



MEMORANDUM

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To Lepu Scientech Medical Technology (Shanghai) Co., Ltd.
(乐普心泰医疗科技(上海)股份有限公司)

Cc China International Capital Corporation Hong Kong Securities Limited

FROM Hogan Lovells

DATE October 27, 2022

Privileged and Confidential

SUBJECT Memorandum of Advice – Sanctions analysis in accordance with the HKEX guidance letter HKEX-GL101-19

1. INTRODUCTION AND SCOPE

- 1.1 We have acted as the international sanctions counsel to Lepu Scientech Medical Technology (Shanghai) Co., Ltd. (乐普心泰医疗科技(上海)股份有限公司) (the "**Company**") in connection with the proposed initial public offering (the "**Offering**") and listing of shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEX**") of the Company.
- 1.2 In light of the HKEX guidance letter HKEX-GL101-19 (the "**Guidance Letter**") effective from March 2019, this memorandum assesses whether (i) the Company, and its subsidiaries (the Company, its holding companies, and its subsidiaries together the "**Group**") engaged in Primary Sanctioned Activity (as defined below) that violates applicable laws or regulations in the Relevant Jurisdiction(s) (as defined below), and/or results in any material sanctions risk to the Relevant Persons (as defined below); (ii) the Group engaged in Secondary Sanctionable Activity (as defined below) that would likely result in the imposition of any sanctions against the Relevant Persons; and (iii) the Group is a Sanctioned Target (as defined below), is located, incorporated, organized or resident in a Sanctioned Country (as defined below), or is a Sanctioned Trader (as defined below).
- 1.3 This memorandum is provided for the purposes of the Offering only. However, our advice is applicable whether or not the Company proceeds with the Offering.

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

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

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

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

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

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

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

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

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

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

- 1.5 This memorandum provides preliminary analysis in accordance with the Guidance Letter based on the facts provided to date and, where appropriate, sets forth certain recommendations in regard to Sanctioned Activities. This memorandum is not intended as a full due diligence review of these issues, nor is it intended to provide any assessment of the Group's existing policies or wider procedures implemented to manage its compliance with rules and regulations related to economic sanctions programs and export controls administered by the Relevant Jurisdictions (the "**International Sanctions**"). Throughout the Track Record Period, EU sanctions rules applied to and in the UK, therefore the assessment concerning EU sanctions applies also to the UK.
- 1.6 In preparing this memorandum, Hogan Lovells reviewed the Company's responses to [the "International Sanctions Due Diligence Checklist" dated May 17, 2021 (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 dated October 27, 2022 prepared in connection with the Offering (the "**Prospectus**"). The Group's responses to the Sanctions DD Checklist have included various contracts and other documents that relate to the subject matter of the Sanctions DD Checklist, and we have reviewed those documents as part of our preparation of this memorandum. As to matters of fact material to the conclusion stated herein, we have relied on the representations and statements of fact made in the documents we reviewed or made by the Group. We have not independently verified or established the facts so relied on.
- 1.7 As of the date of this memorandum, Sanctioned Countries within the meaning of the Guidance Letter include: Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine/Russia, and self-proclaimed Donetsk People's Republic ("**DPR**") and Luhansk People's Republic ("**LPR**") regions of Ukraine (Sudan was a Sanctioned Country and is no longer a Sanctioned Country since October 12, 2017). Based on the information available to us, we have identified the Group's historic activities with Iran (the "**Primary Sanctioned Country Transactions**") during the five years ended December 31, 2022 and six months ended June 30, 2022 and up to October 26, 2022 (the "**Review Period**").
- 1.8 We have also identified the Group's business activities during the three years ended December 31, 2021 and six months ended June 30, 2022 and up to October 26, 2022 (the "**Track Record Period**") with the following countries or territories for which Relevant Jurisdictions maintain various forms of sanctions programs in place (albeit not a "general and comprehensive export, import, financial or investment embargo" within the meaning of the Guidance Letter): Egypt, Hong Kong, Iraq, Lebanon, Russia (excluding Crimea), Sudan, Tunisia, Turkey, Ukraine (excluding Crimea, DPR and LPR), Venezuela and Yemen (these countries together with Iran are collectively referred as the "**Relevant Regions**" and each a "**Relevant Region**"). As requested, although China's Xinjiang Uyghur Autonomous Region ("**Xinjiang**") is not subject to comprehensive economic sanctions or export controls imposed by Relevant Jurisdictions, for purposes of this memorandum Xinjiang is also included among the Relevant Regions.
- 1.9 This memorandum is based on the understanding and assumptions detailed herein. Hogan Lovells relies on the completeness and accuracy of the information given to it by the Company. If any of the assumptions are incorrect, or any changes occur in or correction to the information given, the Company is recommended to inform Hogan Lovells so that it can confirm the content of this analysis.

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

2. **CONCLUSION**

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

2.1.1 Except for the historic Primary Sanctioned Country Transactions with Iran which were denominated in either USD or EUR as defined in paragraph 3.2.1 below, the Group has not engaged during the Track Record Period in Primary Sanctioned Activity because it had no business 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. The Group's Primary Sanctioned Activity with Iran is not inconsistent with EU Iran-related sanctions. Although the Group's Primary Sanctioned Activity with Iran appears inconsistent with U.S. sanctions considering the use of US dollars as payment currency, in light of the nature of products at issue, such violations do not appear likely to result in the imposition of any material sanctions against the Relevant Persons. As such, the Company would not appear to have violated applicable sanctions law or regulation in the Relevant Jurisdictions that could result in any material sanctions risk to the Relevant Persons;

2.1.2 The Group did not engage during the Track Record Period in Secondary Sanctionable Activity because it had no business activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. As such, it does not appear likely that the Company's activities would result in the imposition of sanctions on the Relevant Persons;

2.1.3 The Company has not been designated as a Sanctioned Target, nor is it located, incorporated, organised or resident in a Sanctioned Country; and

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

2.2 As no material sanctions risks appear to be present in spite of the Group's transactions with Iran involving U.S. payments, the Company does not appear to be required to make undertakings pursuant to the Guidance Letter but will discontinue sales to Iran to ensure compliance with primary U.S. sanctions.

3. **EXECUTIVE SUMMARY**

3.1 The Group is specializing in the research, development, manufacture and commercialization of interventional medical device primarily targeting structural heart diseases in People's

Republic of China (“**PRC**”). The Group is a leading interventional medical device provider for congenital heart diseases (“**CHD**”) and a manufacturer of CHD occluder products and the related procedural accessories in PRC. During the Track Record Period, the Company had sold its non-U.S. origin interventional medical devices, including occlude products and heart valve products to its parent company, Lepu Medical Technology (Beijing) Co., Ltd. (樂普(北京)醫療器械股份有限公司) (the “**Parent Company**”) in RMB who onsold to customers/distributors located in the Relevant Regions and directly to customers/distributors located in the Relevant Regions (excluding Iran).

3.2 United States

3.2.1 On the basis of the Group’s confirmations and Hogan Lovells’ review of the factual information provided by the Group that:

- (i) during the Track Record Period, other than Vivo Capital Fund IX, L.P., the Group did not have “U.S. person” for purposes of U.S. sanctions. Neither the Company nor any of its Group entities are otherwise incorporated in the United States and the Company does not otherwise maintain any subsidiaries, branches or affiliates which are either incorporated, domiciled or otherwise located in the territory of the United States;
- (ii) no U.S. persons employed or otherwise engaged by the Company or its Group entities have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of the Company or its Group entities involving Iran as Sanctioned Countries;
- (iii) no financing or financial assistance has been received by the Group, either directly or indirectly, from any company, entity or body incorporated or located in the United States;
- (iv) no product supplied, sold, exported or otherwise transferred by the Group to the Relevant Regions incorporates U.S.-origin content;
- (v) other than the Primary Sanctioned Country Transactions with Iran which were denominated in either USD or EUR as discussed in more detail in this memorandum, the Company and the Group entities has not undertaken, either directly or indirectly, a contract or any other activity with a counterparty, nor has otherwise provided goods or services to any person, in Sanctioned Countries;
- (vi) the Group has not, during the Track Record Period, undertaken, either directly or indirectly, a contract or any other activity with a counterparty from, nor has otherwise provided goods or services with or to any individuals, entities or organizations that have been designated as Specially Designated Nationals and Blocked Persons (“**SDNs**”), or designated on another sanctions list maintained by the Relevant Jurisdictions (collectively as “**Sanctioned Persons**”, and each a “**Sanctioned Person**”), or any person or entity that is owned or controlled by, or acting as an agent of a Sanctioned Person. We have screened the list of customers and counterparties provided by the Group using

Accuity screening tool against the lists of Sanctioned Persons maintained by the Relevant Jurisdictions;

- (vii) except as explained in Section 4.7 below, no products or services have been exported (either directly or indirectly) to any persons or entities identified on the U.S. Department of Commerce, Bureau of Industry and Security's Entity List, Denied Parties List, Unverified List, the Military End User, or the Military-Intelligence End User Lists (collectively, "**BIS List**");
- (viii) the Group's business did not involve industries or sectors in Sanctioned Countries or in Venezuela or Russia that are currently subject to specific sanctions by the United States (e.g., no sales to Venezuela's oil, financial or defense/security sectors, and no sales to Russia's technology or defense and related materiel sectors);
- (ix) the Group has identified payments between the Review Period totalling approximately USD 2,537,925 relating to historic USD transactions of non-U.S. origin interventional medical devices, including occlude products and heart valve products delivered from the Parent Company to Iran (the "**Iranian USD Transactions**"), which are subject to U.S. jurisdiction due to the use of U.S. currency for funds transfers;
- (x) the goods involved in the Primary Sanctioned Country Transactions were all non-U.S. origin products which, had they been of U.S. origin, the Group indicated would be medical devices classified as EAR99 under the U.S. Export Administration Regulations ("**EAR**") (for description of the EAR, please see Section 5.2.2 and 5.2.3 below). In other words, they would not be listed on the U.S. Commerce Control List under a specific Export Control Classification Number ("**ECCN**");
- (xi) the Group has reviewed all transaction records during the Review Period, but there were no transactions related to any other Sanctioned Countries during that time except for the historic Primary Sanctioned Country Transactions. With respect to the Iranian USD Transactions, all of these payments were denominated in U.S. dollars and, to the best of the Group's knowledge, were processed through the U.S. financial system before they were received by the Group; and
- (xii) the Group did not instruct its customers to use any particular payment route. However, all products involved in Iranian USD Transactions were quoted in U.S. dollars, and were paid by the third-party intermediaries on behalf of customers in Iran (those intermediaries were not engaged by the Group)

Hogan Lovells' assessment is that:

- 1) In relation to the Iranian USD Transactions, they appear to be violations of U.S. primary sanctions that prohibit the use of the U.S. financial system to process payments for transactions involving Iran, unless authorized by an OFAC license or exemption. The Group's underlying historic sales to Iran were not consistent with the OFAC general license for sales of certain medical devices to Iran set forth in 31 CFR § 560.530(a)(3)

(the “**General License**”) of the Iranian Transactions and Sanctions Regulations (“**ITSR**”) as they were not exports to Iran by a “covered person” within the meaning of section 560.530(4) of the ITSR. Specifically, that General License in section 560.530(a)(3) authorizes the export or reexport of eligible medical devices by a “covered person” as well as services that are ancillary to such export/reexport by a covered person (for example, the conduct of related transactions, including the making of shipping and cargo inspection arrangements, obtaining of insurance, arrangement of financing and payment, shipping of the goods, receipt of payment, and entry into contracts). For purposes of that General License, the term “covered person” is defined in section 560.530(e)(4) to mean (a) with respect to the exportation or reexportation of items subject to the EAR, a US person or a non-US person, and (b) for purposes of items not subject to the EAR, a US person, wherever located, or an entity owned or controlled by a US person and established or maintained outside the United States. In the Group’s case, the non-U.S. origin interventional medical devices, including occlude products and heart valve products sold to Iran were not subject to the EAR, which means that the General License would have applied only if such sales were done by a US person or a non-US entity that is owned or controlled by a US person. Because the Group is neither a US person nor a non-US entity owned/controlled by a US person within the meaning of section 560.215 of the ITSR, the Group was not a “covered person” for purposes of those historic sales to Iran and that General License could not be relied upon by US persons (such as US banks) to process USD payments related to such sales. In addition, a US clearing bank could not have relied on OFAC’s general license in section 560.516(a) that authorizes US banks to process Iran-related payments when “an underlying transaction that has been authorized by a specific or general license issued pursuant to” the ITSR because in the case of Group’s sales, they were outside the scope of the General License for sale of eligible medical devices. As such, U.S. banks were not authorized under the ITSR to clear USD payments related to the Group’s sales to Iran that were not covered by that General License. Although those historic sales to Iran for which payment was received in USD appear to be inconsistent with the ITSR and thus create exposure for violation of the primary U.S. sanctions, we note that in light of the nature of the interventional medical devices, including occlude products and heart valve products at issue, and the fact that this activity would have been consistent with the ITSR had the medical products been of U.S.-origin and other terms of the General License were met and that the Group will discontinue all sales to Iran, it is not likely that there is a material risk for the imposition of significant penalties on the Group even if OFAC were to pursue an enforcement action in that case (consistent with the Guidance Letter, we have taken into account both the likelihood of the imposition of potential sanctions and the severity of the potential sanctions when assessing materiality—in a case like this, OFAC may resolve the matter with a cautionary (warning) letter or settle the case with a significant reduction from the maximum civil penalty amount). Further, we note there should be no exposure under secondary U.S. sanctions in light of the “humanitarian exception” set forth in section 1244(e) of the Iran Freedom and Counter-Proliferation Act of 2012 (“**IFCA**”);

- 2) On the basis of our due diligence process and confirmations of the Company on behalf of the Group, given that (i) section 1244(e) of IFCA contains a humanitarian exception under secondary sanctions for sale of medicine and medical devices to Iran; (ii) during the Track Record Period, the counterparties in the Group’s sales had not been

identified as SDNs; and (iii) the nature of the Group's sales should not trigger U.S. secondary sanctions targeting certain industries or products, Hogan Lovells' assessment is the Group's business dealings do not appear to implicate secondary U.S. sanctions.

- 3) U.S. export control laws do not appear to have been implicated by the Group's activities during the Track Record Period.

3.3 United Nations

3.3.1 On the basis that:

- (i) the Group's activities involving the Relevant Regions were limited to sales of interventional medical devices, including occlude products and heart valve products that are not export-controlled; and
- (ii) the Company, for and on behalf of the Group, has confirmed that it does not have business dealings with parties targeted by UN sanctions.

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

3.4 European Union and the United Kingdom

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

- (i) except SCC Growth VI Holdco AF, Ltd., which is incorporated in the Cayman Islands, neither the Company nor any other of its Group entities are incorporated in the EU and the UK and that the Company does not otherwise maintain any subsidiaries, branches or affiliates which are either incorporated, domiciled or otherwise located in the territory of the EU and the UK;
- (ii) all activities involving the Relevant Regions were negotiated, entered into and performed without any involvement (including in any approval or decision making capacity) by any national of or domiciled, or otherwise located in either the territories of the EU and the UK;
- (iii) the Group's activities are limited to sales of interventional medical devices, including occlude products and heart valve products that are not export-controlled or subject to sectoral sanctions in the EU and the UK;
- (iv) neither the Group nor any of its affiliates, agents, directors, officers, or employees are engaged in transactions, business or financial dealings that directly or indirectly involve or benefit a person or entity listed under EU sanctions, or engage in any other activity subject to restrictions under sectoral EU and the UK sanctions; and
- (v) the Group has not been, directly or indirectly, involved in the export from the EU or the UK of any items listed in the EU Common Military List or the EU Dual Use list (Annex I to EU Regulation 428/2009), the UK Military List, Annex I to

Council Regulation 428/2009 as retained by the European Union (Withdrawal) Act 2018 (**'the UK Dual-Use Regulation'**), or any items listed under Schedule 2 or 3 of the UK Export Control Order 2008 as amended.

