and development programs, and weapons and related equipment production under the People's Republic of China 's Military-Civil Fusion strategy".* Based on the foregoing, it is possible for Huawei Technologies to be viewed as a Military End User, and is therefore prohibited from receiving items described in Supplement No. 2 of Part 744 of the EAR unless licensed. Given the Group's transactions with the Huawei Technologies did not involve exports or transactions of any items subject to the EAR, the EAR restrictions applicable to Huawei Technologies were not implicated by the Group's activities with Huawei Technologies.

(f) It is also noted that, during the Track Record Period, the Company has entered into certain agreements and transactions within Mainland China with ZTE Kangxun Telecommunications Co., Ltd. (深圳市中兴康讯电子有限公司) and ZTE Optoelectronics Technology Co., Ltd. (中兴光电子技术有限公司). On the basis of our due diligence, the two said ZTE entities are not included on any of the lists maintained by OFAC, BIS or other relevant government agencies, and that these transactions do not involve any export-controlled products. Therefore, such transactions there were not made with any Sanctioned Targets.

3.3 **United States**

(a) On the basis of our due diligence conducted and the Company's confirmations that:

(i) except for the three U.S. entities listed in section 4.3 below, neither the Company nor any of its subsidiaries are incorporated in the United States. No U.S. entities were involved in the Group's activities with Huawei Technologies;

(ii) except for Mr. Gerald G Wong who is the chair of the Board of Directors and CEO of the Company, and the U.S. persons employed by the subsidiaries in the U.S., no U.S. persons are employed or otherwise engaged by the Company or its Group entities. No U.S. persons were involved in the Group's activities with Huawei Technologies;

(iii) no products supplied, sold, exported or otherwise transferred by the Group to the above entities including Huawei Technologies incorporates 10% or more (by value) of U.S.-origin content. In fact, no products were supplied, sold, exported or otherwise transferred by the Group to any entities listed on the BIS Lists (as defined as below) or SDNs (as defined as below) containing 10% or more (by value) of U.S.-origin content;

(iv) the Group had conducted U.S. export controls classifications to the products exported or sold to the Relevant Regions and Huawei Technologies are not subject to the EAR;

(v) the Group has not, during the Track Record Period, undertaken, either directly or indirectly, any contract or any other activity with a counterparty, nor has otherwise provided goods or services to any person, in Sanctioned Countries;

(vi) save for the transactions with Huawei Technologies, no products have been exported (either directly or indirectly) to any persons or entities identified on the U.S. Department of Commerce, Bureau of Industry and Security's Entity List ("**Entity List**"), Denied Parties List, Unverified List, Military-End User List, or Military-Intelligence End User List (collectively, "**BIS Lists**");

(vii) no Specially Designated Nationals and Blocked Persons ("**SDNs**") have been identified as being involved in the procurement conducted by the Group during the Track Record Period;

(viii) the Company has reviewed all transaction records since 2020 and has not identified any payments related to Sanctioned Countries during that time; and

(ix) the Group's activities with Huawei Technologies were limited to transactions set out in Section 3.2,

Hogan Lovells' assessment is that no products subject to the EAR have been exported to any persons or entities identified on the BIS Lists, and the business dealings of the Group with Relevant Regions and Huawei Technologies did not represent a violation to applicable U.S. sanctions laws and regulations.

3.4 **UN**

(a) On the basis of our due diligence conducted and the Company's confirmations that:

(i) the Group's activities with Huawei Technologies and Relevant Regions were limited to transactions set out in Section 3.2; and

(ii) the Company, for and on behalf of the Group, has confirmed that it does not have business dealings with parties targeted by UN sanctions,

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

3.5 **European Union, UK and UK Overseas Territories**

(a) On the basis of our due diligence conducted and the Company's confirmations that:

(i) neither the Company nor any of its affiliates, agents, directors, officers, or employees has or is engaged in transactions, business or financial dealings that directly or indirectly involve or benefit a person or entity listed under EU, UK or UK Overseas Territories sanctions, or has or is engaged in any other activity subject to restrictions under sectoral EU or UK sanctions;

(ii) the Company's activities with Huawei Technologies and Relevant Regions were limited to transactions set out in Section 3.2, and did not involve any products that are subject to sectoral sanctions in the EU, the UK or UK Overseas Territories;

(iii) no products supplied, sold, exported or otherwise transferred by the Group to the above entities (including Huawei Technologies) incorporates 10% or more (by value) of EU or UK-origin content;

(iv) the Company has not been, directly or indirectly, involved in the export from the EU, the UK and/or UK Overseas Territories of any items listed in the EU Common Military List or the EU Dual Use list (Annex I to Regulation (EU) 2021/821), Annex I to Council Regulation 428/2009 as retained by the European Union (Withdrawal) Act 2018 ("**the UK Dual-Use Regulation**"), or any items listed under Schedule 2 or 3 of the UK Export Control Order 2008 as amended,

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

3.6 **Australia**

(a) On the basis that:

(i) the Group or any of its subsidiaries is not:

(1) a person in Australia;

(2) an Australian citizen or Australian-registered body;

(3) owned or controlled by Australians or persons in Australia;

(4) a person using an Australian flag vessel or aircraft to transport goods or transact services subject to Australian autonomous sanctions; or

(5) engaged in any direct activities in Australia,

Hogan Lovells' assessment is that International Sanctions measures administered and enforced by the Government of Australia was not implicated by the Group's activities.

4. **COMPANY BACKGROUND**

4.1 CIG Shanghai Co., Ltd. is a joint stock company established in the PRC on March 14, 2006, the A Shares of the Company have been listed on Shanghai Stock Exchange (stock code: 603083). We have relied on the Prospectus for the Group's shareholding structure immediately prior to the reorganization, immediately before the completion of the Capitalization Issue and the Global Offering, and immediately upon completion of the Capitalization Issue and the Global Offering, respectively.

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

4.3 The Company has confirmed that except for the following entities and person, none of its, its subsidiaries, or any of the Group entities' Directors or Shareholders is a U.S., EU, UK or Australian national:

(a) Cambridge Industries USA Inc., a wholly-owned U.S.-incorporated subsidiary of the Company;

(b) Actiontec Electronics Inc., a wholly-owned U.S.-incorporated subsidiary of (a) above.