Hogan Lovells' assessment, based on a review of the confirmations provided by the Group, is that the prohibitions and wider restrictions under existing EU and UK sanctions measures do not render the Group's business activities with the Relevant Regions unlawful under applicable EU or UK laws.

3.5 Australia

3.5.1 On the basis that:

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

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

4. COMPANY BACKGROUND

- 4.1 The Company is incorporated in the PRC. We have relied on the Prospectus for the Group's shareholding structure immediately prior to the Reorganization, immediately before the completion of the Offering and Capitalization Issue, immediately upon completion of the Capitalization Issue and the Offering, respectively.
- 4.2 The Company has confirmed that it is not owned 50% or more, or controlled, by one or more U.S. persons as defined under U.S. economic sanctions laws and regulations.
- 4.3 The Company has confirmed that, expect Mr. LIU Daozhi (劉道志), none of its subsidiaries' directors, during the Track Record Period, is a U.S., EU, UK or Australian national.
- 4.4 The following table set out the information regarding Directors and Supervisors of the Company.

Director	Name	Nationality
	Ms. CHEN Juan (陳娟)	Chinese

Executive Directors	Ms. ZHANG Yuxin (張昱昕)	Chinese
Non-executive Directors	Mr. FU Shan (付山)	Chinese
	Mr. ZHENG Guorui (鄭國銳)	Chinese
Independent Non-executive Directors	Ms. CHAN Ka Lai Vanessa (陳嘉麗)	Chinese
	Mr. ZHENG Yufeng (鄭玉峰)	Chinese
	Mr. LIU Daozhi (劉道志)	Australia

- 4.5 The Group is specializing in the research, development, manufacture and commercialization of interventional medical device primarily targeting structural heart diseases in People's Republic of China ("**PRC**"). The Group is a leading interventional medical device provider for congenital heart diseases ("**CHD**") and a manufacturer of occluder products in PRC. During the Track Record Period, the Company had sold its non-U.S. interventional medical devices, including occlude products and heart valve products to the Parent Company in RMB who onsold to customer/distributors located in the Relevant Regions and directly to customers/distributors located in the Relevant Regions (excluding Iran).
- 4.6 Payments received from the Group's sales of surgical devices in relation to the Relevant Regions were dominated in U.S. dollars ("**USD**"), Renminbi ("**RMB**") and Euros ("**EUR**").
- 4.7 Based on the information provided by the Company, we note among the customers of the Group's sales to the Relevant Regions, an Iranian customer, Raht Aseman Co. Ltd., was designated by the U.S. Department of Commerce's Bureau of Industry and Security on the Entity List on April 25, 2012, and is restricted from receiving items subject to the **EAR**. The Group has confirmed that products sold to Raht Aseman Co. Ltd. were made outside the US with no US content, therefore, the products would not be subject to the EAR for the purpose of sales to Iran. As such, Hogan Lovells' assessment to the Group's sales with Raht Aseman Co. Ltd. would not trigger relevant EAR export control restrictions. Raht Aseman Co. Ltd. is not subject to asset-freezing measures in the EU.
- 4.8 The Company has confirmed on behalf of all entities in the Group that, to its best knowledge, none of the products supplied, sold or exported or transferred by the Group is controlled under U.S. export controls or are otherwise restricted for transfer, either directly or indirectly, from the United States (or by U.S. persons) to or for use in any third country. On the basis of this confirmation and our understanding of the nature of the Group's services formed by our due diligence process, an analysis of the Group's business against U.S. export control restrictions has not been undertaken by Hogan Lovells.
- 4.9 Based on the information provided by the Group, the Group believes that none of the products exported or transferred by the Group is controlled under EU or UK export controls or is otherwise restricted for transfer either directly or indirectly, from the EU (or by EU persons), or the UK and by UK nationals, to or for use in any third country. On this basis and our understanding of the nature of the Group's services, an analysis of the Group's business against EU and UK export control and trade related sanctions restrictions has not been undertaken by Hogan Lovells.

4.10 Based on the information provided by the Group, the Group believes that:

4.10.1 None of the goods supplied, sold, exported or transferred by the Group is controlled under Australian export controls or are otherwise restricted for supply, sale, export or transfer, either directly or indirectly, from Australia (or by Australian citizens) to or for use in any third country; and

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

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

4.11 The table below sets forth the revenues from sales and deliveries from the Company to the Parent Company in relation to the Group's sales and deliveries of products to the Relevant Regions (excluding Xinjiang) during the four years ended December 31, 2021 and six months ended June 30, 2022 (and up to October 26, 2022).

Year/Period Ended	Consolidated revenues attributable to the Relevant Regions (excluding Xinjiang) (RMB'000)
Year ended December 31, 2018	1,132
Year ended December 31, 2019	3,489
Year ended December 31, 2020	7,125
Year ended December 31, 2021	5,614
Six months ended June 30, 2022	0
January 1, 2022 to October 26, 2022	0

4.12 The table below sets forth the revenues from sales and deliveries from the Company to the Parent Company in relation to the Group's sales and deliveries of products to Iran during the four years ended December 31, 2021 and six months ended June 30, 2022 (and up to October 26, 2022).

Year/Period Ended	Consolidated revenues attributable to the Iran (RMB'000)
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Year ended December 31, 2018	0
Year ended December 31, 2019	1,863
Year ended December 31, 2020	0
Year ended December 31, 2021	0
Six months ended June 30, 2022	0
January 1, 2022 to October 26, 2022	0

- 4.13 The table below sets forth the revenues from sales and deliveries from the Parent Company to the customers/distributor in the Relevant Regions (excluding Xinjiang) in relation the Parent Company's sales and deliveries of products to the Relevant Regions during the four years ended December 31, 2021 and six months ended June 30, 2022 (and up to October 26, 2022).

Year/Period Ended	Consolidated revenues attributable to the Relevant Regions (excluding Xinjiang) (USD'000)
Year ended December 31, 2018	4,487
Year ended December 31, 2019	8,323
Year ended December 31, 2020	6,351
Year ended December 31, 2021	5,432
Six months ended June 30, 2022	5,849
January 1, 2022 to October 26, 2022	8,867

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

5.1 U.S. Economic Sanctions

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

- (i) "Primary" U.S. sanctions applicable to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency or activities involving 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;

5.1.2 Primary Sanctions Applicable to U.S. Persons

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

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

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

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

- (A) entities organized under U.S. Law (such as U.S. companies and their U.S. subsidiaries);
- (B) any U.S. company's domestic and foreign branches;
- (C) any individual who is a U.S. citizen or permanent resident alien ("green card" holder), regardless of his or her location in the world;
- (D) any individual, regardless of his or her nationality, who is physically present in the United States; and
- (E) U.S. branches or U.S. subsidiaries of non-U.S. companies.

- (2) In the case of U.S. sanctions applicable to Iran and Cuba, primary sanctions specifically apply to all foreign subsidiaries of U.S.

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

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

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

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

government of Iran to which the U.S. person could not directly respond as a result of U.S. sanctions laws or regulations; or

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

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

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

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

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

- (II) Limited sanctions programs prohibit U.S. persons from participating in certain types of transactions with sanctioned countries and/or governments, such as the provision of services, financing, investments, exports, and/or imports. Prohibited activities vary from program to program, and they generally are not as broad (for example, they do not target activities with all persons or entities in that country). Currently, the U.S. government

maintains limited sanctions programs in relation to countries such as Iraq and Libya, and OFAC has issued a series of general licenses authorizing numerous activities.

- (B) *List-based sanctions programs.* In addition to country-based sanctions programs, primary U.S. sanctions include list-based sanctions that prohibit U.S. persons from dealing with or facilitating dealings with individuals, entities and organizations that have been designated as SDNs by OFAC for a variety of reasons. Although some of these programs reflect the name of a particular country in its title (e.g., Belarus, Burundi, Central African Republic, the Democratic Republic of Congo, Lebanon, Somalia, South Sudan, Yemen, Zimbabwe), these sanctions are not territorial in nature and do not apply to the country as a whole, and they do not target the government of such country as a whole nor all persons and entities in the country. Instead, the restrictions apply only to persons and entities that are on the SDN List, which may include some government officials or other parties designated for a variety of reasons (the restrictions also apply to entities owned, at 50% or higher level, by designated SDNs). The names of these designated parties are published on the OFAC SDN List; they include persons or entities targeted for a variety of reasons including but not limited to:
- (I) terrorists and terrorist organizations;
 - (II) narcotics traffickers;
 - (III) persons involved in the proliferation of weapons of mass destruction;
 - (IV) persons or entities undermining democratic processes, freedom of expression, or those involved in human rights abuses or censorship activities, among other targeted activities; and
 - (V) individuals and entities that the U.S. Government considers to be "arms" of the sanctioned governments identified above.
- (C) U.S. persons are not permitted to have any dealings whatsoever with or facilitate dealings with parties designated on the SDN List (or entities owned at 50% or higher level, directly or indirectly, by SDNs) unless authorized by OFAC. The SDN List is updated often, and is available on OFAC's website at <https://sdnsearch.ofac.treas.gov/>. Numerous vendors also provide screening solutions that can be tailored to fit a particular business' needs and IT systems.

(v) Application to Egypt

- (1) At the date of this memorandum, the United States has not imposed any sanctions on Egypt. Certain SDNs may reside in Egypt, and U.S. persons are prohibited from dealings with such parties and entities they own at 50% or greater level, directly or indirectly.

(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):
 - (A) To be or have been involved, directly or indirectly, in the coercing, arresting, detaining, or imprisoning of individuals under the authority of, or to be or have been responsible for or involved in developing, adopting, or implementing, the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Administrative Region.
 - (B) To be responsible for or complicit in, or to have engaged in, directly or indirectly, any of the following:

- (I) Actions or policies that undermine democratic processes or institutions in Hong Kong.
 - (II) Actions or policies that threaten the peace, security, stability, or autonomy of Hong Kong.
 - (III) Censorship or other activities with respect to Hong Kong that prohibit, limit, or penalize the exercise of freedom of expression or assembly by citizens of Hong Kong, or that limit access to free and independent print, online, or broadcast media.
 - (IV) The extrajudicial rendition, arbitrary detention, or torture of any person in Hong Kong or other gross violations of internationally recognized human rights or serious human rights abuse in Hong Kong.
- (C) To be or have been a leader or official of:
- (I) An entity, including any government entity, that has engaged in, or whose members have engaged in, any of the activities described above.
 - (II) An entity whose property and interests in property are blocked pursuant to EO 13936.
 - (III) To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked by EO 13936.
 - (IV) To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked by EO 13936.
- (D) To be a member of the board of directors or a senior executive officer of any person whose property and interests in property are blocked by EO 13936.
- (E) Under the authority of EO 13936, OFAC has already designated as SDNs several government officials in Hong Kong, including those in top political leadership. As a result of their SDN designation, US sanctions extend to dealings with any non-listed entity in which those SDNs hold, directly or indirectly, a 50% or greater interest.
- (F) On September 25, 2020, OFAC issued Frequently Asked Question (FAQ) 840 on the effect of designating several political leaders of Hong Kong. FAQ 840 states that the

designation of an official of the Government of the HKSAR does not itself block the HKSAR government or any government agency where the SDN is an official or otherwise exercises control. Accordingly, engaging in a routine interaction with an agency in which an SDN is an official, but which does not involve the SDN directly or indirectly, is not prohibited. FAQ 840 further states that U.S. persons may enter into HKSAR government contracts signed by a non-SDN official of the HKSAR to whom the HKSAR government has delegated the authority to enter such contracts.

(vii) Application to Iran

(1) Primary Sanctions

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

(2) Secondary Sanctions

- (A) Beginning in 1996, the U.S. has passed legislation establishing "secondary sanctions" applicable to non-U.S. persons and entities who engage in certain defined economic activity with Iran. This legislation includes the Iran Sanctions Act of 1996, as amended, 50 U.S.C. § 1701; the Comprehensive Iran Sanctions Accountability and Divestment Act of 2010 ("**CISADA**"), PL 111-195; the Iran Threat Reduction and Syria Human Rights Act of 2012, H.R. 1905 (PL 112-158) ("**ITRA**"); the National Defense Authorization Act For Fiscal Year 2012 PL 112-81; and the Iran Freedom and Counter-Proliferation Act of 2012 ("**IFCA**") (PL 112-239).

- (B) Secondary sanctions legislation grants broad discretion to the President and his delegated representatives to deny access to the U.S. economic system to non-U.S. persons who have been determined to engage in certain specified transactions involving the Iranian banking, energy, shipping and shipbuilding sectors. Under Section 1244(e) of IFCA, there is no secondary sanctions exposure for persons conducting or facilitating a transaction for the sale of agricultural commodities, food, medicine or medical devices to Iran, or for the provision of humanitarian assistance to the people of Iran.
- (C) In January 2016, the United States, Iran, and other powers signed the Joint Comprehensive Plan of Action ("**JCPOA**"), which vastly eased secondary sanctions in exchange for Iranian actions in relation to its nuclear program.
- (D) On May 8, 2018, the Trump Administration announced that the United States would withdraw from JCPOA. As such, the nuclear-related secondary sanctions that had been eased pursuant to the JCPOA were re-imposed on August 7, 2018 after a 90-day wind down period with the second round of sanctions re-imposed on November 5, 2018 after a 180-day wind down period, depending on the sector the sanctions target.
- (E) Additionally, secondary sanctions programs, involving certain specified activities and dealings with SDNs, that had not been eased pursuant to the JCPOA are still in force. Such transactions include proliferation of weapons of mass destruction, support for human rights abuses in Iran and Syria, support for terrorism, dealings with the Islamic Revolutionary Guard Corps, and others.
- (F) Executive Order 13846 (August 6, 2018) includes secondary sanctions for any person who has engaged in a significant transaction for the sale, supply, or transfer to Iran of significant goods or services used in connection with Iran's automotive sector.
- (G) On November 5, 2018, the United States re-imposed the remaining nuclear-related secondary sanctions administered by OFAC against Iran that previously had been lifted pursuant to the United States' commitment to JCPOA. This action includes the designation of 50 Iranian banks and their foreign and domestic subsidiaries; the identification of more than 400 targets, including over 200 persons and vessels in Iran's shipping and energy sectors, and an Iranian airline and more than 65 of its aircraft; and the placement on the list of SDN List of nearly 250 persons and associated blocked property that

appeared until today on the List of Persons Identified as Blocked Solely Pursuant to Executive Order (E.O.) 13599 (E.O. 13599 List).

- (H) On May 8, 2019, the Executive Order 13871 includes secondary sanctions for persons determined to be operating in the iron, steel, aluminium or persons that own, control or operate an entity that is part of those sectors; to have knowingly engaged in a significant transactions for the sale, supply, or transfer to Iran of significant goods or services used in connection with those sectors, to have materially assisted, sponsored, or provided financial, material, or technological support for or goods or services in support of any SDNs; or to be owned or controlled by, or to have acted or purported to act for or on behalf of directly or indirectly by SDNs.
- (I) On January 10, 2020, the Executive Order 13902 includes secondary sanctions for persons determined to be operating in the construction, mining, manufacturing, or textiles sectors of the Iranian economy, or any other sector of the Iranian economy as determined by the Secretary of the Treasury; to have knowingly engaged in a significant transaction for the sale, supply, or transfer to or from Iran of significant goods or services used in connection with a sector of the Iranian economy specified in, or determined by the Secretary of the Treasury; to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any SDN blocked pursuant to these sanctions; or to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any SDN blocked pursuant to these sanctions. On October 8, 2020, the Secretary of the Treasury identified the financial sector of the Iranian economy and designated eighteen major Iranian banks.
- (J) On September 21, 2020, the Executive Order 13949 includes secondary sanctions on any person determined by the Secretary of State, in consultation with the Secretary of the Treasury, to engage in any activity that materially contributes to the supply, sale, or transfer, directly or indirectly, to, or from Iran, or for the use in or benefit of Iran, of arms and related material, including spare parts; any person determined by the Secretary of State, in consultation with the Secretary of the Treasury, to provide to Iran any technical training, financial resources or services, advice, other services, or assistance related to the supply, sale, transfer, manufacture, maintenance, or use of arms and related material described above; any person determined by the Secretary of State, in consultation with the Secretary of the Treasury, to have engaged, or

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

(viii) 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.

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

- (C) to be a spouse or dependent child of any person described above.
- (2) Under Executive Order 13441, with certain exceptions, transactions by U.S. persons, or in or involving the United States, are prohibited if they involve dealing with, or involving property of, a person or entity designated as an SDN under Executive Order 13441 and appearing on the OFAC SDN List with the identifier "[LEBANON]". The property and interests in property of an entity that is 50% or more owned, directly or indirectly by a person on the OFAC SDN List is also blocked, regardless of whether the entity itself appears on the OFAC SDN List.
- (x) Application to Russia (excluding Crimea)
 - (1) The U.S. President has issued several Executive Orders: Executive Order 13660 of March 6, 2014, Executive Order 13661 of March 16, 2014, Executive Order 13662 of March 20, 2014, Executive Order 13685 of December 19, 2014, Executive Order 13849 of September 20, 2018, Executive Order 13883 of August 3, 2019, Executive Order 14024 of April 15, 2021, Executive Order 14039 of August 20, 2021, Executive Order 14065 of February 21, 2022, Executive Order 14066 of March 8, 2022, Executive Order of March 11, 2022, and Executive Order 14071 of April 6, 2022 finding that the actions and policies of the Government of Russia, including its purported annexation of Crimea and its use of force in Ukraine, and purported recognition of the so-called Donetsk People's Republic (DPR) or Luhansk People's Republic (LPR) regions of Ukraine continue to undermine democratic processes and institutions in Ukraine; threaten its peace, security, stability, sovereignty, and territorial integrity; and contribute to the misappropriation of its assets, and thereby constitute an unusual and extraordinary threat to the national security and foreign policy of the United States. These Executive Orders impose comprehensive restrictions on dealings with SDNs (including entities owned, at 50% or higher level, by SDNs directly or indirectly, individually or in the aggregate), comprehensive trade embargo on the Crimea, LPR, and DPR regions, prohibitions on the import into the United States of Russian-origin fish, seafood, or preparations thereof, alcoholic beverages, non-industrial diamonds, or other Russian-origin products as determined by the U.S. Government, prohibition on import into the United States of Russian-origin oil, gas, and coal, prohibition on new investment in the Russian energy sector by U.S. persons or other sectors as determined by the United States Government, prohibition on direct or indirect supply of luxury goods as defined by the U.S. Government, prohibition on new investment in the Russian Federation by a US person, the export, reexport, sale, or supply, directly or indirectly, from the United States in certain categories of services as determined by the Secretary of the Treasury, and more limited restrictions (so-called "sectoral sanctions") on certain types of dealings with designated parties in Russia's energy, financial and defense

sectors (including entities owned by them, at 50% or higher level, directly or indirectly, individually or in the aggregate).

- (2) With certain exceptions, U.S. persons are prohibited from dealing with certain Russian persons and entities listed on OFAC's SDN List (or entities owned by them, as noted above); from dealing in any property in the U.S. or in the possession or control of a U.S. person in which any SDN has an interest; and in making any new investment in or exporting or importing any product, service or technology to or from the Crimea, DPR or LPR regions. In addition, there are export restrictions on certain U.S.-origin products as well as restrictions on U.S. persons' ability to provide any products or services to certain parties in Russia targeted by sectoral sanctions if such items would be used for one of the three types of targeted oil/gas production or exploration projects (irrespective of the origin of such goods or services).
- (3) Pursuant to Executive Order 13662 ("**EO 13662**") and the Ukraine-Related Sanctions Regulations ("URSR"), OFAC promulgated financial restrictions on companies operating in specific sectors of the Russian economy, and the restrictions apply whenever there is a U.S. nexus to the transaction (including U.S. Dollar payments). The entities listed on the Sectoral Sanctions Identifications List ("SSIL") have not been added to the SDN List so these SSIs are not subject to blocking requirements noted above. Instead, OFAC has prohibited certain types of transactions with the SSIs. Specifically, OFAC issued four "directives" as outlined below (certain of these have since been amended, as described in further detail below):
 - (A) Directive 1: The following transactions by U.S. persons or within the United States involving targeted companies are prohibited by Directive 1: "all transactions in, provision of financing for, and other dealings in new debt of longer than 14 days maturity or new equity of [these] persons..., their property, or their interests in property..." The 14-day term is for new debt or new equity issued on or after November 28, 2017. For new debt or new equity issued on or after July 16, 2014 and before September 12, 2014, the term is 90 days. For new debt or new equity issued on or after September 12, 2014 and before November 28, 2017, the term is 30 days. All other transactions with these persons are permitted, provided such transactions are not otherwise prohibited by any other sanctions programs implemented by OFAC.
 - (B) Directive 2: The following transactions by U.S. persons or within the United States involving targeted companies are prohibited by Directive 2: "all transactions in, provision of financing for, and other dealings in new debt of longer than 60 days (for new debt issued after November 28, 2017 but the term is 90 days for new debt issued between July 16, 2014 and before November 28,

2017) maturity of [these] persons..., their property, or their interests in property..." All other transactions with these persons are permitted, provided such transactions do not otherwise involve any other sanctions programs implemented by OFAC. Unlike Directive 1, Directive 2 does not place restrictions on transacting in, providing financing for, or otherwise dealing in new equity of the entities listed pursuant to Directive 2.

(C) Directive 3: The following transactions by U.S. persons or within the United States involving targeted companies are prohibited by Directive 3: "all transactions in, provision of financing for, and other dealings in new debt of longer than 30 days maturity of [these] persons..., their property, or their interests in property..." All other transactions with these persons are permitted, provided such transactions do not otherwise involve any other sanctions programs implemented by OFAC. Unlike Directive 1, Directive 3 does not place restrictions on transacting in, providing financing for, or otherwise dealing in new equity of the entities listed pursuant to Directive 3.

(D) Directive 4: The following transactions by U.S. persons or within the United States involving targeted companies are prohibited by Directive 4: "the provision, exportation, or re-exportation, directly or indirectly, of goods, services (except for financial services), or technology in support of exploration or production for deepwater (more than 500 feet), Arctic offshore, or shale projects (i) that have the potential to produce oil in the Russian Federation, or in maritime area claimed by the Russian Federation and extending from its territory" or (ii) "that are initiated on or after January 29, 2018, that have the potential to produce oil in any location, and in which any person determined to be subject to this Directive or any earlier version thereof, their property, or their interests in property has (a) a 33 percent or greater ownership interest, or (b) ownership of a majority of the voting interests."

(4) The SSIL restrictions apply not only to U.S. persons' dealings with the designated under the directives above, but also to entities directly or indirectly owned 50% or more by entities, listed on the SSIL (the "SSI").

(5) "Debt" in the SSIL context includes bonds, loans, extensions of credit, loan guarantees, letters of credit, drafts, bankers' acceptances, discount notes or bills, or commercial paper. "Equity" includes stocks, share issuances, depositary receipts, or any other evidence of title or ownership. OFAC has advised that these lists are illustrative, not exhaustive. OFAC has confirmed that the term "extension of credit" would include providing an SSI customer with payment terms that

exceed 30 or 90 days, depending on the Directive under which the SSI is designated.

- (6) In addition, there are export restrictions on certain U.S.-origin products as well as restrictions on U.S. person's ability to provide any products or services to certain parties in Russia targeted by sectoral sanctions if such items would be used for one of the three types of targeted oil/gas production or exploration projects (irrespective of the origin of such goods or services).
- (7) On August 2, 2017, President Trump signed into law the "Countering America's Adversaries Through Sanctions Act" ("**CAATSA**"), which amended some of the existing U.S. primary sanctions against Russia and added secondary sanctions targeting certain activities involving Russia. For example, CAATSA required OFAC to amend Directive 1 by reducing the maturity term from 30 to 14 days, and Directive 2 by reducing the maturity term from 90 to 60 days, tightening restrictions on the extension of credit to SSI entities targeted by these directives. On September 29, 2017, OFAC issued amended Directives 1 and 2, indicating that the reduction of maturity term to 14 and 60 days, respectively, would be effective as of November 28, 2017. CAATSA also required OFAC to amend Directive 4, which targets certain energy projects, expanding its territorial reach beyond Russia to any location in the world where one of the targeted exploration/production projects is located so long as a Russian SSI party has at least a 33% interest in such project (this took effect on January 29, 2018). CAATSA also authorizes the U.S. Government to designate state-owned entities in the Russian railway sector and impose sectoral sanctions upon such designations.
- (8) In addition to changes to sectoral sanctions, there are also secondary sanctions that were imposed by CAATSA, so any persons (U.S. or non-U.S.) who engage in these activities could face exposure to restrictive U.S. measures, even if the underlying activity has no U.S. nexus. These new Russia-related secondary sanctions include (but are not limited to):
 - (A) Making of an investment that directly and significantly contributes to the enhancement of the ability of the Russian Federation to construct energy export pipelines; or selling, leasing or providing to the Russian Federation, for the construction of Russian energy export pipelines, goods, services, technology, information, or support that could directly and significantly facilitate the maintenance or expansion of the construction, modernization, or repair of energy export pipelines by the Russian Federation, and which meet either of the following criteria:

- (I) Any of which have a fair market value of US\$1,000,000 or more; or
 - (II) That, during a 12-month period, have an aggregate fair market value of US\$5,000,000 or more.
 - (B) Making an investment, with actual knowledge, of US\$10,000,000 or more (or any combination of investments of not less than US\$1,000,000 each, which in the aggregate equals or exceeds US\$10,000,000 in any 12-month period), or facilitates such an investment, if the investment directly and significantly contributes to the ability of the Russian Federation to privatize state-owned assets in a manner that unjustly benefits:
 - (I) Officials of the Government of the Russian Federation; or
 - (II) Close associates or family members of those officials.
 - (C) Knowingly engaging in a "significant" transaction with a Russian sanctioned person as defined in Section 228, or with a person that is part of, or operates for or on behalf of, the Russian defense or intelligence sectors as defined in Section 231 of CAATSA. For purposes of Section 231, the U.S. Government issued a list of "persons that are part of, or operate for or on behalf of, the defense and intelligence sectors of the Government of the Russian Federation" so foreign parties have additional clarity as to who in Russia is targeted by this measure and can avoid engaging in "significant" transactions with such parties unless such foreign parties want to face exposure under secondary U.S. sanctions.
 - (D) Foreign financial institutions determined to have knowingly facilitated certain defense- and energy-related transactions on behalf of the Russian Government, or have knowingly facilitated a significant financial transaction on behalf of any Russian SDN.
- (9) Non-U.S. companies engaging in these sanctionable activities are potentially subject to the imposition of several restrictions by the U.S. Government, such as visa denials, prohibition on importation of products into the United States, restrictions on accessing U.S. financing or processing USD payments, and even a designation as an SDN.
- (10) Moreover, CAATSA also required the President to submit a list identifying "the most significant senior foreign political figures and oligarchs in the Russian Federation, as determined by their closeness to the Russian regime and their net worth." This list was submitted on

January 29, 2018 but did not result in the imposition of sanctions on the individuals listed.

- (11) The U.S. Government has issued guidance to clarify broad language used in Section 228. A broad reading of Section 228 would have allowed the U.S. Government to impose restrictive measures on any non-U.S. person who facilitates a "significant" transaction with an SSI entity, even if such transaction is not prohibited by primary U.S. sanctions. The term "significant" is not defined in CAATSA, and the U.S. Government could use multiple factors in deciding what is significant. The recent guidance made it clear that the term "significant transaction" will not include transactions that do not require a U.S. person to obtain a specific license from OFAC to participate in them. As such, the activities with SSIs that are not prohibited by sectoral sanctions should also not trigger exposure under Section 228. The OFAC guidance indicates that a transaction in which a party is on the SSI list "must also involve deceptive practices (i.e., attempts to obscure or conceal the actual parties or true nature of the transaction(s), or to evade sanctions) to potentially be considered significant." Therefore, even if a U.S. person would need a license from OFAC to engage in an activity with an SSI, a non-U.S. person engaging in the same transaction will not face secondary sanctions exposure under Section 228 so long as there are no deceptive practices.
- (12) On September 20, 2018, OFAC issued Executive Order 13849 ("EO 13849") to implement the CAATSA sanctions. EO 13849 prohibits U.S. financial institutions from making loans or providing credits to designated persons totalling more than \$10 million USD in any 2-month period (unless such person is engaged in activities to relieve human suffering and the loans or credits are provided for such activities; prohibit any transactions in foreign exchange that are subject to U.S. jurisdiction in which the sanctioned person has any interest; prohibit any transfers of credit or payments between financial institutions, or by, through, or to any financial institution, to the extent such transfers or payments are subject to U.S. jurisdiction and involve the sanctioned person; block all property and interests in property of sanctioned persons; prohibit any U.S. person from investing in or purchasing significant amounts of equity or debt instruments of the sanctioned person; and impose similar measures on the principal executive officer or officers of sanctioned persons or any persons performing similar functions or with similar authorities
- (13) On March 2, 2021, the U.S. Government announced additional restrictions related to Russia, including designating parts of the Russian government (Federal Security Bureau and Main Intelligence Directorate) as SDNs under a different sanctions program. There are also new export control restrictions on certain items to Russia under both the EAR and the International Traffic in Arms Regulations ("ITAR"), and new designations on the BIS Entity List.