(c) Actiontec Electronics Taiwan Inc., a wholly-owned Taiwan.-incorporated subsidiary of (a) above;

(d) CIG Photonics Europe GmbH, a wholly-owned Germany-incorporated subsidiary of the Company; and

(e) Mr. Gerald G Wong, a U.S. citizen, chair of the Board of Directors and CEO of the Company.

4.4 The following table sets out the information regarding the directors of CIG Shanghai Co., Ltd.:

Director	Name	Nationality
Executive Directors	Mr. Gerald G Wong	American
	Mr. Zhao Haibo (赵海波先生)	Chinese
	Mr. Zhao Hongwei (赵宏伟先生)	Chinese
	Mr. Zhang Jie (张杰先生)	Chinese
Independent Non-executive Directors	Mr. Qin Guisen (秦桂森先生)	Chinese
	Mr. Liu Guisong (刘贵松先生)	Chinese
	Mr. Yao Minglong (姚明龙先生)	Chinese
	Ms. Yuen Shuk Yee (袁淑仪女士)	Chinese (Hong Kong)
Supervisors	Ms. Yin Ying (印樱女士)	Chinese
	Ms. Wang Huan (王欢女士)	Chinese
	Ms. Yuan Yuan (袁媛女士)	Chinese

4.5 Based on the confirmations provided by the Company, none of the products transported by the Group outside the U.S. are of U.S.-origin; the U.S. origin content contained in the products transported by the Group to Huawei are not export controlled and the amount of such U.S. origin content does not exceed 10% of the value of the products and do not incorporate U.S.-origin content.

4.6 The Company has confirmed on behalf of all the entities in the Group that, to its best knowledge, none of the products or services supplied, sold or exported or transferred by the Group are controlled under U.S. export controls or are otherwise restricted for transfer, either directly or indirectly, from the United States (or by U.S. persons) to or for use in any third country.

4.7 Based on the information provided by the Company, the Company believes that none of the products supplied, sold, exported or transferred by the Group are controlled or otherwise restricted for transfer either directly or indirectly, from the EU (or by EU persons), including the UK, or from the UK Overseas Territories (or by UK Overseas Territories nationals).

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

5.1 U.S. Economic Sanctions

(a) There are two types of U.S. economic sanctions potentially applicable to the Group:

(i) "Primary" U.S. sanctions applicable to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency or activities involving U.S.-origin goods, software, technology or services even if performed by non-U.S. persons);

(ii) "Secondary" U.S. sanctions applied extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus;

(b) **Primary Sanctions Applicable to U.S. Persons**

(i) The U.S. Treasury Department's OFAC administers U.S. sanctions programs against targeted countries, entities, and individuals. As the economic sanctions are intended to further the foreign policy goals of the United States, they vary considerably from program to program. Likewise, OFAC has wide latitude to interpret and enforce its regulations based on the foreign policy goals of the U.S. Government.

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

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

(1) In general, U.S. economic sanctions apply to "U.S. persons". The term "U.S. persons" includes:

(i) entities organized under U.S. Law (such as U.S. companies and their U.S. subsidiaries);

(ii) any U.S. company's domestic and foreign branches;

(iii) any individual who is a U.S. citizen or permanent resident alien ("green card" holder), regardless of his or her location in the world;

(iv) any individual, regardless of his or her nationality, who is physically present in the United States; and

(v) U.S. branches or U.S. subsidiaries of non-U.S. companies.

(2) In the case of U.S. sanctions applicable to Iran and Cuba, primary sanctions specifically apply to all foreign subsidiaries of U.S. companies and any other entities owned or controlled by U.S. persons (such as 50/50 joint ventures, for example). See Section 218 of the Iran Threat Reduction and Syria Human Rights Act of 2012, H.R. 1905 (PL 112-158), implemented by OFAC as section 560.215 of the Iranian Transactions and Sanctions Regulations ("**ITSR**"), which makes parent companies liable for their foreign subsidiaries' Iranian sanctions violations, and Section 515.329 of the Cuban Assets Control Regulations ("**CACR**").

(3) In the case of U.S. sanctions applicable to other countries in the Relevant Regions, such primary sanctions only apply to U.S. persons as defined above, not to their foreign subsidiaries or to non-U.S. companies.

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

(5) The facilitation concept is broad. In general, a U.S. person is not permitted to facilitate in any way activities of a third party with a Sanctioned Country or a sanctioned person if the U.S. person itself could not directly engage in the underlying activity. Usually it arises in the context of parent companies and their subsidiaries or between

affiliates, where one entity is jurisdictionally required to comply but the other is not. The issue may also arise in the dealer/sub-dealer context, where the dealer is dependent on support from its supplier/partner. "Facilitation" may include the following activities:

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

(i) Alters its operating policies or procedures, or those of a foreign affiliate, to permit a foreign affiliate to accept or perform a specific contract, engagement or transaction involving a party in or the government of Iran without the approval of the U.S. person, where such transaction previously required approval by the U.S. person and such transaction by the foreign affiliate would be prohibited by this part if performed directly by a U.S. person or from the United States;

(ii) Refers to a foreign person purchase orders, requests for bids, or similar business opportunities involving a party in or the government of Iran to which the U.S. person could not directly respond as a result of U.S. sanctions laws or regulations; or

(iii) Changes the operating policies and procedures of a particular affiliate with the specific purpose of facilitating transactions that would be prohibited by this part if performed by a U.S. person or from the United States." ITSR § 560.417.

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

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

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

1. Comprehensive sanctions programs prohibit U.S. persons from dealing in any manner with Sanctioned Countries and their governments, as well as with any persons or entities in those countries or territories. Currently, the United States maintains comprehensive sanctions against: Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine/Russia

and LPR or DPR regions (comprehensive OFAC sanctions against Sudan were terminated as of October 12, 2017). Generally, comprehensive country sanctions prohibit transactions with or services in, from or benefitting the targeted country or any persons/entity in it. However, the comprehensive country sanctions may also be applicable to transactions outside the country (for example, restricting dealings in goods or services originating from a Sanctioned Country, or with persons who ordinarily reside in the Sanctioned Country).