- (14) On April 15, 2021, OFAC issued Executive Order 14024 ("**EO 14024**") that provides new authorities to designate persons as SDNs, including among others those found by OFAC to be operating in Russia's technology and defense (and related materiel) sectors (in February 2022, Russia's financial services sector was also added to the list of targeted sectors under EO 14024, creating risks for those found to be operating in such sector). On April 15, 2021, Directive 1 was issued under EO 14024 which provides targeted financial sanctions related to purchases by U.S. financial institutions of Russian sovereign debt (we note that this Directive 1 under EO 14024 is distinct from Directive 1 issued under EO 13662 referenced above). On February 22, 2022, Directive 1 was superseded by Directive 1A and OFAC also issued Directives 2, 3, and 4 pursuant to EO 14024:
- (A) Directive 1A: as of June 14, 2021, U.S. financial institutions are prohibited in participating in the primary market for ruble or non-ruble denominated bonds issued after June 14, 2021 by the Central Bank of the Russian Federation ("CBR"), the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation; as of March 1, 2022, U.S. financial institutions are prohibited from participating in the secondary market for ruble or non-ruble denominated bonds issued after March 1, 2022 by the CBR, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation.
 - (B) Directive 2: prohibits U.S. financial institutions from (i) opening or maintaining of a correspondent account or payable-through account for or on behalf of foreign financial institutions determined to be subject to the prohibitions of Directive 2, or their property or interests in property; and (ii) the processing of a transaction involving foreign financial institutions determined to be subject to the prohibitions of Directive 2, or their property or interests in property. Directive 2 prohibits such transactions not only with an institution identified in Annex I to Directive 2 but also any foreign financial institution owned 50% or more, directly or indirectly, individually or in the aggregate by one or more foreign financial institutions determined to be subject to Directive 2.
 - (C) Directive 3: prohibits U.S. persons from all transactions, provision of financing for, other dealings in, and providing new debt of longer than 14 days maturity or new equity to entities listed under Directive 3 where such new debt or new equity is issued after 12:01 a.m. ET on March 26, 2022 (or 30 days after a new entity is designated under Directive). Directive 3 applies both to any entity listed in Annex I or otherwise determined to be subject to Directive 3 and entities 50 percent or more owned,

directly or indirectly, individually or in the aggregate, by one or more entities determined to be subject to Directive 3.

- (D) Directive 4: prohibits U.S. persons from any transaction involving the CBR, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation, including any transfer of assets to such entities or any foreign exchange transaction for or on behalf of such entities.
- (15) The Directives above are not full blocking sanctions like those that apply to SDNs so U.S. persons generally are only prohibited from engaging in transactions with entities listed under the Directives set forth above that are specifically prohibited under any of the Directives. OFAC has also issued several general licenses authorizing certain transactions involving parties subject to various Directives and/or certain SDNs.
- (16) OFAC has also issued three determinations pursuant to EO 14024:
- (A) The February 22, 2022 determination provides OFAC authority to designate persons in the financial services sector of the Russian Federation economy;
 - (B) The March 31, 2022 determination provides OFAC authority to designate persons in the aerospace, electronics, and marine sectors of the Russian Federation Economy; and
 - (C) The May 8, 2022 determination provides OFAC authority to designate persons in the accounting, trust, and corporate formation services, and management consulting sectors of the Russian Federation economy.
- (17) On February 21, 2022, the President issued **EO 14065** which prohibits
- (A) New investment in DPR or LPR by a U.S. person;
 - (B) Import into the United States, directly or indirectly, of any goods, services, or technology from DPR or LPR;
 - (C) Export, reexport, sale, or supply, directly or indirectly, from the United States or by a U.S. person of any goods, services, or technology to DPR or LPR; or
 - (D) U.S. person approval, financing, facilitation, or guarantee of a transaction by a foreign person that would be prohibited as noted above.
- (18) On March 8, 2022, the President issued **EO 14066** which prohibits:

- (A) the importation into the United States of the following products of Russian Federation origin: crude oil; petroleum; petroleum fuels, oils, and products of their distillation; liquefied natural gas; coal; and coal products;
 - (B) new investment in the energy sector in the Russian Federation by a United States person, wherever located; and
 - (C) any approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited by this section if performed by a United States person or within the United States.
- (19) On March 11, 2022, the President issued **EO 14068** which prohibits:
- (A) the importation into the United States of the following products of Russian Federation origin: fish, seafood, and preparations thereof; alcoholic beverages; non-industrial diamonds; and any other products of Russian Federation origin as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State and the Secretary of Commerce;
 - (B) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of luxury goods, and any other items as may be determined by the Secretary of Commerce, in consultation with the Secretary of State and the Secretary of the Treasury, to any person located in the Russian Federation;
 - (C) new investment in any sector of the Russian Federation economy as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State, by a United States person, wherever located;
 - (D) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of U.S. dollar-denominated banknotes to the Government of the Russian Federation or any person located in the Russian Federation; and
 - (E) any approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited by this section if performed by a United States person or within the United States.
- (20) On April 6, 2022, the President issued **EO 14071** which prohibits:

- (A) new investment in the Russian Federation by a United States person, wherever located;
 - (B) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any category of services (as determined by OFAC) to any person located in the Russian Federation (on May 8, 2022, OFAC issued a Determination that targets the provision of accounting, trust/corporation formation, and management consulting services, and subsequently added quantum computing services as well); and
 - (C) any approval, financing, facilitation, or guarantee by a United States person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited by this section if performed by a United States person or within the United States.
- (21) On May 8, 2022, OFAC issued a Determination Pursuant to Section 1(a)(ii) of EO 14071 which prohibits the export, reexport, sale, or supply, directly or indirectly, from the United States or by a US person, wherever located, of accounting, trust and corporate formation, or management consulting services to any person located in the Russian Federation (on September 15, 2022, another Determination added quantum computing services to those targeted by EO 14071). These Determinations do not apply to any service to an entity located in the in the Russian Federation, that is owned or controlled, directly or indirectly, by a US person or to any services in connection with the wind down or divestiture of an entity located in the Russian Federation that is not owned or controlled, directly or indirectly by a Russian person.
- (22) BIS also imposed strict export controls on items destined for Russia and a license is now required for: (a) any item identified in any Export Control Classification Number (“ECCN”) on the Commerce Control List (“CCL”) in Categories 0 through 9; (b) any item subject to U.S. law (including EAR99 food and medicine) that is destined to a military end user or for military end use (“MEU”) in Russia; (c) certain foreign-made items that are now subject to US law for purposes of export and reexport to Russia due to the expanded application of the foreign direct product rule, and (d) “luxury goods” subject to US law as defined by BIS in implementing EO 14068.
- (xi) Application to Sudan
- (1) The Sudan sanctions program of the United States began in 1997 when the President of the United States issued Executive Order 13067 on November 3, 1997, which imposed a comprehensive trade embargo on Sudan and blocked the assets of the Government of Sudan.

- (2) On April 26, 2006, the President of the United States issued Executive Order 13400, which targets those involved in the conflict in Sudan's Darfur region. Later that year, the President of the United States issued Executive Order 13412 on October 13, 2006, which continued the comprehensive blocking of the Government of Sudan imposed by Executive Order 13067, but exempts the then-regional Government of Southern Sudan as well as certain specified areas from most of the prohibitions under the Sudan sanctions program. Executive Order 13412 also prohibits all transactions by U.S. persons relating to Sudan's petroleum and petrochemical industries, including in the Specified Areas of Sudan.
- (3) Effective July 1, 1998, OFAC issued the Sudanese Sanctions Regulations ("**SSR**") to implement Executive Order 13067. The SSR were then amended effective October 31, 2007, to implement Executive Order 13412. Effective May 28, 2009, OFAC issued the Darfur Sanctions Regulations to implement Executive Order 13400.
- (4) Following South Sudan's independence from Sudan in July 2011, OFAC authorized all activities relating to the petroleum and petrochemical industries in the Republic of South Sudan, to the extent they were otherwise prohibited, as well as the transshipment of goods, technology, and services through Sudan to or from the Republic of South Sudan.
- (5) Although the comprehensive OFAC sanctions have been lifted (as explained below) historically sanctions with respect to Sudan previously fell into two broad categories: (1) the blocking of the Government of Sudan and the trade embargo against Sudan, and (2) targeted sanctions against individuals and entities contributing to the conflict in the Darfur region. Pursuant to Executive Orders 13067 and 13412, all property and interests in property of the Government of Sudan were blocked. Executive Orders 13067 and 13412 also prohibited, with certain exemptions:
 - (A) the importation of goods or services of Sudanese origin;
 - (B) the exportation or reexportation to Sudan of goods, technology, or services from the United States or by a U.S. person;
 - (C) the facilitation by a U.S. person of the exportation or reexportation of goods, technology, or services from Sudan to any destination or to Sudan from any location;
 - (D) the performance by a U.S. person of any contract in support of an industrial, commercial, public utility, or governmental project in Sudan;
 - (E) the grant or extension of credits or loans by a U.S. person to the Government of Sudan;

- (F) certain transactions relating to cargo to or from Sudan; and
 - (G) all transactions by U.S. persons relating to the petroleum or petrochemical industries in Sudan, including, but not limited to, oilfield services and oil or gas pipelines.
- (6) With certain exceptions, U.S. persons were prohibited from dealing with persons listed on the SDN List who were designated pursuant to the SSR, 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) were also blocked, regardless of whether that entity is separately named on OFAC's SDN List.
- (7) Effective January 17, 2017, OFAC issued a general license authorizing most transactions with Sudan and unblocking previously blocked property. See SSR. § 538.540. The new general license authorized all transactions prohibited by the SSR, including those involving property in which the Government of Sudan has an interest. On October 12, 2017, OFAC permanently lifted broad sanctions that were imposed under the SSR. In practical terms, this means that most transactions by U.S. persons involving Sudan are no longer prohibited, assuming they do not otherwise involve SDNs targeted by different OFAC sanctions programs (e.g., those designated for global terrorism, weapons proliferation, Darfur or other sanctions) or are otherwise prohibited by U.S. export control laws as Sudan. Effective June 28, 2018, the SSR have been removed from OFAC's regulations in Part V of the Code of Federal Regulations. On December 14, 2020, the U.S. Department of State rescinded Sudan's designation as a state sponsor of terrorism. Effective January 19, 2021, the U.S. Department of Commerce's Bureau of Industry and Security implemented the rescission removing broad restrictions under U.S. export control laws.
- (xii) Application to Tunisia
- (1) At the date of this memorandum, the United States has not imposed any sanctions on Tunisia. Certain SDNs targeted under other OFAC sanctions programs may reside in Tunisia, and U.S. persons are prohibited from dealings with such parties and entities they own at 50% or greater level, directly or indirectly.
- (xiii) Application to Turkey
- (1) The United States do not maintain comprehensive sanctions against Turkey nor any sanctions that are territorial in nature and that apply to Turkey as a country. Pursuant to Executive Order 13894, OFAC maintains "Syria-related" sanctions that provide authority to designate certain parties, including officials or agencies of the Turkish government, who are found to contribute to the destabilization of

situation in Syria or are involved in human rights abuses. On October 14, 2019, OFAC designated as SDNs the Turkish Ministry of National Defense and the Turkish Ministry of Energy and Natural Resources, as well as several individual Turkish government officials. At the same time, OFAC issued general license providing temporary authorization to wind-down activities with these SDNs. Before that general license expired, these Turkish government entities and officials were removed from the SDN List so the restrictions never become effective against them in practical terms.

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

(xiv) Application to Ukraine (excluding Crimea)

- (1) The U.S. President issued four recent Executive Orders: Executive Order 13660 of March 6, 2014, Executive Order 13661 of March 16, 2014, Executive Order 13662 of March 20, 2014, and Executive Order 13685 of December 19, 2014, finding that the actions and policies of the Government of Russia, including its annexation of Crimea and its use of force in Ukraine, continue to undermine democratic processes and institutions in Ukraine; threaten its peace, security, stability, sovereignty, and territorial integrity; and contribute to the misappropriation of its assets, and thereby constitute an unusual and extraordinary threat to the national security and foreign policy of the United States.
- (2) With certain exceptions, U.S. persons are also prohibited from dealing with certain Ukrainian persons and entities listed on OFAC's SDN List (as well as entities owned at 50% or greater level by SDNs), and from dealing in any property in the U.S. or in the possession or control of a U.S. person in which any blocked person has an interest.

(xv) Application to Xinjiang

- (1) The United States do not maintain comprehensive sanctions against Xinjiang nor any sanctions that are territorial in nature that apply to Xinjiang as a region and all activities within it. On July 31, 2020, pursuant to Executive Order 13818 (“Blocking the Property of Persons Involved in Serious Human Rights Abuse or Corruption”), OFAC designated Xinjiang Production and Construction Corps (“**XPCC**”) and two current or former government officials as SDNs for alleged human rights abuses against ethnic minorities in that region. As a result of such designations, any entity in which XPCC and/or any of those two individual SDNs owns, directly or indirectly, a 50% or greater interest, has to be treated as an SDN and is subject to the same prohibitions that apply to activities with any U.S. nexus.

On December 23, 2021, President Biden signed into law H.R. 6256 “To ensure that goods made with forced labor in the Xinjiang Uyghur Autonomous Region of the People’s Republic of China do not enter the United States market, and for other purposes” (Pub.L. 117-78). Section 3 of that new law creates a rebuttable presumption that all goods mined, produced or manufactured in the Xinjiang region are product of forced labor and thus are prohibited from importation into the United States. Section 5 of that new law amends the Uyghur Human Rights Policy Act of 2020 (Pub.L. 116-145) to provide authority to the US government to impose sanctions on those found to have engaged in serious human rights abuses in connection with forced labor. No SDN designations were made by OFAC in conjunction with the enactment of this new legislation.

(xvi) Application to Venezuela

- (1) On March 8, 2015, the United States imposed targeted sanctions against Venezuela under Executive Order 13692 in response to anti-democratic events. The sanctions do not constitute a broad or territorial embargo against trade with Venezuela, but instead froze the assets of the seven targeted officials, heads of the country’s security agencies or law enforcement officials.
- (2) Under Executive Order 13692, with certain exceptions, transactions by U.S. Persons, or in or involving the United States, are prohibited if they involve dealing with, or involving property of, a person or entity designated as an SDN under Executive Order 13692 and appearing on the OFAC SDN List with the identifier “[VENEZUELA]”. The property and interests in property of an entity that is 50% or more owned, directly or indirectly by a person on the OFAC SDN List is also blocked, regardless of whether the entity itself appears on the OFAC SDN List.
- (3) OFAC has also imposed sanctions on various other designated Venezuelan businesses and individuals. With certain exceptions, U.S. persons are prohibited from dealing with persons listed on OFAC’s SDN

List, and all property in which any blocked person has an interest is blocked if it is in the United States or in the possession or control of a U.S. person, wherever located.