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

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

1. terrorists and terrorist organizations;

2. narcotics traffickers;

3. persons involved in the proliferation of weapons of mass destruction;

4. persons or entities undermining democratic processes, freedom of expression, or those involved in human rights abuses or censorship activities, among other targeted activities; and

5. individuals and entities that the U.S. Government considers to be "arms" of the sanctioned governments identified above.

(iii) U.S. persons are not permitted to have any dealings whatsoever with or facilitate dealings with parties designated on the SDN List (or entities owned at 50% or higher level, directly or indirectly, by SDNs) unless authorized by OFAC. The SDN List is updated often, and is available on OFAC's website at https://sdnsearch.ofac.treas.gov/. Numerous vendors also provide screening solutions that can be tailored to fit a particular business' needs and IT systems.

(v) **Application to the Balkans**

(1) The United States sanctions regime in relation to the Balkans commenced in 2001, with the issuance of Executive Order 13219 on June 27, 2001. It was issued in response to persons engaged in or assisting extremist violence in the former Yugoslav Republic of Macedonia, southern Serbia, the Federal Republic of Yugoslavia and elsewhere in the Western Balkans region; and acts obstructing the implementation of the Dayton Accords in Bosnia or the UN Security Council Resolution 1244 in Kosovo.

(2) On June 27, 2001, the President issued Executive Order 13219 "Blocking Property of Persons Who Threaten International Stabilization Efforts in the Western Balkans" pursuant to, inter alia, the International Emergency Economic Powers Act ("**IEEPA**"), the National Emergencies Act ("**NEA**") and section 301 of title 3, United States Code.

(3) Executive Order 13219 blocked all property and interests in property of the persons listed in its Annex and of persons determined by the Secretary of the Treasury, after consultation with the Secretary of State to have engaged in sanctionable activities. The Executive Order also prohibits the making of donations (as specified in section 203(b)(2) of IEEPA) for the benefit of any person listed in, or designated pursuant to Executive Order 13219. These prohibitions include, but are not limited to, the making of any contribution or provision of funds, goods, or services by, to or for the benefit of any person listed in the Executive Order, by any U.S. person, or person within the United States. The names of these specific individuals and entities are included in the SDN List (the restrictions also extend to

any entities that are owned, directly or indirectly, individually or in the aggregate, 50% or greater by SDNs).

(4) On May 29, 2003 the President issued Executive Order 13304, "Termination of Emergencies with Respect to Yugoslavia and Modification of Executive Order 13219". This Order dealt primarily with previous Executive Orders in relation to the former Federal Republic of Yugoslavia (Serbia and Montenegro). It also replaced and superseded in its entirety the Annex to Executive Order 13219, with the Annex attached to Executive Order 13304. Executive Order 13304 incorporated the Trade Sanctions Reform and Export Enhancement Act of 2000 into Executive Order 13219. Executive Order 13304 also added a provision into Executive Order 13219 stating that as persons listed in the new Annex who may have a constitutional presence in the United States, and could therefore transfer funds or assets instantaneously, there was no need to give prior notice to such persons of any measures taken pursuant to the Order.

(5) On June 8, 2021, President Biden issued a new Executive Order 14033, "Blocking Property and Suspending Entry Into the United States of Certain Persons Contributing to the Destabilizing Situation in the Western Balkans," which broadens the legal basis for designating parties as SDNs to include those found:

i. to be responsible for or complicit in, or to have directly or indirectly engaged in, actions or policies that threaten the peace, security, stability, or territorial integrity of any area or state in the Western Balkans;

ii. to be responsible for or complicit in, or to have directly or indirectly engaged in, actions or policies that undermine democratic processes or institutions in the Western Balkans;

iii. to be responsible for or complicit in, or to have directly or indirectly engaged in, a violation of, or an act that has obstructed or threatened the implementation of, any regional security, peace, cooperation, or mutual recognition agreement or framework or accountability mechanism related to the Western Balkans;

iv. to be responsible for or complicit in, or to have directly or indirectly engaged in, serious human rights abuse in the Western Balkans;

v. to be responsible for or complicit in, or to have directly or indirectly engaged in, corruption related to the Western Balkans, including corruption by, on behalf of, or otherwise related to a government in the Western Balkans, or a current or former government official at any level of government in the Western Balkans, such as the misappropriation of public assets, expropriation of private assets for personal gain or political purposes, or bribery;

vi. to have provided material assistance to, or is owned or controlled by, or have acted or purported to act for or on behalf of any SDN designated under this new executive order.

(6) This new Executive Order effectively defines the term "Western Balkans" to cover Albania and the former territory of the Socialist Federal Republic of Yugoslavia (currently, that territory covers the following UN member countries: Slovenia, Croatia, Bosnia & Hercegovina, Serbia, Montenegro and Northern Macedonia).

(vi) **Application to Hong Kong**

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

(2) On the same day, the President issued the Executive Order on Hong Kong Normalization ("**EO 13936**"). This EO, among other actions, authorizes the imposition of sanctions on foreign persons determined to be involved in developing, adopting, and/or implementing China's National Security Law, among other actions. The EO blocks any transactions or transfers involving any and all property and/or interests in the United States of anyone the Secretary of State in consultation with the Secretary of Treasury (or vice versa):

(i) 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.

(ii) To be responsible for or complicit in, or to have engaged in, directly or indirectly, any of the following:

1. Actions or policies that undermine democratic processes or institutions in Hong Kong.

2. Actions or policies that threaten the peace, security, stability, or autonomy of Hong Kong.

3. 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.

4. 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.

(iii) To be or have been a leader or official of:

1. An entity, including any government entity, that has engaged in, or whose members have engaged in, any of the activities described above.

2. An entity whose property and interests in property are blocked pursuant to EO 13936.

3. 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.

4. 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.

(iv) 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, US sanctions extend to dealings with any non-listed entity in which those SDNs hold, directly or indirectly, individually or in the aggregate, 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) **Application to Iraq**

(1) In response to Iraq's invasion of Kuwait on August 2, 1990, the United States imposed comprehensive sanctions, including a trade embargo against Iraq and a freeze of the assets of the then-Iraqi government, which were implemented in the Iraqi Sanctions Regulations, 31 C.F.R. Part 575. In the following years, a series of Executive Orders adjusted the sanctions in response to events in Iraq. On September 13, 2010, OFAC published final rules removing the Iraqi Sanctions Regulations from 31 C.F.R. Chapter V and adding a more limited set of restrictions in the Iraq Stabilization and Insurgency Sanctions Regulations, 31 C.F.R. Part 576 (the "**ISISR**"), in implementation of Executive Order 13303 of May 22, 2003, Executive Order 13315 of August 28, 2003, Executive Order 13350 of July 29, 2004, Executive Order 13364 of November 29, 2004, and Executive Order 13438 of July 17, 2007. The ISISR contain the current limited OFAC restrictions involving Iraq and Iraqi property but they do not broadly prohibit all trade with Iraq.

(2) During the Track Record Period, there have been no broad-based sanctions in place against Iraq, but there are certain prohibitions and asset freezes against SDNs (e.g., specific individuals and entities associated with the former Saddam Hussein regime, as well as parties determined to have committed, or to pose a significant risk of committing, an act of violence that has the purpose or effect of threatening the peace or stability of Iraq or the Government of Iraq or undermining efforts to promote economic reconstruction and political reform in Iraq or to provide humanitarian assistance to the Iraqi people). In addition to these targeted sanctions, the ISISR impose some specific prohibitions designed to protect certain Iraqi property and contain certain provisions dealing with residual restrictions from the 1990 Iraqi sanctions.

(3) The ISISR also prohibit the trade in or transfer of ownership or possession of Iraqi cultural property or other items of archaeological, historical, cultural, rare scientific, and religious importance that were illegally removed, or for which a reasonable suspicion exists that they were illegally removed, from the Iraq National Museum, the National Library, and other locations in Iraq since August 6, 1990.

(4) With certain exceptions, U.S. persons are prohibited from dealing with persons listed on the SDN List, and all property in which any blocked person has an interest is blocked if it is in the United States or in the possession or control of a U.S. person, wherever located. Entities which a designated party owns (defined as an ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is separately named on OFAC's SDN List.

(5) Property and interests in property that come under the control of U.S. military forces and their coalition partners in Iraq under the command or operational control of the commander of the U.S. Central Command are authorized and exempt from the blocking provisions. Moreover, ISISR do not prohibit sale to non-SDNs in Iraq of non-U.S. origin consumer products and the other items in which the Group trades.

(viii) **Application to Lebanon**

(1) Currently, the U.S. government maintains targeted list-based sanctions against the Lebanon. These sanctions only block the property and interests in property of SDNs as well as those entities which an SDN owns (defined as an ownership interest of 50% or more, individually or in the aggregate). These regulations are set forth at 31 C.F.R. Part 549. For Lebanon sanctions purposes, persons and entities can be designated as SDNs for having engaged in the following activities in violation of Executive Order 13441:

(i) to have taken, or to pose a significant risk of taking, actions, including acts of violence, that have the purpose or effect of undermining Lebanon's democratic processes or institutions, contributing to the breakdown of the rule of law in Lebanon, supporting the reassertion of Syrian control or otherwise contributing to Syrian interference in Lebanon, or infringing upon or undermining Lebanese sovereignty;

(ii) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, such actions, including acts of violence, or any person described above; or

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

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

(ix) **Application to the Group**

(1) Except for the three U.S. entities listed in section 4.3 above, neither the Company nor any of its subsidiaries are incorporated in the United States. No U.S. entities were involved in the Group's activities with Huawei Technologies.

(2) Except for Mr. Gerald G Wong who is the chair of the Board of Directors and CEO of the Company, and the U.S. persons employed by the subsidiaries in the U.S., no U.S. persons are employed or otherwise engaged by the Company or its Group entities. No U.S. persons were involved in the Group's activities with Huawei Technologies.

(3) No products supplied, sold, exported or otherwise transferred by the Group incorporate 10% or more (by value) of U.S.-origin content. In fact, no products were supplied, sold, exported or otherwise transferred by the Group to Huawei Technologies.

(4) The Group had conducted U.S. export controls classifications to the products exported or sold to the Relevant Regions and Huawei Technologies are not subject to the EAR.

(5) The Group has not, during the Track Record Period, undertaken, either directly or indirectly, any contract or any other activity with a counterparty, nor has otherwise provided goods or services to any person, in Sanctioned Countries.

(6) Save for the transactions with Huawei Technologies, no products have been exported (either directly or indirectly) to any persons or entities identified on the U.S. Department of Commerce, Bureau of Industry and Security's BIS Lists.

(7) No SDNs have been identified as being involved in the procurement conducted by the Group during the Track Record Period.

(8) The Company has reviewed all transaction records since 2020 and has not identified any payments related to Sanctioned Countries during that time.

(9) The Group's activities with Huawei Technologies were limited to transactions set out in Section 3.2.

Hogan Lovells assessment is that the business dealings of the Group with Huawei Technologies and Relevant Regions did not represent a violation of the U.S. primary sanctions.

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

(i) The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in certain defined activities, including:

(1) those who are dealing in "confiscated" property in Cuba;

(2) those who are engaging in certain Syria- or Iran-related activities, including certain targeted sectors of Iranian, North Korean, Belarussian, Burmese, Russian and Venezuelan economy;

(3) those who are found to "operate in" the Crimea, DPR or LPR region or in the targeted sectors of Venezuelan economy (gold, oil, financial, defense/security), Russian economy (energy, metals and mining, quantum computing, defense, technology, financial services, aerospace, marine, electronics, accounting, management consulting and trust/corporate formation sectors), North Korean economy (construction, energy, financial services, fishing, information technology, manufacturing, medical, mining, textiles, or transportation), Burmese (defense), or Belarussian economy (defense and related materiel, security, energy, potassium chloride (potash) sector, tobacco products, construction, or transportation);

(4) those engaging in a "significant" importation from or exportation to North Korea of any goods, services, or technology;

(5) those engaging in "significant" transactions with Iranian or Russian SDNs; and

(6) those who are engaging in the provision of "material assistance" or support to most types of SDNs (including SDNs designated under the Ukraine/Russia sanctions programs, among others).

(ii) The Company has, for and on behalf of the Group has confirmed that based on their due diligence process, it has no dealings involving Kherson region, Zaporizhzhia region, Crimea, DPR/LPR regions of Ukraine, Cuba, Iran, North Korea, Syria, and Venezuela or with any SDNs. For those reasons, Hogan Lovells' assessment is that the risk of the Group or Relevant Persons facing exposure to secondary U.S. sanctions is low.