- (4) On August 25, 2017, the U.S. imposed more limited restrictions targeting the debt (in excess of specific maturity terms) and equity of the Government of Venezuela ("**GOV**"). The restrictions apply to the GOV's and Petroleos de Venezuela, S.A.'s ("**PdVSA**") ability to access capital from the United States including profits and dividends from its U.S. assets, such as CITGO Holdings, Inc., the PdVSA-owned American subsidiary. These restrictions were largely superseded by Executive Order 13884 discussed below, which is much broader in scope of restrictions imposed on GOV. Additionally, PdVSA was designated as an SDN on January 28, 2019.
- (5) On November 1, 2018, the U.S. issued Executive Order 13850, to target corrupt practices in Venezuela and imposed sanctions on any person determined by the Secretary of the Treasury, in consultation with the Secretary of State,
 - (A) to operate in the gold sector of the Venezuelan economy or in any other designated sector of the Venezuelan economy (after the issuance of EO 13850, OFAC subsequently issued designations of three additional sectors of Venezuelan economy as targeted by this order: oil, financial and defense/security sectors);
 - (B) to be responsible for or complicit in, or to have directly or indirectly engaged in, deceptive or corrupt transactions involving the GOV or projects or programs it administers, or to be an immediate adult family member of such a person;
 - (C) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any activity described in section (ii); or
 - (D) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property were blocked pursuant to Executive Order. 13850.
- (6) On August 5, 2019, the United States issued Executive Order 13884, which blocks all property and interest in property of the GOV; prohibits any transactions with the GOV that would involve a U.S. nexus (i.e. U.S.-origin goods or services, U.S. person involvement, USD-denominated transactions);¹ and blocks the property of persons who,

¹ EO 13884 defines "GOV" broadly to include: (1) "any political subdivision, agency, or instrumentality" of the state and government of Venezuela, including the Central Bank of Venezuela and PdVSA, (2) any person owned or controlled, directly or indirectly, by an entity described in (1); and (3) any person who has "acted or purported to act directly or indirectly for or on behalf of, any of the foregoing, including as a member of the Maduro regime."² *An analysis of the parameters*

after determination by the Secretary of the Treasury, in consultation in the Secretary of State,

- (A) Have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of persons included on the SDN List whose property or interests in property are blocked pursuant to Executive Order 13884; or
 - (B) Are owned or controlled by, or have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to Executive Order 13884.
- (7) OFAC has issued several general licenses authorizing certain limited transactions with GOV including for example, activities related to issuance of local permits, payment of local taxes and similar administrative activities that are incidental to day-to-day operations of a non-sanctioned entity in Venezuela as well as dealings with customs authorities and ports for shipments of goods to Venezuela. Most types of transactions involving GOV that have any U.S. nexus remain prohibited, with the exception of specific activities identified in various OFAC general licenses that are authorized if terms and conditions of such general licenses are met.

(xvii) Application to Yemen

- (1) On May 16, 2012, the President of the United States issued Executive Order 13611, declaring a national emergency to deal with the unusual and extraordinary threat to the national security and foreign policy of the United States posed by the actions and policies of certain members of the Government of Yemen and other individuals and entities that threaten Yemen's peace, security, or stability. Such actions and policies include obstructing the implementation of the November 23, 2011 agreement between the Government of Yemen and those in opposition to it, which provides for a peaceful transition of power that meets the legitimate demands and aspirations of the Yemeni people, and obstructing the political process in Yemen. Executive Order 13611 does not impose broad-based sanctions against the country of Yemen or its government or people.
- (2) Executive Order 13611 authorizes the blocking of property and interests in property of individuals and entities determined by the Secretary of the Treasury, in consultation with the Secretary of State, to:

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.

- (A) have engaged in acts that directly or indirectly threaten the peace, security, or stability of Yemen;
 - (B) be a political or military leader of an entity that has engaged in such acts;
 - (C) have provided support for such acts or to a person whose property and interests in property are blocked by Executive Order 13611; or
 - (D) be owned or controlled by, or have directly or indirectly acted for or on behalf of, such blocked persons.
- (xviii) Under Executive Order 13611, with certain exceptions, transactions by U.S. Persons, or in or involving the United States, are prohibited if they involve dealing with, or involving property of, a person or entity designated as an SDN under Executive Order 13611 and appearing on the OFAC SDN List with the identifier "[YEMEN]". The property and interests in property of an entity that is 50% or more owned, directly or indirectly by a person on the OFAC SDN List is also blocked, regardless of whether the entity itself appears on the OFAC SDN List.
- (xix) Application to the Group
- (1) Save for Vivo Capital Fund IX, L.P., there are no U.S. persons for purposes of U.S. sanctions in the Group, and neither the Company nor any of its other Group entities are incorporated in the United States and the Group does not otherwise maintain any subsidiaries, branches or affiliates which are either incorporated, domiciled or otherwise located in the territory of the United States.
 - (2) The Group confirmed, in relation to its direct sales from the Parent Company to Iran, payments for were dominated in EUR and USD.
 - (3) In relation to the Iranian USD Transactions, they appear to be violations of U.S. primary sanctions set forth in the ITSR that prohibit the use of the U.S. financial system in transactions involving Iran, unless authorized by an OFAC license or exemption. The Group's underlying historic sales to Iran were not consistent with the General License for sales of certain medical devices to Iran set forth in 31 CFR § 560.530(a)(3) of the ITSR as they were not exports to Iran by a "covered person" within the meaning of section 560.530(e)(4) of that regulatory authorization. Specifically, that General License in section 560.530(a)(3) authorizes the export or reexport of eligible medical devices by a "covered person" as well as services that are ancillary to such export/reexport by a covered person (for example, the conduct of related transactions, including the making of shipping and cargo inspection arrangements, obtaining of insurance, arrangement of financing and payment, shipping of the goods, receipt of payment, and entry into contracts). For purposes of that General License, the term

“covered person” is defined in section 560.530(e)(4) to mean (a) with respect to the exportation or reexportation of items subject to the EAR, a US person or a non-US person, and (b) for purposes of items not subject to the EAR, a US person, wherever located, or an entity owned or controlled by a US person and established or maintained outside the United States. In the Group’s case, the non-U.S. origin interventional medical devices, including occlude products and heart valve products sold to Iran were not subject to the EAR, which means that the General License would have applied only if such sales were done by a US person or a non-US entity that is owned or controlled by a US person. Because the Group is neither a US person nor a non-US entity owned/controlled by a US person within the meaning of section 560.215 of the ITSR, the Group was not a “covered person” for purposes of those historic sales to Iran and that General License could not be relied upon by US persons (such as US banks) to process USD payments related to such sales. In addition, a US clearing bank could not have relied on OFAC’s general license in section 560.516(a) that authorizes US banks to process Iran-related payments when “an underlying transaction that has been authorized by a specific or general license issued pursuant to” the ITSR because in the case of Group’s sales, they were outside the scope of the General License for sale of eligible medical devices. As such, U.S. banks were not authorized under the ITSR to clear USD payments related to the Group’s sales to Iran that were not covered by that General License. Although those historic sales to Iran for which payment was received in USD appear to be inconsistent with the ITSR and thus create exposure for violation of the primary U.S. sanctions, we note that in light of the nature of the interventional medical devices, including occlude products and heart valve products at issue and the fact that this activity would have been consistent with the ITSR had the medical products been of U.S.-origin (and other terms of the General License were met), it is not likely that there is a material risk for the imposition of significant penalties on the Group even if OFAC were to pursue an enforcement action in that case. Further, we note that there should be no exposure under secondary U.S. sanctions in light of the “humanitarian exception” set forth in section 1244(e) of the IFCA;

- (4) No products supplied, sold, exported or otherwise transferred by the Group to the Relevant Regions were of U.S. origin or incorporated U.S.-origin content;
- (5) No U.S. persons employed or otherwise engaged by the Group have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of the Company or its Group entities involving Iran.
- (6) Other than the Primary Sanctioned Country Transactions as discussed above, the Group has not had activities involving Crimea region, Cuba, Iran, North Korea, Syria or Sudan (before the sanctions on Sudan were

lifted by OFAC in 2017). The Group is not subject to any of the above described primary U.S. sanctions administered by OFAC, either country-based or list-based, when the activity does not involve U.S. nexus.

- (7) The Company has advised, for and on behalf of the Group, the Group did not instruct its customers to use any particular payment route, but, the Group had received payments from its sales of interventional medical devices, including occlude products and heart valve products in relation (i) to Iran in EUR and USD, and (ii) the Relevant Regions other than Iran in RMB, EUR and USD, which is consistent with its international sales practice.
- (8) The Company confirmed for and on behalf of the Group, the Group's customers and suppliers are not SDNs (or, to the Company's knowledge, owned by SDNs at 50% or greater level), and neither the Group nor any of its affiliates, agents, directors, officers or employees are engaged in other transactions, business or financial dealings that directly or indirectly involve Cuba, Syria, North Korea, Sudan (prior to the 2017 lifting of OFAC sanctions), DPR/LPR regions of Ukraine or the Crimea region of Ukraine/Russia. There are no territorial sanctions with respect to Egypt, Hong Kong, Iraq, Lebanon, Russia (excluding Crimea), Tunisia, Turkey, Ukraine (excluding DPR/LPR regions or Crimea), Venezuela, Xinjiang, and Yemen. Accordingly, the Group's sales of non-U.S. origin interventional medical devices, including occlude products and heart valve products to non-sanctioned parties in the Relevant Regions would not have triggered relevant sanctions regulations.
- (9) The Group did not instruct its customers to use any particular payment route. However, all products involved in the Iranian USD Transactions were quoted in U.S. dollars, and were paid by the third-party intermediaries on behalf of customers in Iran, but U.S. banks were not authorized by the OFAC general license noted above to process such USD payments for sale of interventional medical devices, including occlude products and heart valve products to Iran (those intermediaries who initiated payments in USD were not engaged by the Group)
- (10) The Group did not, in any circumstances, make any payment (including refund) to any party in the Relevant Regions during the Track Record Period.
- (11) No financing or financial assistance has been received by the Group up to the date of this memorandum, either directly or indirectly, from any company, entity or body incorporated or located in the United States that relates to the Group's activities with Iran as Sanctioned Countries.

- (12) except as explained in Section 4.7, no products have been exported (either directly or indirectly) to any persons or entities identified on the BIS List.
- (13) The Group's activities did not involve industries or sectors that are currently subject to specific sanctions by the United States

Hogan Lovells' assessment is that the business dealings of the Group with the Relevant Regions, except the Iranian USD Transactions, do not appear to violate or implicate any breaches of the applicable U.S. sanctions, and the Iranian USD Transactions, which were of low value, do not appear to present a material sanctions risk for the Group with respect to possible OFAC enforcement action.

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

- (i) The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in certain defined activities, including:
 - (1) those who are dealing in "confiscated" property in Cuba;
 - (2) those who are engaging in certain Syria- or Iran-related activities, including certain targeted sectors of Iranian, North Korean, Belarussian, Russian, Myanmar (Burmese), and Venezuelan economy;
 - (3) those who are found to "operate in" the Crimea region or in the targeted sectors of Venezuelan economy (gold, oil, financial, defense/security) or Russian economy (quantum computing, defense, technology, financial services, aerospace, marine, electronics, accounting, management consulting and trust/corporate formation sectors), North Korean (construction, energy, financial services, fishing, information technology, manufacturing, medical, mining, textiles, or transportation), or Belarussian economy (defense and related materiel, security, energy, potassium chloride (potash) sector, tobacco products, construction, or transportation);
 - (4) those engaging in "significant" transactions with Iranian or Russian SDNs; and
 - (5) those who are engaging in the provision of "material assistance" or support to most types of SDNs (including SDNs designated under for alleged human rights abuses, such as XPCC, or under the Ukraine/Russia sanctions programs, among others)
- (ii) The Company has, for and on behalf of the Group, confirmed that it has had no dealings with Cuba, Crimea region of Ukraine/Russia, DPR/LPR regions of Ukraine, North Korea, Syria, or with any SDNs. Sales of medical devices to Iran do not create exposure to secondary sanctions in light of the humanitarian exception in section 1244(e) of IFCA noted above. The nature of its sales of medical devices in relation to the Relevant Regions should not trigger U.S. secondary sanctions as there are no such sanctions targeting medical industry

or medical products involving the Relevant Regions (for example, medical industry in Russia and Venezuela is not targeted by secondary sanctions, unlike Venezuela's oil, financial and defense/security sectors or Russia's technology and defense sectors). Accordingly, secondary sanctions should not be triggered by the Group's dealings, based on our due diligence process, and the information provided by the Company (for and on behalf of the Group). For those reasons, Hogan Lovells' assessment is that secondary U.S. sanctions do not appear to have been implicated.

5.1.4 The Offering

- (i) We note from the Prospectus under which the Company'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 Company has confirmed that such statements are accurate in all respects. In those statements, the Company confirms that the proceeds will be used:
 - (1) to fund the Group's research and development activities;
 - (2) for the Group's sales and marketing activities;
 - (3) to expand the Group's production capacity and strengthen our manufacturing capabilities;
 - (4) to fund potential strategic investment and acquisitions; and
 - (5) for working capital requirements and general corporate purposes.
- (ii) As such, the Group has not engaged during the Track Record Period in Secondary Sanctionable Activity because it had no business activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. As such, it does not appear likely that the Group's activities would result in the imposition of sanctions on the Relevant Persons.
- (iii) We also note that none of the Group, its 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

5.2.1 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).

- 5.2.2 The U.S. Department of Commerce, Bureau of Industry and Security (the "**BIS**") 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 (the "**EAR**"), administered by BIS.
- 5.2.3 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 (other comprehensively Sanctioned Countries have the 10% threshold), and what items are considered controlled (and thus are included in the de minimis calculation) also varies. To the best knowledge of the Company, none of its counterparties reflects any parties on the BIS List.
- 5.2.4 except as explained in Section 4.7, the customer list for the Relevant Regions provided by the Company does not reflect any parties on the BIS List. As explained above, however, the Group sales to the entity identified in Section 4.7 would not trigger the relevant export control restrictions under the EAR as the non-U.S. origin medical products at issue were not subject to the EAR.
- 5.2.5 We have been informed by the Company that the Group does not:
- (i) export products, software or technology that subject to the EAR from the United State or incorporate U.S.-origin technology or software;
 - (ii) except as explained in Section 4.7, deal with parties on the BIS List; and
 - (iii) sell U.S.-origin products or non-U.S. origin products that incorporate 10% or more of controlled U.S.-origin products, software or technology.

Therefore, these U.S. export controls do not apply to the Group.

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 Egypt

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

6.4 Application to Hong Kong

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

6.5 Application to Iran

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

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

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

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

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

6.5.6 UN Security Council Resolution 2231 establishes specific restrictions on Iran which include:

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

6.6 Application to Iraq

6.7 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).

6.8 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.

6.9 Application to Lebanon

6.9.1 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.

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

6.10 Application to Russia (excluding Crimea)

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

6.11 Application to Sudan

6.11.1 On July 31, 2004, the UN Security Council adopted Resolution 1556 (2004) imposing sanctions against Sudan in response to the humanitarian crisis and widespread human rights violations resulting from the conflict in Darfur region. The UN Security Council first imposed an arms embargo on all non-governmental entities and individuals, including the Janjaweed, operating in Darfur. The sanctions regime was subsequently modified and strengthened with the adoption of Resolution 1591 (2005) on March 29, 2005, which expanded the scope of arms embargo to also include all the parties to the N'djamena Ceasefire Agreement and any other belligerents, and imposed additional measures including a travel ban and an assets freeze on individuals designated by the UN Security Council Committee established pursuant to Resolution 1591 (2005) ("**1591 Committee**"). The enforcement of the arms embargo was further strengthened by Resolution 1945 (2010) and Resolution 2035 (2012).

6.11.2 Subject to certain exceptions, the measures imposed against Sudan pursuant to UN Security Council resolutions include:

- (i) a prohibition on the export of arms and related materials to any person in Sudan;
- (ii) a prohibition on the provision, to any person in Sudan, of technical assistance related to arms and related material;
- (iii) an asset freeze against persons designated by the 1591 Committee; and
- (iv) a travel ban against persons designated by the 1591 Committee.

6.11.3 Following the independence of the Republic of South Sudan and its admission as a UN Member State, the 1591 Committee has confirmed that the sanctions regime in relation to Sudan does not apply to the Republic of South Sudan.