(d) **The Offering**

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

(ii) We note from the draft Prospectus as of October 16, 2025 under which the Group's intended uses of the proceeds of the Offering are set out in detail, and we have relied on those statements in connection with our analysis; the Group has confirmed that such statements are accurate in all respects. In those statements, the Group confirms that the proceeds will be used:

(1) to enhance production capacity at the Group's facilities and co-location sites;

(2) to enhance the Group's R&D talents and skills to achieve more R&D breakthroughs;

(3) for business promotion and marketing; and

(4) for overseas strategic investments and/or acquisitions to achieve our long-term growth; and

(5) for the Group's working capital and general corporate purposes.

(iii) We also note that none of the Company and its subsidiaries, their respective shareholders, directors or officers disclosed in the Prospectus is a person or entity named on the SDN List.

5.2 **U.S. Export/Re-Export Controls**

(a) Unlike U.S. economic sanctions that follow the persons or parties involved, U.S. export controls follow the product involved. Any item that is sent from the United States to a foreign destination is an export. "Items" include commodities, software or technology, including but not limited to circuit boards, automotive parts, blueprints, design plans, retail software packages and technical information. How an item is transported outside of the United States does not matter in determining export license requirements. For example, an item can be sent by regular mail, hand-carried on an airplane, sent via facsimile, software can be uploaded to or downloaded from an Internet site, or technology can be transmitted via e-mail or during a telephone conversation. Regardless of the method used for the transfer, the transaction is considered an export (or a re-export if such U.S.-origin item is transferred from one foreign country to another).

(b) The U.S. Department of Commerce, Bureau of Industry and Security controls exports and re-exports of commercial and dual-use products, software and technology. These controls are implemented by the United States Export Administration Regulations, 15 C.F.R. Parts 730-774, administered by BIS.

(c) The EAR applies to exports of commodities, software and technology from the United States to foreign countries and to re-exports from one foreign country to another. In addition, they apply to shipments from one foreign country to another of foreign-made products that incorporate more than de minimis amount of controlled U.S. origin parts, components or materials, or are the foreign direct product of certain controlled U.S. technology. The de minimis threshold varies, from 25% for most countries to less than 10% for Iran (Cuba, North Korea, and Syria also have the 10% threshold but Crimea, DPR, and LPR regions of Ukraine have the 25% threshold), and what items are considered controlled (and thus are included in the de minimis calculation) also varies. The United States has also instituted export-related restrictions for certain commercial and dual-use items subject to the EAR when destined to Russia for certain end-uses or end-users, as well as restrictive licensing policies under the U.S. International Traffic in Arms Regulations ("**ITAR**") for export-related transactions involving defence articles and defence services intended for end-use in Russia. The ITAR export controls are administered by the U.S. Department of State Directorate of Defense Trade Controls.

5.3 **Application to Huawei Technologies**

(a) Huawei Technologies was designated by the BIS on the Entity List effective from May 21, 2019. Provision of items subject to the EAR without a licence from BIS to Huawei Technologies is prohibited. License application is subject to a presumption of denial.

(b) Huawei Technologies was designated by the OFAC) on the CMIC List effective August 2, 2021. United States persons are prohibited beginning on August 2, 2021, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of Huawei Technologies unless licensed or authorized by the relevant U.S. government authority.

5.4 **Application to the Group**

(1) The Group does not sell nor export U.S.-origin products or non-U.S. origin products that incorporate 10% or more of controlled U.S.-origin products, software or technology to Huawei Technologies and the Relevant Regions;

(2) The Group had conducted U.S. export controls classifications to the products exported or sold to the Relevant Regions and Huawei Technologies are not subject to the EAR.

(3) No U.S. persons employed or otherwise engaged by the Group have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of the Company or its Group entities Huawei Technologies and the Relevant Regions.

Hogan Lovells assessment is that the business dealings of the Group with Huawei Technologies did not represent a violation of the U.S. sanctions and export controls.

5.5 **Secondary Sanctions Applicable to Non-U.S. Persons**

(i) The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in certain defined activities, including:

(1) those who are dealing in "confiscated" property in Cuba;

(2) those who are engaging in certain Syria- or Iran-related activities, including certain targeted sectors of Iranian, North Korean, Belarussian, Burmese, Nicaraguan, Russian and Venezuelan economy;

(3) those who are found to "operate in" the Crimea or DPR/LPR regions or in the targeted sectors of Venezuelan economy (gold, oil, financial, defense/security), Nicaraguan economy (gold), Russian economy (metals and mining, quantum computing, defense, technology, maritime, aerospace, electronics, financial services, accounting, management consulting and corporate/trust formation services sectors), North Korean (construction, energy, financial services, fishing, information technology, manufacturing, medical, mining, textiles, or transportation), Burmese (defense), or Belarussian (defense and related materiel, security, energy, potassium chloride (potash) sector, tobacco products, construction, or transportation);

(4) those engaging in a "significant" importation from or exportation to North Korea of any goods, services, or technology;

(5) those engaging in "significant" transactions with Iranian or Russian SDNs; and

(6) those who are engaging in the provision of "material assistance" or support to most types of SDNs (including SDNs designated under the Ukraine/Russia sanctions programs, among others).

(ii) The Company has, for and on behalf of the Group has confirmed that based on their due diligence process, it has no dealings involving Crimea, DPR/LPR, Kherson, Zaporizhzhia, Cuba, Iran, North Korea, Syria, and Venezuela or with any SDNs. The nature of the Group's business with Huawei Technologies should not trigger U.S. secondary sanctions targeting certain industries. Accordingly, secondary sanctions are not likely to be triggered by the Group's business operations, based on our due diligence process, the Group's due diligence in this respect, as well as the information provided by the Group. For those reasons, Hogan Lovells' assessment is that the Group or Relevant Persons would not face exposure to secondary U.S. sanctions.

6. UN SANCTIONS

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

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

6.3 **Application to the Balkans**

(a) During the Track Record Period, the UN has not imposed any sanctions on the Balkans.

6.4 **Application to Hong Kong**

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

6.5 **Application to Iraq**

(a) On August 6, 1990, the UN Security Council adopted Resolution 661 (1990) imposing comprehensive sanctions on the regime of Saddam Hussein in response to Iraq's invasion of Kuwait on August 2, 1990. Most sanctions against Iraq were lifted by the adoption of Resolution 1483 (2003) on May 22, 2003, with the exception of an embargo against weapons and a prohibition on dealing in stolen Iraqi cultural property. The sanctions regime has subsequently been modified by additional resolutions, including Resolutions 1511 (2003), 1518 (2003) and 1546 (2004). Pursuant to Resolution 1518 (2003), the UN Security Council Committee ("**1518 Committee**") was established on November 24, 2003 to continue identifying senior officials of the former Iraqi regime and their immediate family members, including entities owned or controlled by them or by persons acting on their behalf, who are subject to the measures imposed by Resolution 1483 (2003).

(b) Subject to certain exceptions, the sanctions imposed against Iraq include:

(i) a prohibition on the export of arms and related material to any person in Iraq; and

(ii) an assets freeze against the previous government of Iraq (i.e. that existed prior to May 22, 2003) and any person designated by the 1518 Committee.

6.6 **Application to Lebanon**

(a) On October 31, 2005, the UNSC adopted Resolution 1636 (2005) imposing travel and financial sanctions in relation to Lebanon, in response to the terrorist bombing in Beirut on February 14, 2005 that killed former Lebanese Prime Minister Rafiq Hariri and 22 others. Additional sanctions measures were introduced with the adoption of Resolution 1701 (2006) following the conflict between Israel and Hezbollah in July 2006. These measures prohibit:

(i) the unauthorized supply, sale or transfer to Lebanon of arms or related material;

(ii) the unauthorized provision to Lebanon of any technical training or assistance related to the provision, manufacture, maintenance or use of goods referred to above; and

(iii) the use or dealing with the assets of, and the making available of assets to, persons and entities listed by the UNSC or by the Committee established by the UNSC sanctions pursuant to Resolution 1636.

(b) To date, the relevant UN Security Council Sanctions Committee has not designated any targets under the relevant Lebanon related UNSCRs.

6.7 **Application to Huawei Technologies**

(a) During the Track Record Period, the UN has not imposed any sanctions to Huawei Technologies.

6.8 **Application to the Group**

On the basis of the Company's confirmations that:

(a) neither the Group nor any of its affiliates, agents, directors, officers, or employees is engaged in transactions that directly or indirectly involve or benefit a person on the sanctions list of the UN;

(b) the Group's business dealings with Huawei Technologies do not implicate the restrictive measures adopted by UN because the Group does not have any business dealings with persons on the list of persons and entities designated by the UN with whom member states of the UN are prevented from doing business with; and

(c) all of the Company's business with Huawei Technologies was in relation to the transactions set out in Section 3.2, which were not conducted in relation to, or otherwise involve any export-controlled products,

Hogan Lovells' assessment is therefore that the Group's business dealings did not represent a violation of the restrictive measures adopted by the UN.

7. **EU AND UK SANCTIONS**

7.1 **Overview of EU Sanctions Measures**

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

(a) Sanctions applicable in the EU stem from:

(i) sanctions adopted by the UN; or

(ii) autonomous sanctions regimes adopted by the EU without any UN action.

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

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

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

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

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

7.2 **Overview of UK sanctions**

(a) Sanctions are one of the UK's tools to promote the objectives of its foreign policy, being peace, democracy and the respect for the rule of law, human rights and international law.

(b) As of January 1, 2021, sanctions applicable in the UK stem from:

(i) Sanctions adopted by the UN; or

(ii) Autonomous sanctions regimes adopted by the UK; Some of which have been retained from EU legislation and have been transitioned into UK law.

(c) UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018 ("**the UK Sanctions Act**"), which enables the transition of existing EU sanctions programs and the establishment of autonomous UK regimes. The UK Sanctions Act is implemented through regulations setting out the specific measures under each UK sanctions regime.

(d) Specifically, Section 63(3) of the UK Sanctions Act provides that the UK may by way of Order extend the application of the sanctions regulations to any of the Channel Islands, the Isle of Man, and any of the British Overseas Territories. UK sanctions measures have also been extended by the UK on a regime by regime basis to apply to and in the UK Overseas Territories (without requiring enactment of any further legislation by them), including the Cayman Islands as of January 1, 2021.

7.3 **Application of Sanctions Measures**

(a) EU and UK sanctions measures broadly apply to: (i) any company incorporated under the laws of the EU or the UK; (ii) any EU or UK national; and (iii) any business done in whole or in part within the EU or the UK.

(b) EU and UK sanctions measures will therefore apply to:

(i) the Company as a company incorporated in the Cayman Islands and any of the Group's subsidiaries or affiliates incorporated in the EU, UK or a UK Overseas Territory;

(ii) any EU and UK nationals employed by or otherwise engaged on behalf of the Group regardless of where they are located, in the EU, the UK or in any other country;

(iii) any business of the Group conducted within the EU, the UK or a UK Overseas Territory;

(iv) any counterparty incorporated in the EU or the UK with whom the Group does business including for example, suppliers, customers, distributors, agents, manufacturers, shipping agents and freight forwarders;

(v) any EU or UK incorporated financial institution that the Group or any of its companies uses to provide payment processing services, trade finance services, short or long term debt financing or any other service; and

(vi) any entity incorporated in the EU or the UK, or national of these regions who subscribes for shares in the Group.

(c) EU and UK sanctions will not apply to:

(i) Non-EU and non-UK nationals in their personal capacity, including the Company's Directors (to the extent that they are not carrying out business of the Group in the territory of the EU or the UK); and

(ii) any company subsidiary that is not incorporated under the laws of an EU Member State or the UK, which acts in a wholly independent manner from its parent company and which does not carry out any activities in the EU or the UK.

7.4 **Restrictions under EU and UK Sanctions Measures**

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

(i) making any funds or economic resources (see below) directly or indirectly available to or for the benefit of a sanctioned person or entity (a "**Designated Person**");

(ii) dealing with any funds or economic resources that are owned, held or controlled by a Designated Person;

(iii) exporting, selling, transferring or making certain controlled or restricted products[1] available (either directly or indirectly) to, or for use in, a jurisdiction subject to sanctions measures (a "**Prohibited Activity**"); and

(iv) participating knowingly and intentionally in activities the object or effect of which is to: (i) directly or indirectly circumvent the offences listed above; or, (ii) enable or facilitate the commission of the offences.