6.12 Application to Tunisia

- 6.12.1 During the Track Record Period, the UN has not imposed any sanctions with respect to Tunisia.
- 6.13 Application to Turkey
 - 6.13.1 During the Track Record Period, the UN has not imposed any sanctions with respect to Turkey.
- 6.14 Application to Ukraine (excluding Crimea)
 - 6.14.1 During the Track Record Period, the UN has not imposed any sanctions with respect to Ukraine.
- 6.15 Application to Xianjiang
 - 6.15.1 During the Track Record Period, the UN has not imposed any sanctions with respect to Xianjiang.
- 6.16 Application to Venezuela
 - 6.16.1 During the Track Record Period, the UN has not imposed any sanctions with respect to Venezuela.
- 6.17 Application to Yemen
 - 6.17.1 On February 26, 2014, the UN Security Council adopted Resolution 2140 (2014) imposing a sanctions regime in response to the on-going political, security, economic and humanitarian challenges in Yemen, including on-going violence. Pursuant to Resolution 2140 (2014), the UN Security Council Committee was established on February 26, 2014 to oversee the relevant sanctions measures. UN sanctions on Yemen were supplemented by Resolution 2216 (2015) and Resolution 2511 (2020) which set out a targeted arms embargo, asset-freezing measures against parties threatening the peace, security or stability of Yemen, engaging in sexual violence in armed conflict and obstructing the delivery of humanitarian assistance in Yemen, as well as a travel ban.
 - 6.17.2 All member states shall freeze without delay all funds, other financial assets and economic resources which are on their territories, which are owned or controlled, directly or indirectly, by the designated individuals or entities or by individuals or entities acting on their behalf or at their direction. All member states should also ensure that any funds, financial assets or economic resources are prevented from being made available by their nationals or by any individuals or entities within their territories, to or for the benefit of the designated individuals or entities. The UN also implemented a travel ban by dictating that all member states shall take the necessary measures to prevent the entry into or transit through their territories of designated individuals. An arms embargo is also in place, prohibiting the export or transfer of arms to Yemen or for use in Yemen.
- 6.18 Application to the Group

- 6.18.1 On the basis of the Group's confirmation that neither the Group nor any of its affiliates, agents, directors, officers, or employees is engaged in transactions that directly or indirectly involve or benefit a person on the sanctions list of the UN;
- 6.18.2 All of the Group's business in relation to the Relevant Regions was in relation to its sales of interventional medical devices, including occlude products and heart valve products, which does not involve export-controlled products, and that
- 6.18.3 On the basis of the Company's confirmation that the Group does not have business dealings with parties in the Relevant Regions targeted by UN sanctions.

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

7. 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.

7.1.1 Sanctions applicable in the EU stem from:

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

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

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

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

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

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

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

7.2 Overview of UK sanctions

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

7.2.2 The UK departed from the EU on January 31 2020. Following the end of the Brexit transition period on 31 December 2020, EU sanctions legislation is no longer directly applicable within the UK. Although EU sanctions legislation is no longer directly applicable within the UK, the sanctions regimes adopted by the UN continue to apply in the UK.

7.2.3 As of January 1, 2021, sanctions applicable in the UK stem from:

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

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

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

7.3 Application of Sanctions Measures

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

7.3.2 EU and UK sanctions measures will therefore apply to:

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

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

7.3.3 EU and UK sanctions will not apply to:

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

7.4 Restrictions under EU and UK Sanctions Measures

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

- (i) making any funds or economic resources (see below) directly or indirectly available to or for the benefit of a sanctioned person or entity (a "**Designated Person**");
- (ii) dealing with any funds or economic resources that are owned, held or controlled by a Designated Person;
- (iii) exporting, selling, transferring or making certain controlled or restricted products² 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.

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

² An analysis of the parameters of what amounts to a controlled product is outside the scope of this advice memorandum. Hogan Lovells can provide further advice on this point as required.

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

7.5 EU and UK sanctions: Dealing with Relevant Jurisdictions

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

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

7.5.2 Application to Egypt

- (i) On March 21, 2011, the EU introduced targeted sanctions, in the form of freezing of assets, against individual members of the former government and those close to them who are subject to legal measures by the Egyptian authorities.
- (ii) The sanctions were set out in Council Decision 2011/172/CFSP of March 21, 2011, as last amended through Council Decision (CFSP) 2020/418 of March 19, 2020, and Council Regulation (EU) 270/2011, as last amended by Council Implementing Regulation (EU) 2020/416 of March 19, 2020.
- (iii) EU sanctions included the following restrictions:
 - (1) all funds belonging to persons alleged to be responsible for embezzlement of Egyptian public assets, and natural or legal persons, entities or bodies that are associated with them and that are placed on the EU's sanctions list are to be frozen; and
 - (2) no funds or financial resources are to be made available to these persons.
- (iv) On March 12, 2021, the EU revoked its sanctions framework against Egypt and de-listed the then nine persons subject to asset-freezing measures through Council Decision (CFSP) 2021/449 of March 12, 2021 and Council Regulation (EU) 2021/445 of March 12, 2022. Currently, the EU does not maintain any sanctions against Egypt, but the above restrictions were in place during the Track Record Period.

7.5.3 As of January 1, 2021, the UK adopted its own legislation, the Misappropriation (Sanctions) (EU Exit) Regulations 2020, allowing it to sanction individuals accusing of

the misappropriation of state assets. At the time of writing, no Egyptian nationals are current sanctioned under the Misappropriation (Sanctions) (EU Exit) Regulations 2020. Application to Hong Kong

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

7.5.4 Application to Iran

- (i) The EU economic sanctions on Iran are set out in two sets of regulations:
 - (1) Council Decision 2010/413/CFSP of July 26, 2010, as last amended by Council Decision (CFSP) 2022/1019 of June 27, 2022, and Council Regulation (EU) 267/2012 of March 23, 2012, as last amended by Council Implementing Regulation (EU) 2022/1010 of June 27, 2022 ("**EU Iran Nuclear Sanctions**"), which aims to disrupt Iran's nuclear weapons program; and
 - (2) Council Decision 2011/235/CFSP of April 12, 2011, as last amended by Council Implementing Decision (CFSP) 2022/1956 of October 17, 2022, and Council Regulation (EU) 359/2011 of April 12, 2011, as last amended by Council Implementing Regulation (EU) 2022/1955 of October 17, 2022 ("**EU Iran Human Rights Sanctions**"), which relates to Iran's violations of human rights.
- (ii) The EU Iran Nuclear Sanctions in the past included a ban on exports to Iran, a ban on the export of oil products, as well as certain prohibition on the transfer of funds to and from Iran using Iranian banks and financial institutions. These restrictions were lifted on October 18, 2015 through Council Decision (CFSP) 2015/1863 and Council Regulation 2015/1861, which terminated all nuclear-related economic and financial restrictive measures, following the conclusion of the Joint Comprehensive Plan ("**JCPOA**") of Action of July 14, 2015. Council Decision (CFSP) 2015/1836 took effect as of January 16, 2016, by virtue of Council Decision 2016/37, bringing into force regulations providing for sanctions relief that were previously issued pursuant to the EU's commitments

under JCPOA. By virtue of these legislative acts, the EU lifted most of its restrictions under the EU Iran Sanctions Regulation. Consequently, these restrictions were not applicable during the Track Record Period.

- (iii) While the overall ban on exports to Iran has been broadly lifted, three categories of items remain restricted under the EU Iran Nuclear Sanctions:
 - (1) listed goods, technology and software on the Nuclear Suppliers Group list;
 - (2) any goods and technology that could contribute to activities related to reprocessing, enrichment, production of heavy water, or other activities inconsistent with the JCPOA; and
 - (3) listed goods and technology on the Missile Technology Control Regime list.
- (iv) A certain number of key Iranian persons and entities, including banks and Government entities remain subject to asset freezing measures. The Company's Iranian customer Raht Aseman Co. Ltd. is not subject to asset-freezing measures in the EU.
- (v) The EU Iran Human Rights Sanctions includes restrictions on the transfer of internet monitoring and telecommunications equipment and related services to Iran, as well as additional asset-freezing measures. In particular:
 - (1) Prohibition on EU persons and entities to export, directly or indirectly, certain listed equipment, technology or software that can be used for internal repression, and telecommunication equipment that can be used to intercept communications to any person or entity in Iran or for use in Iran, unless authorised by the competent authorities of the relevant EU Member State;
 - (2) An asset-freeze against certain listed persons and entities and the prohibition to make available, directly or indirectly, funds or economic resources to or for the benefit of listed parties.
- (vi) As of January 1, 2021, the EU Iran Nuclear Sanctions have been replaced in the UK by the Iran (Sanctions) (Nuclear) (EU Exit) Regulations 2019, as amended by the Sanctions (EU Exit)(Miscellaneous Amendments) Regulations 2019, the Sanctions (EU Exit) (Miscellaneous Amendments) Regulations 2020 and the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 3) Regulations 2020. These regulations have replaced, with substantially the same effect, relevant existing EU legislation. These regulations have been extended to apply to the UK Overseas Territories by The Iran (Sanctions) (Nuclear) (Overseas Territories) Order 2020.
- (vii) As of January 1, 2021, the EU Human Rights Sanctions have been replaced in the UK by the Iran Human Rights (Sanctions) (EU Exit) Regulations 2019, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 2)

Regulations 2020 and the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 4) Regulations 2020. These regulations have replaced, with substantially the same effect, relevant existing EU legislation. These regulations have been extended to apply to the UK Overseas Territories by The Iran (Sanctions) (Human Rights) (Overseas Territories) Order 2020.

7.5.5 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) 2022/1464 of September 2, 2022.
- (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 regulations have replaced, with substantially the same effect, relevant existing EU legislation.

These measures have been extended to apply to the UK Overseas Territories, including Cayman Islands, through the Iraq (Sanctions) (Overseas Territories) Order 2020.

7.5.6 Application to Lebanon

- (i) On September 15, 2006, the EU adopted Council Common Position 2006/625/CFSP and Council Regulation (EC) No 1412/2006 of September 25, 2006, as last amended by Commission Implementing Regulation (EU) 2022/595 of April 11, 2022, establishing an embargo on all arms transfers to Lebanon not authorized by the Government of Lebanon or the UN peacekeeping force in Lebanon. The embargo mirrored a UN embargo established on August 11, 2006. As with the UN embargo, the EU prohibition covers the provision of any technical training or assistance related to the supply, manufacture, maintenance or use of arms and related equipment.
- (ii) The EU has also imposed asset-freezing measures against Designated Persons through Council Common Position 2005/888/CFSP of December 12, 2005 and Council Regulation (EC) No 305/2006 of February 21, 2006, as last amended through Commission Implementing Regulation (EU) 2022/595 of April 11, 2022. More recently, the EU adopted additional targeted restrictive measures to address the deteriorating situation in Lebanon which provide for the possibility of asset-freezing measures against parties undermining democracy or the rule of law in Lebanon. These measures are set out in Council Decision (CFSP) 2021/1277 of 30 July 2021, as last amended by Council Decision (CFSP) 2022/1314 of July 26, 2022, and Council Regulation (EU) 2021/1275 of 30 July 2021, as last amended by Commission Implementing Regulation (EU) 2022/595 of April 11, 2022.
- (iii) As of January 1, 2021, the UK replaced the EU sanctions on Lebanon with the Lebanon (Sanctions) (EU Exit) Regulations 2020, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 3) Regulations 2020, and the Lebanon (Sanctions) (Assassination of Rafiq Hariri and others) (EU Exit) Regulations 2020, which came into effect on December 31, 2020, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 3) Regulations 2020. Under this regime, the sale or supply of arms and related material, and the provision of related services, is prohibited in Lebanon without the authorisation of the Government of Lebanon or the United Nations Interim Force in Lebanon (UNIFIL). These regulations have been extended to apply to the UK Overseas Territories by The Lebanon (Sanctions) (Overseas Territories) Order 2020 and The Lebanon (Sanctions) (Assassination of Rafiq Hariri and others) (Overseas Territories) Order 2020.

7.5.7 Application to Russia (excluding Crimea, DPR/LPR, Kherson and Zaporizhzhya)

- (i) The existing framework for EU Sanctions targeting Russia in view of the current situation in Ukraine is implemented by Council Decision 2014/512/CFSP of July 31, 2014, as last amended by Council Decision (CFSP) 2022/1909 of October 6, 2022, and Council Regulation (EU) No 833/2014, adopted on July 31, 2014,

most recently amended by Council Regulation (EU) 2022/1904 of October 6, 2022. These restrictions include:

- (1) Prohibition on the sale, supply, export or transfer of dual-use goods and technology to Russia or for use in Russia and the provision of related technical assistance, brokering services, financing or financial assistance (with certain exemptions and licences; licenses with regard to certain listed entities will be rejected);
- (2) Prohibition on the sale, supply, export or transfer of certain listed items that might contribute to Russia's military and technological enhancement or the development of the defence and security sectors, including mass-market encryption products not intended for personal use of individuals, to Russian parties or for use in Russia, and the provision of related technical assistance, brokering services, financing or financial assistance (with certain exemptions and licences; licenses with regard to certain listed entities will be rejected);
- (3) Prohibition to provide technical assistance, financing or financial assistance related to military goods to any Russian person or for use in Russia (with certain exemptions and licenses);
- (4) Prohibition to sell, supply, transfer or export to Russia, civilian firearms and their parts and essential components and ammunition. The prohibition includes the provision of technical assistance, brokering services, financing or financial assistance, or other services related to these goods;
- (5) Prohibition on the sale, supply, export or transfer of certain listed items suited for oil exploration and production, as well as the provision of technical assistance, brokering services, financing or financial assistance or other services (with certain exemptions and licenses);
- (6) Prohibition on the sale, supply, export or transfer of certain listed goods and technology suited for oil refining and the liquefaction of natural gas to any person in Russia or for use in Russia and the provision of related technical assistance, brokering services, financing or financial assistance, is prohibited (with certain exemptions and licenses);
- (7) Prohibition on the sale, supply, export or transfer of certain listed goods and technology suited for use in aviation or the space industry, and jet fuel and fuel additives, to any person in Russia or for use in Russia. The prohibition extends to the provision of related technical assistance, brokering services, financing or financial assistance, insurance and re-insurance and the following activities: overhaul, repair, inspection, replacement, modification or defect rectification of an aircraft or component, with the exception of pre-flight inspection (with certain exemptions and licenses);

- (8) Prohibited to provide public financing or financial assistance for trade with or investment in Russia after 26 February 2022, except for assistance up to EUR 10,000,000 to small- and medium-sized enterprises established in the EU, as well as for trade in food and for agricultural, medical or humanitarian purposes;
- (9) Prohibited to make any new investments or expand existing investments in, or to provide investment services to, entities active in the Russian energy sector. Member States may authorize investments that are necessary for ensuring critical supply of energy in the EU or that exclusively concern EU-owned or controlled entities established in Russia;
- (10) Investments, participation or any other contribution to projects co-financed by the Russian Direct Investment Fund;
- (11) Capital market restrictions, which include:
 - (A) Prohibition to purchase, sale, provision of investment services for or assistance in the issuance of, or otherwise dealing with transferable securities and money market instruments with a maturity exceeding 90 days issued after August 1, 2014 to September 12, 2014, or with a maturity exceeding 30 days issued after September 12, 2014 to April 12, 2022, or any transferable securities and money market instruments issued after April 12, 2022 by certain listed Russian banks and entities; and
 - (B) Prohibition to make or be part of any arrangement to make new loans or credit with a maturity exceeding 30 days after September 12, 2014 to February 26, 2022, or any new loan or credit after February 26, 2022 to certain Russian banks and entities.
 - (C) Prohibition to purchase, sale, provision of investment services for or assistance in the issuance of, or otherwise dealing with transferable securities and money market instruments issued after March 9, 2022 by Russia and its Government, the Central Bank of Russia or entities acting on behalf or at the direction of the Central Bank of Russia;
 - (D) Prohibition to make or be part of any arrangement to make new loans or credit after February 23, 2022 to Russia and its Government, the Central Bank of Russia or entities acting on behalf or at the direction of the Central Bank of Russia;
 - (E) Prohibition on the listing and provision of services as of April 12, 2022 on trading venues registered or recognised in the Union for the transferable securities of any entity established in Russia with over 50% public ownership;

- (F) Prohibited to accept any deposits from Russian nationals or residents in Russia, or entities established in Russia, if the total value of deposits of the natural or legal person, entity or body per credit institution exceeds 100,000 EUR;
 - (G) Prohibition on Union central securities depositories to provide any financial services for transferable securities issued after April 12, 2022 to any Russian national or resident in Russia or entity established in Russia;
 - (H) Prohibition on transactions related to the management of reserves and assets of the Central Bank of Russia, including with entities acting on behalf or at the direction of the Central Bank of Russia;
 - (I) Prohibition to sell EUR-denominated transferable securities issued after April 12, 2022 or units in collective investment undertakings providing exposure to such securities, to any Russian national or resident in Russia or any entity established in Russia;
 - (J) Prohibition to sell EUR-denominated banknotes to Russia or to any party in Russia, including the government and the Central Bank of Russia, or for use in Russia;
 - (K) Prohibition to provide crypto-asset wallet, account or custody services to Russian nationals or residents or Russian entities. Licenses are available;
 - (L) Prohibition to provide credit rating services (including access to any subscription services in this regard) to or on any Russian national or resident or any Russian entity. The prohibition does not apply to EU nationals or residents;
- (12) Prohibition to provide specialized financial messaging services which are used to exchange financial data (i.e., SWIFT) to certain listed Russian financial institutions and entities owned for more than 50% by those listed institutions;
 - (13) Prohibition on operators to broadcast or enable, facilitate or otherwise contribute to broadcast any content by certain listed Russian media. It is also prohibited to advertise products or services in any content produced or broadcast by these listed Russian media;
 - (14) Prohibition on Russian air carriers, Russian-registered aircraft and any aircraft owned or chartered or otherwise controlled by any Russian party to land in, take off from or overfly the territory of the EU. The prohibition does not apply to flights for humanitarian purposes;

- (15) No access to ports and locks in the EU for any vessel registered under the flag of Russia, with the exception for the purpose of leaving the territory of the EU (with certain additional exemptions and licenses);
- (16) Prohibition on the sale, supply, transfer or export of, and provision of technical assistance, brokering services, financing, financial assistance, or other services in relation to, certain listed maritime navigation goods and technology to Russian persons or for use in Russia, or for placing on board of a Russian-flagged vessel (with exemption and license possibility);
- (17) Restrictions on trade of iron and steel products, as follows. It is prohibited to (a) import certain listed iron and steel products originating in Russia or exported from Russia; (b) purchase iron and steel products located in Russia; (c) transport iron and steel products originating in Russia or are being exported from Russia to any other country; (d) provide, directly or indirectly, technical assistance, brokering services, financing or financial assistance, including financial derivatives, as well as insurance and re-insurance related to listed iron and steel products;
- (18) Prohibition on the import of certain listed goods which generate significant revenues for Russia originating in Russia or exported from Russia. The prohibition also includes the provision of technical assistance, brokering services, financing, financial assistance, or other services. There is an import quota for potassium chloride imports;
- (19) Prohibition to import certain listed coal and other solid fossil fuels originating in Russia or exported from Russia. The prohibition also includes the provision of technical assistance, brokering services, financing, financial assistance, or other services;
- (20) Prohibition on the sale, supply, transfer, export, directly or indirectly, of certain listed luxury goods to any person in Russia or for use in Russia, insofar these goods exceed the value of EUR 300 per item unless otherwise specified (with certain exemptions and licenses);
- (21) Prohibition on the sale, supply, transfer, export, directly or indirectly, of certain listed goods which could contribute to the enhancement of Russian industrial capacities to any person in Russia or for use in Russia. The prohibition also includes the provision of technical assistance, brokering services, financing, financial assistance, or other services. There are certain exemptions and licenses;
- (22) It is prohibited for any Russian road transport undertaking to transport goods within the territory of the EU, including in transit. The prohibition does not apply to the universal mail service and to goods in transit between the EU and Kaliningrad. Member State authorities may authorize certain transportation in the EU;

- (23) Prohibition on the import, directly or indirectly, of crude oil or petroleum products originating in Russia or exported from Russia. There are exemptions for: (a) one-off transactions within a certain winddown period; (b) seaborne crude oil or petroleum products originating in a third country that are departing from or transiting through Russia; (c) pipeline crude oil. There are also certain exemptions for specific Member States;
- (24) Prohibition to provide, directly or indirectly, technical assistance, brokering services or financing or financial assistance, related to the transport, including through ship-to-ship transfers, to third countries of crude oil or petroleum products originating in Russia or exported from Russia. Subject to a winddown period, it will be prohibited to transport to third countries crude oil and petroleum products if they are above the price cap agreed by the Price Cap Coalition;
- (25) Prohibition to import certain listed gold items originating in Russia or exported from Russia to the EU or any third country after 22 July 2022. The prohibition also includes the provision of technical assistance, brokering services, financing, financial assistance, or other services;
- (26) Transaction ban with regard to certain listed state-owned entities. Certain exemptions are available;
- (27) Prohibition to award or continue the execution of any public or concession contract with: (i) Russian nationals, residents or entities established in Russia, (ii) entities owned for more than 50% by a Russian national, resident or entity established in Russia, (iii) or persons acting on behalf of those referred to in (i) and (ii). Licenses are available;
- (28) Prohibition to provide direct or indirect support under an EU, Euratom or Member State national programme to any Russian entity with more than 50% public ownership. Exemptions are available;
- (29) Prohibition to register, provide a registered office, business or administrative address as well as management services to a trust having a trustor or beneficiary: (i) Russian nationals or residents; (ii) Russian entities; (iii) entities owned for more than 50% by Russian nationals, residents or entities; (iv) entities controlled by any of the above; (v) entities acting on behalf or at the direction of any of the above. It is also prohibited to act as or arrange for another person to act as a trustee, nominal shareholder, director, secretary or similar position for a trust as described above. Certain exemptions and licenses are available;
- (30) Prohibition to provide professional services (accounting, auditing, including statutory audit, bookkeeping or tax consulting services, or business and management consulting or public relations services, as well as architecture, engineering, IT consultancy or legal advisory

services) to the government of Russia or Russian entities. Certain exemptions (including for EU, EEA, Swiss owned entities and entities owned by partner countries which at the time of writing are: UK, US, Japan, Korea) and licenses are available;

- (ii) As of January 1, 2021, the UK replaced the EU Russia sanctions, with substantially the same effect, by the Russia (Sanctions) (EU Exit) Regulations 2019, which came into effect on December 31, 2020, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 2) and (No. 4) Regulations 2020, the Russian (Sanctions) (EU Exit) (Amendment) Regulations 2022 (as amended) (together, the “**UK Russia Regulations**”). The regulations have been extended to apply to the UK Overseas Territories by the Russia (Sanctions) (Overseas Territories) Order 2020, the Russia (Sanctions) (Overseas Territories) (Amendment) Order 2021, the Russia (Sanctions) (Overseas Territories) (Amendment) Order 2022 and the Russia (Sanctions) (Overseas Territories) (Amendment) (No. 2) Order 2022.
- (iii) On 10 February 2022, the UK enacted the Russia (Sanctions) (EU Exit) (Amendment) Regulations 2022 (amending the Russia (Sanctions) (EU Exit) Regulations 2019), which expanded the UK's criteria for designating Russian individuals and entities.
- (iv) Further, throughout 2022 the UK published 12 additional Regulations which introduced new financial, trade and shipping sanctions against Russia (summarised below):
 - (1) The Russia (Sanctions) (EU Exit) (Amendment) (No. 2) Regulations 2022 introduce the following restrictions:
 - (A) Prohibition on dealing with securities or money-market instruments issued by, or providing loans/credit to a person connected with Russia (including Russian incorporated entities and residents) or the Russian Government. The aforementioned prohibitions also apply to all entities listed in Schedule 2, including their UK subsidiaries.
 - (B) Prohibition on UK credit or financial institutions from establishing or continuing a correspondent banking relationship and from processing sterling payments to, from or via, a “designated person” or a credit or financial institution owned or controlled by them.
 - (2) The Russia (Sanctions) (EU Exit) (Amendment) (No. 3) Regulations 2022 prohibit the following:
 - (A) the export, supply, delivery and making available of dual-use goods and critical-industry goods;
 - (B) the making available and transfer of dual-use technology and critical-industry technology; and

- (C) the provision of technical assistance, financial services, funds and brokering services, in relation to dual-use goods and technology and critical-industry goods and technology.
- (3) Critical industry goods and technology include certain listed electronics, computers, telecommunications equipment, information security, sensors and lasers, navigation and avionics, marine and aerospace and propulsion (in each case)
- (4) The Russia (Sanctions) (EU Exit) (Amendment) (No. 4) Regulations 2022 prohibit Russian ships, and other ships to be specified by the Secretary of State, from entering UK ports. The registration of ships on the UK Ship Register is also prohibited where they are owned, controlled, chartered or operated by a designated person or persons connected with Russia, or where they are a specified ship.
- (5) The Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations 2022 prohibit a UK individual or entity from providing financial services for the purpose of foreign exchange reserve and asset management to the Central Bank of the Russian Federation; the National Wealth Fund of the Russian Federation; the Ministry of Finance of the Russian Federation; a person owned or controlled directly or indirectly by any of the persons above; or a person acting on behalf of or at the direction of any of the persons above.
- (6)
 - (A) with related software and technology also subject to controls).
- (v) On 8 March 2022, the UK enacted the Russia (Sanctions) (EU Exit) (Amendment) (No. 6) Regulations 2022, which introduce restrictions in respect of insurance and reinsurance of aviation and space goods and technology. For example, the Regulations introduce prohibitions on the provision, directly or indirectly, of insurance or reinsurance services relating to certain specified aviation and space goods or technology to a person connected with Russia or for use in Russia.
- (vi) On 30 March 2022, the UK enacted the Russia (Sanctions) (EU Exit) (Amendment) (No. 7) Regulations 2022, which introduces a prohibition on the provision of technical assistance relating to an aircraft or a ship to, or for the benefit of, a designated person (with certain defences). The regulations further extend the restrictions relating to Crimea (on finance, shipping and trade) to the non-government controlled areas of Donetsk and Luhansk oblasts of Ukraine which are under de-facto control of Russia.
- (vii) Further, on 14 April 2022, the UK enacted the Russia (Sanctions) (EU Exit) (Amendment) (No. 8) Regulations 2022, which introduced trade restrictions on certain types of goods with exemptions available. For instance, the regulation prohibits the export of listed luxury goods, oil refining goods, and quantum computing and advanced material goods or technology, to Russia or for use in

Russia. It further prohibits the import of listed iron and steel products consigned from or originated in Russia. The prohibition also extends to the supply of iron and steel products from Russia to a third country.

- (viii) The Russia (Sanctions) (EU Exit) (Amendment) (No. 9) Regulations 2022 introduced a requirement on providers of social media services, internet access services (i.e. internet service providers) and application stores to take reasonable steps to prevent their users in the United Kingdom from encountering or accessing online content generated by designated persons. Further, additional powers were conferred on OFCOM for the purpose of monitoring compliance with the new requirement and for imposing monetary penalties for failure to comply with the new requirement.
- (ix) The Russia (Sanctions) (EU Exit) (Amendment) (No. 11) Regulations 2022 introduced additional restrictions in relation to trade in:
 - (1) maritime goods and maritime technology;
 - (2) military goods and technology with non-government controlled Ukrainian territory;
 - (3) defence and security goods and technology;
 - (4) interception and monitoring services;
 - (5) banknotes;
 - (6) jet fuel and fuel additives; and
 - (7) goods which generate significant revenues for Russia.
- (x) The Russia (Sanctions) (EU Exit) (Amendment) (No. 12) Regulations 2022 introduced additional financial restrictions regarding investments (and services directly related to those investments) in respect of land located in Russia, persons connected with Russia, relevant entities, joint ventures, opening a representative office or establishing a branch or subsidiary located in Russia. The Russia (Sanctions) (EU Exit) (Amendment) (No. 13) Regulations 2022 specified additional activities for which a person may be designated under the UK Russia Regulations. Further, the amending regulation introduced a new exception from trade sanctions measures for humanitarian assistance activity in non-government controlled areas of the Donetsk and Luhansk oblasts.
- (xi) The Russia (Sanctions) (EU Exit) (Amendment) (No. 14) Regulations 2022 introduced additional restrictions in relation to trade in:
 - (1) professional and business services;
 - (2) miscellaneous essential goods required for the functioning of the Russian economy;
 - (3) oil and oil products means;

- (4) gold; and
 - (5) coal and coal products.
- (xii) Under the UK Russia Regulations, it is prohibited to export the following products to or for use in Russia:
- (1) military goods and technology to non-government controlled Ukrainian territory;
 - (2) energy-related goods;
 - (3) luxury goods;
 - (4) sterling or European Union denominated banknotes; and
 - (5) jet fuel and fuel additives.
- (xiii) Pursuant to the UK Russia Regulations, it is prohibited to import the following goods that are consigned or originate from Russia:
- (1) arms and related material;
 - (2) iron and steel products;
 - (3) revenue generating goods;
 - (4) oil and oil products; and
 - (5) coal and coal products.
- (xiv) The UK Russia Regulations prohibit the supply or delivery of the following goods:
- (1) Prohibition on supply or delivery of restricted goods, energy related goods, luxury goods, jet fuel and fuel additives and dependency and further goods from a third country to Russia.
 - (2) Prohibition on supply or delivery of iron and steel products from Russia to a third country.
 - (3) Prohibition on supply or delivery or making available of sterling banknotes or any banknotes denominated in any official currency of the EU to a person connected with Russia or for use in Russia.
 - (4) Prohibition on supply or delivery of revenue generating goods, oil and oil products and coal and coal products from a place in Russia to a third country.
- (xv) The UK Russia Regulations prohibit the making available of certain goods or technology for use in Russia or to a person connected with Russia. Some

prohibitions also prohibit acquiring certain goods or technology which originate in Russia, are located in Russia or from a person connected with Russia.