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

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

7.5 **EU and UK sanctions: Dealing with Relevant Jurisdictions**

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

(i) make any product of the Group directly or indirectly available to, or for the benefit of, a Designated Person; or

(ii) export, finance, or facilitate the transfer of any controlled or restricted products to a third country including a Relevant Jurisdiction.

(b) **Application to the Balkans**

(i) The Company's activities in the Balkans took place in Albania, Bosnia and Serbia. The EU maintains limited restrictive measures against certain Balkan countries, in particular Bosnia and Herzegovina and Serbia.

(ii) EU sanctions on Bosnia and Herzegovina are set out in Council Decision 2011/173/CFSP of March 21, 2011, as last amended by Council Decision (CFSP) 2022/450 of March 18, 2022. They set out asset-freezing measures, the prohibition to make available funds and economic resources to listed parties and travel bans against certain listed parties responsible for undermining the sovereignty, territorial integrity, constitutional order and international personality of, or threatening the security in Bosnia and Herzegovina.

---

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

(iii) EU sanctions on Serbia are set out in Council Decision 94/366/CFSP of June 13, 1994 and Council Regulation (EC) No 1733/94 of July 11, 1994. They impose a prohibition on satisfying claims made by persons in Serbia and Montenegro or persons acting on their behalf under or in connection with a contract or transaction the performance of which was affected directly or indirectly by the measures set out in UNSC resolution 757(1992) and related resolutions.

(iv) The EU sanctions on Serbia have not been transposed into UK law after its withdrawal from the EU.

(v) In the UK, EU sanctions on Bosnia & Herzegovina have been replaced by the Bosnia and Herzegovina (Sanctions) (EU Exit) Regulations 2020 which came fully into force on 31 December 2020. These regulations have been extended to apply in and to the UK Overseas Territories, including Cayman Islands, through the Bosnia and Herzegovina (Sanctions) (Overseas Territories) Order 2020. These regulations have replaced, with substantially the same effect, the relevant existing EU legislation.

(c) **Application to Hong Kong**

(i) During the Track Record Period, the EU did not maintain any sanctions on Hong Kong.

(ii) In June 2019, the UK restricted the sale of certain crowd control equipment to Hong Kong. Further, in July 2020, the UK extended the existing arms embargo with mainland China fully to Hong Kong in response to China's introduction of the National Security Law. The items covered by the arms embargo covers the export of the following items from the UK to China (inclusive of Hong King):

(1) lethal weapons, such as machine guns, large-calibre weapons, bombs, torpedoes, rockets and missiles;

(2) specially designed components of the above and ammunition;

(3) military aircraft and helicopters, vessels of war, armoured fighting vehicles and other weapons platforms;

(4) any equipment which might be used for internal repression.

(d) **Application to Iraq**

(i) The EU issued its own arms embargo on Iraq, following the UN Security Council's resolutions condemning the invasion of Kuwait in 1990. On July 7, 2003, the EU adopted Common Position 2003/495/CFSP, which implements the UN Security Council Resolution 1483 (2003). The sanctions that are currently still in force are:

(1) the sale or supply to Iraq of arms and related material, other than those arms and related material required by the Government of Iraq or the multinational force as established by the restrictive measures in force against Iraq, remains prohibited;

(2) all funds, financial assets or economic resources of the previous Government of Iraq or its State bodies, corporations or agencies located outside Iraq as of May 22, 2003, or that have been removed from Iraq, or acquired by Saddam Hussein or other senior officials of the former Iraqi regime and their immediate family members, including entities owned or controlled directly or indirectly by them or by persons acting on their behalf or at their direction, shall be frozen without delay; and

(3) all appropriate steps will be taken to facilitate the safe return to Iraqi institutions of Iraqi cultural property and other items of archaeological, historical, cultural, rare scientific, and religious importance illegally removed from the Iraq National Museum, the National Library, and other locations in Iraq.

(ii) On July 22, 2014, the EU amended the Common Position 2003/495/CFSP by expanding the scope on the freezing of funds, financial assets or economic resources such that no funds or economic resources shall be made available, directly or indirectly, to or for the benefit of the persons and entities referred to above (Council Decision 2014/484/CFSP). This decision is implemented through Council Regulation (EC) No 1210/2003 as last amended by Commission Implementing Regulation (EU) 2021/2203 of December 10, 2021.

(iii) During part of the Track Record Period ending December 31, 2020, EU sanctions measures targeting Iraq were extended to apply to the UK Overseas Territories, including the Cayman Islands, pursuant to the Iraq (Sanctions) (Overseas Territories) Order 2015/1383 which came into force on July 8, 2015.

(iv) As of January 1, 2021, EU sanctions on Iraq have been replaced in the UK by the Iraq (Sanctions) (EU Exit) Regulations 2020. These measures have been extended to apply to the UK Overseas Territories, including Cayman Islands, through the Iraq (Sanctions) (Overseas Territories) Order 2020.

(e) **Application to Lebanon**

(i) On September 15, 2006, the EU adopted Council Common Position 2006/625/CFSP and Council Regulation (EC) No 1412/2006 of September 25, 2006, establishing an embargo on all arms transfers to Lebanon not authorized by the Government of Lebanon or the UN peacekeeping force in Lebanon. The embargo mirrored a UN embargo established on August 11, 2006. As with the UN embargo, the EU prohibition covers the provision of any technical training or assistance related to the supply, manufacture, maintenance or use of arms and related equipment.

(ii) The EU has also imposed asset-freezing measures against Designated Persons through Council Common Position 2005/888/CFSP of December 12, 2005 and Council Regulation (EC) No 305/2006 of February 21, 2006, as last amended through Commission Implementing Regulation (EU) 2019/1163 of July 5, 2019. More recently, the EU adopted additional targeted restrictive measures to address the deteriorating situation in

Lebanon which provide for the possibility of asset-freezing measures against parties undermining democracy or the rule of law in Lebanon. These measures are set out in Council Decision (CFSP) 2021/1277 of 30 July 2021 and Council Regulation (EU) 2021/1275 of 30 July 2021.

(iii) As of January 1, 2021, the UK replaced the EU sanctions on Lebanon with the Lebanon (Sanctions) (EU Exit) Regulations 2020, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 3) Regulations 2020, and the Lebanon (Sanctions) (Assassination of Rafiq Hariri and others) (EU Exit) Regulations 2020, which came into effect on December 31, 2020, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 3) Regulations 2020.

(f) **Application to Huawei Technologies**

(i) During the Track Record Period, the EU and UK have not imposed any sanctions to Huawei Technologies.

(g) **Application to the Group**

(i) On the basis of our due diligence process and the Company's confirmation (for and on behalf of the Group) that:

(1) the Group's activities have not identified any person specifically designated (i.e. listed / targeted) under any existing EU and UK sanctions regime;

(2) no EU or UK nationals, nor any wider persons resident or otherwise located in either the territories of the EU or the UK who are employed or otherwise engaged by the Group have 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 of the Group's activities with Huawei Technologies and the Relevant Regions;

(3) the Group's transactions did not potentially fund or facilitate sanctions-prohibited activity, nor grant any benefit towards any sanctioned person or entity;

(4) the Group has not exported or directly or indirectly supplied arms and related materiel, or equipment which might be used for internal repression;

(5) the Group has not provided technical assistance related to military activities, or to the provision, manufacture, maintenance and use of arms and related materiel of any type;

(6) the Group has not provided financing or financial assistance related to any activities referred to above;

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

8. AUSTRALIAN SANCTIONS

8.1 Overview

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

(b) The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to:

(i) any person in Australia;

(ii) any Australian anywhere in the world;

(iii) companies incorporated overseas that are owned or controlled by Australians or persons in Australia; and/or

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

(c) The ASO maintains the Consolidated List of all persons and entities designated for the purposes of sanctions regimes implemented under Australian sanction laws.

(d) A criminal offence is committed if an individual or a body corporate to whom Australian sanctions measures apply, engages in conduct and the conduct contravenes a sanction law.

(e) The Australian autonomous sanctions regimes are primarily implemented under the *Act Autonomous Sanctions 2011* (Cth) (the "**Act**") and the *Autonomous Sanctions Regulations 2011* (Cth) (the "**Regulations**").

(f) The Act prohibits a person from engaging in conduct that is in breach of the sanctions laws.

(g) Part 3 of the Regulations specifies that section 15.1 of the Criminal Code (being Schedule 1 to the *Criminal Code Act 1995* (Cth) applies to a person that makes an unauthorised sanctioned supply. This has the effect of making the offence extra territorial if the alleged offence occurs outside of Australia by a person who is an Australian citizen or a body corporate incorporated under Australian law.

(h) The prohibited conduct applies to conduct committed entirely inside or outside Australia if at the time of the alleged offence, the alleged offender is an Australian citizen or a body corporate incorporated under Australian law.

8.2 **Application to the Balkans**

(a) Australia imposes an autonomous sanctions regime in relation to the former Federal Republic of Yugoslavia.[2]

(b) Australia has imposed an autonomous sanctions regime in relation to the former Federal Republic of Yugoslavia since June 4, 1992. The autonomous sanctions regime is targeted against persons associated with the former Milosevic regime, and persons indicted or suspected of committing war crimes during the Balkan wars in the early 1990s.

(c) Currently Australian law sanctions include restrictions (without a sanctions permit) on:

(i) the use of or dealing with an asset that is owned or controlled by a "designated person" for the former Federal Republic of Yugoslavia;

(ii) making an asset available directly or indirectly to a "designated person" for the former Federal Republic of Yugoslavia; and

(iii) the entry into or transit through Australia of a 'designated person' for the former Federal Republic of Yugoslavia.

8.3 Application to Hong Kong

(a) During the Track Record Period, the EU did not maintain any sanctions on Hong Kong.

(b) In June 2019, the UK restricted the sale of certain crowd control equipment to Hong Kong. Further, in July 2020, the UK extended the existing arms embargo with mainland China fully to Hong Kong in response to China's introduction of the National Security Law. The items covered by the arms embargo covers the export of the following items from the UK to China (inclusive of Hong King):

(i) lethal weapons, such as machine guns, large-calibre weapons, bombs, torpedoes, rockets and missiles;

(ii) specially designed components of the above and ammunition;

(iii) military aircraft and helicopters, vessels of war, armoured fighting vehicles and other weapons platforms;

(iv) any equipment which might be used for internal repression.

8.4 **Application to Iraq**

(a) Australia fully implements the UN sanctions regime in relation to Iraq.

(b) Australia has not imposed any targeted autonomous sanctions in relation to Iraq.

Autonomous Sanctions Regulations 2011 (Cth) and Autonomous Sanctions (Designated and Declared Persons - Former Federal Republic of Yugoslavia) List 2012 (Cth).

8.5 **Application to Lebanon**

(a) Australia fully implements the UN sanctions regime in relation to Lebanon; and

(b) Australia has not imposed any targeted autonomous sanctions in relation to Lebanon.

8.6 **Application to Huawei Technologies**

During the Track Record Period, the Australia has not imposed any sanctions to Huawei Technologies.

8.7 **Application to the Group**

(a) 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 Huawei Technologies; and

(b) On the basis of the Company's confirmations, neither the Group nor any of its subsidiaries is:

(i) a person in Australia;

(ii) an Australian citizen or Australian-registered body;

(iii) owned or controlled by Australians or persons in Australia;

(iv) a person using an Australian flag vessel or aircraft to transport goods or transact services subject to Australian autonomous sanctions; or

(v) engaged in any activities in Australia;

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

* * * * * * * *

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

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

This memorandum may also be disclosed for information only to (but not relied on by) the Sole Sponsor, the underwriter(s) and any other capital market intermediaries of the Global Offering, other parties involved in the Global Offering, the HKEX, the Securities and Futures Commission, the Hong Kong Companies Registry, and within the period and in accordance with procedure specified in the Prospectus, available on display to the public and such disclosure and non-reliance and the liability waiver referred to above are governed by and construed in accordance with the laws of Hong Kong.

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

* * * * * * * *

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

Hogan Lovells