- (1) Prohibition on the acquisition of oil and oil products, gold and coal and coal products that originate or are located in Russia, with the intention of those goods entering the United Kingdom.
 - (2) Prohibition on making energy related goods available to a person connected with Russia.
 - (3) Prohibition on making infrastructure-related goods available for use in non-government controlled Ukrainian territory.
- (xvi) Pursuant to the UK Russia Regulations sanctions regulations it is prohibited to transfer certain technology to a place in Russia or a person connected with Russia. The transfer of restricted technology is also prohibited from a place in Russia to persons or places outside the UK.
- (xvii) Pursuant to UK Russia Regulations technical support is prohibited in relation to certain specified goods or technology.
- (1) Prohibition to provide technical support relating to the repair, development, production, assembly, testing, use or maintenance of the goods or technology, or any other technical service relating to the goods or technology.
 - (2) The prohibition applies to technical assistance to persons connected with Russia or for use in Russia.
 - (3) The provision of technical assistance to in connection with specific arrangements, as specified in the UK Russia Regulations, is prohibited.
- (xviii) Pursuant to UK Russia Regulations the provision of financial services and funds related to certain goods and technology is prohibited.
- (1) The prohibitions in the Regulations apply to the direct and indirect provision of financial services and making available of funds to persons connected with Russia.
 - (2) The prohibitions also prohibit the direct or indirect provision of financial services or funds in pursuance of or in connection with specific arrangements involving Russia.
- (xix) Under the Pursuant to UK Russia Regulations the provision of brokering services is prohibited.
- (1) It is prohibited to directly or indirectly provide brokering services where they relate to specific arrangements as specified in the Pursuant to UK Russia Regulations.

7.5.8 Application to Sudan

- (i) In March 1994, the EU imposed an arms embargo on Sudan in response to the civil war in the southern part of the country (Council Decision 94/165/CFSP). In January and June 2004, the embargo was modified to also cover technical and financial assistance related to arms supplies. In May 2005, the EU implemented the UN sanctions on Sudan related to the conflict in Darfur by merging them with the existing EU arms embargo on Sudan (including providing technical assistance, brokering services or other services related to military initiatives or manufacturing, maintenance and use of prohibited items). The arms embargo was also amended to allow assistance and supplies provided in support of implementation of the Comprehensive Peace Agreement between the Sudanese Government and the South Sudanese rebels, the Sudan People's Liberation Movement (Common Position 2005/411/CFSP, Council Regulation (EC) No 838/2005).
- (ii) In July 2014, the EU restrictive measures against Sudan were amended in order to separate them from those against South Sudan. The current EU restrictive measures against Sudan are set out in Council Decision 2014/450/CFSP of July 10, 2014, as last amended by Council Implementing Decision (CFSP) 2021/815 of May 20, 2021 and Council Regulation (EC) No 747/2014, as last amended by Commission Implementing Regulation (EU) 2022/595 of April 11, 2022.
- (iii) During part of the Track Record Period ending December 31, 2020, EU sanctions measures targeting Sudan were extended to the UK Overseas Territories, including the Cayman Islands, by the Sudan (Sanctions) (Overseas Territories) Order 2014. Prior to that act, EU sanctions measures targeting Sudan were extended to the UK Overseas Territories by the Sudan and South Sudan (Restrictive Measures) (Overseas Territories) Order 2012.
- (iv) As of January 1, 2021, the UK replaced the EU Sudan sanctions by the Sudan (Sanctions) (EU Exit) Regulations 2020. These regulations have been extended to apply to the UK Overseas Territories, including the Cayman Islands, through the Sudan (Sanctions) (Overseas Territories) Order 2020. These regulations have replaced, with substantially the same effect, relevant existing EU legislation. In addition, the UK adopted specific sanctions targeting South Sudan through the South Sudan (Sanctions) (EU Exit) Regulations 2019 as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) Regulations 2020 and the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 3) Regulations 2020. These regulations have replaced, with substantially the same effect, relevant existing EU legislation with respect to South Sudan.

7.5.9 Application to Tunisia

- (i) The existing framework for EU Sanctions targeting Tunisia is implemented pursuant to Council Regulation (EU) 101/2011 of February 4, 2011, as last amended through Council Implementing Regulation (EU) 2022/149 1356 of

February 3 August 4, 2022, and Council Decision 2011/72/CFSP of January 31, 2011, as last amended through Council Decision (CFSP) 2021/552022/1367 of January 22 August 4, 2021. The EU Tunisia sanctions include asset-freezing measures against certain listed persons and entities. Asset-freezing measures also entail a prohibition to make available of funds or economic resources to the listed persons.

- (ii) As of January 1, 2021, the UK adopted its own legislation, the Misappropriation (Sanctions) (EU Exit) Regulations 2020, allowing it to sanction individuals accusing of the misappropriation of state assets. At the time of writing, no Tunisian nationals are current sanctioned under the Misappropriation (Sanctions) (EU Exit) Regulations 2020.

7.5.10 Application to Turkey

- (i) Turkey is not subject to comprehensive sanctions imposed by the EU. The sanctions framework for Turkey-related measures was adopted on November 11, 2019, through Council Regulation (EU) 2019/1890, as last amended by Council Commission Implementing Regulation (EU) 2021/19602022/595 of November April 11, 2021, and Council Decision (CFSP) 2019/1894, as last amended by Council Decision (CFSP) 2021/1966 of November 11, 2021. EU sanctions on Turkey are limited to asset freezing measures and travel ban on parties in Turkey. It does not prohibit activities with the entire country of Turkey (and everyone in it), nor does it prohibit activities with the Turkish government.
- (ii) At present, there are only individuals at executive positions at the Turkish Petroleum Corporation (TPAO) who are subject to asset freezing measures pursuant to Council Implementing Regulation (EU) 2020/274 of February 27, 2020.
- (iii) As of 1 January 2021, the UK adopted the Unauthorised Drilling Activities in the Eastern Mediterranean (Sanctions) (EU Exit) Regulations 2020. These regulations put in place sanctions measures to discourage any hydrocarbon exploration, production or extraction activity which has not been authorised by the Republic of Cyprus. This includes activity in its territorial sea, or in its exclusive economic zone or on its continental shelf. At the time of writing, there are no designated individuals under this regulation. This regime replaces the EU's Turkey sanctions regime.

7.5.11 Application to Ukraine (excluding Crimea, DPR/LPR, Kherson and Zaporizhzhya)

- (i) The EU Sanctions on Ukraine excluding the Crimea, DPR/LPR, Kherson and Zaporizhzhya regions are set out in Council Decision 2014/119/CFSP of March 5, 2014, as last amended through Council Decision (CFSP) 2022/1507 of September 9, 2022, and Council Regulation (EU) No 208/2014 of March 5, 2014, as last amended through Council Implementing Regulation (EU) 2022/1501 of September 9, 2022.
- (ii)

- (iii) EU sanctions on Ukraine provide for asset-freezing measures against certain persons and entities responsible for the misappropriation of funds of the Ukrainian state, and persons responsible for human rights violations in Ukraine, and natural or legal persons, entities or bodies associated with them.

7.5.12 At the time of writing, the UK does not maintain a sanctions regime targeting Ukraine.
Application to Xinjiang

- (i) During the Track Record Period, the EU had not imposed any comprehensive economic sanctions on the Xinjiang region of China. However, the EU has imposed asset-freezing measures on four persons and one entity located in Xinjiang on the basis of its Global Human Rights Sanctions regime, set out in Council Decision (CFSP) 2020/1999 of December 7, 2020, as last amended by Council Decision (CFSP) 2021/481 of March 22, 2021, and Council Regulation (EU) 2020/1998 of December 7, 2020, as last amended by Council Implementing Regulation (EU) 2021/478 of March 22, 2021.
- (ii) These designations took place pursuant to Council Decision (CFSP) 2021/481 of March 22, 2021 and Council Implementing Regulation (EU) 2021/478 of March 22, 2021. Therefore, the restrictions on these parties were not in place during the Track Record Period.
- (iii) Under the UK's Global Human Rights Sanctions Regulations 2020, the UK imposed asset freeze and travel ban measures against four Chinese government officials and a Xinjiang security body for systemic violations against Uyghurs and other minorities.

7.5.13 Application to Venezuela

- (i) The EU imposed sanctions by Council Decision (CFSP) 2017/2074 of November 13, 2017, as last amended through Council Decision (CFSP) 2021/1965 of November 11, 2021, and Council Regulation 2017/2063 of November 13, 2017, as last amended through Council Implementing Regulation (EU) 2022/595 of April 11, 2022.
- (ii) The EU sanctions on Venezuela include a ban on the export of arms and equipment that might be used for internal repression, a ban on the export of surveillance equipment and the freezing of funds and economic resources of certain persons, entities and bodies responsible for serious human rights violations or abuses or the repression of civil society and democratic opposition and persons, entities and bodies whose actions, policies or activities otherwise undermine democracy or the rule of law in Venezuela, as well as persons, entities and bodies associated with them.
- (iii) During part of the Track Record Period ending December 30, 2021, EU sanctions on Venezuela were extended to the UK Overseas Territories, including the Cayman Islands, through the Venezuela (Sanctions) (Overseas Territories) Order 2018.

- (iv) As of January 1, 2021, the UK replaced the EU sanctions on Venezuela by the Venezuela (Sanctions) (EU Exit) Regulations 2019, as amended by the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 2) Regulations 2020 and the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 4) Regulations 2020. These regulations have been extended to apply to the UK Overseas Territories by the Venezuela (Sanctions) (Overseas Territories) Order 2020. These regulations have replaced, with substantially the same effect, relevant existing EU legislation.

7.5.14 Application to Yemen

- (i) The EU has imposed restrictive measures on Yemen by Council Decision 2014/932/CFSP of December 18, 2014, as last amended by Council Implementing Decision (CFSP) 2022/420 of March 14, 2022 and Council Regulation 1352/2014 of December 18, 2014, as last amended by Commission Implementing Regulation (EU) 2022/595 of April 11, 2022.
- (ii) EU sanctions on Yemen provide for an export ban on arms and prohibit the provision of technical assistance, financing or financial assistance related to certain arms. Moreover, the sanctions include asset-freezing measures and travel bans against certain listed persons and entities, and the prohibition to make available funds or economic resources to or for the benefit of listed parties.
- (iii) During part of the Track Record Period ending December 31, 2020, the EU sanctions on Yemen were extended to the UK Overseas Territories, including the Cayman Islands, by The Yemen (Sanctions) (Overseas Territories) Order 2015 and the Yemen (Sanctions) (Overseas Territories) (No.2) Order 2015.
- (iv) As of January 1, 2021, the UK replaced the EU sanctions on Yemen by the Yemen (Sanctions) (EU Exit) (No. 2) Regulations 2020. These regulations have been extended to apply to the UK Overseas Territories by the Yemen (Sanctions) (Overseas Territories) Order 2020. These regulations have replaced, with substantially the same effect, relevant existing EU legislation.

7.5.15 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 involving the Relevant Regions 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, with respect to any activity involving 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 supply arms and related materiel, or equipment which might be used for internal repression;
- (5) the Group has not provided technical assistance related to military activities, or to the provision, manufacture, maintenance and use of arms and related materiel of any type;
- (6) the Group has not provided financing or financial assistance related to any activities referred to above;

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

7.6 EU and UK export controls

- 7.6.1 In addition to EU sanctions measures, the EU applies export controls on dual-use items, including technology. Until September 9, 2021, EU export controls were set out in Council Regulation (EC) No 428/2009 of May 5, 2009, which applied to the UK until December 31, 2020. As of September 9, 2021, the EU export control framework has been replaced by Regulation (EU) No 2021/821 of May 20, 2021, as last amended through Commission Delegated Regulation (EU) 2022/699 of May 3, 2022, setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items, as last amended by Commission Delegated Regulation (EU) 2022/1 of October 20, 2021, which governs (i) the export of certain controlled dual-use products and technology from the EU to any non-EU country jurisdiction (not just jurisdictions subject to sanctions), (ii) the provision of technical assistance relating to controlled items and (iii) the brokering of transactions that involve the transfer of controlled goods, certain wider restricted products and non-controlled products which may be destined for a prohibited end-use from one non-EU country to another non-EU country (again any third country jurisdiction not just jurisdictions subject to sanctions).
- 7.6.2 As of January 1, 2021, the UK export control framework is set out in Export Control Act 2002, the Export Control Order 2008 and the UK Dual-Use Regulation and Customs and Excise Management Act 1979.
- 7.6.3 The Group has confirmed its understanding that it 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 UK Military List. The Group has not been involved in the export from the EU or the UK of items listed in the EU Dual Use list (Annex I to Regulation 428/2009 and Regulation 2021/821), the UK Dual-Use Regulation or any items listed under Schedule 2 or 3 of the UK's Export Control Order 2008 to any Relevant Region

7.6.4 The Group has confirmed its understanding that none of the Group's services or products delivered are controlled under EU or UK export control regulations. As such, no further analysis (e.g. any assessment against the specific list of items controlled under the EU or UK Dual Use Regulation or the UK Export Control Order) has been carried out by Hogan Lovells. Our conclusion is that such analysis is unnecessary based on the Group's confirmation that it is not 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 on the EU or UK Dual Use list, the UK Military List or any items listed under Schedule 2 or 3 of the UK's Export Control Order 2008.

Based on the information provided by the Group, Hogan Lovells understands that the EU and UK export rules are not breached by the Group's activities.

8. AUSTRALIAN SANCTIONS

8.1 Overview

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

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

- (i) any person in Australia;
- (ii) any Australian anywhere in the world;
- (iii) companies incorporated overseas that are owned or controlled by Australians or persons in Australia; and/or
- (iv) any person using an Australian flag vessel or aircraft to transport goods or transact services subject to UN sanctions.

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

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

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

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

- 8.1.7 Part 3 of the Regulations specifies that section 15.1 of the *Criminal Code* (being Schedule 1 to the *Criminal Code Act 1995* (Cth)) applies to a person that makes an unauthorised sanctioned supply. This has the effect of making the offence extra territorial if the alleged offence occurs outside of Australia by a person who is an Australian citizen or a body corporate incorporated under Australian law.
- 8.1.8 The prohibited conduct applies to conduct committed entirely inside or outside Australia if at the time of the alleged offence, the alleged offender is an Australian citizen or a body corporate incorporated under Australian law.
- 8.2 Application to Egypt
- 8.2.1 Australia has not imposed any targeted sanctions (autonomous or otherwise) in relation to Egypt.
- 8.3 Application to Hong Kong
- 8.3.1 Australia has not imposed any targeted sanctions (autonomous or otherwise) in relation to Hong Kong during the Track Record Period.
- 8.4 Application to Iran
- 8.4.1 Australia fully implemented the UN sanctions regime in relation to Iran.
- 8.4.2 Australia also implements an autonomous sanctions regime in relation to Iran.
- 8.4.3 The Government of Australia announced the autonomous sanctions regime in October 2008 in response to Iran's proliferation-sensitive nuclear and missile programs and efforts to contravene UN sanctions. The sanctions regime has been amended on several occasions.
- 8.4.4 Currently Australian law sanctions include restrictions (without a sanctions permit) on the direct or indirect supply, sale or transfer to Iran, for use in Iran, or for the benefit of Iran, of the following ("**Export Sanctioned Goods**"):
- (i) arms or related material;
 - (ii) corrosion-resistant high grade steel (with chromium content > 12%) in the form of sheet, plate, tube or bar;
 - (1) raw or semi-fabricated graphite;
 - (2) aluminium and alloys in the form of sheet, plate, tube or bar;
 - (3) nickel and alloys in the form of sheet, plate, tube or bar;
 - (4) titanium and articles thereof, including waste and scrap; and
 - (5) enterprise resource planning software designed specifically for use in nuclear and military industries.
- 8.4.5 Australia's autonomous sanctions law also prohibits:

- (i) the provision to any person of: technical advice, assistance or training; financial assistance; a financial service; or another service, if it assists with, or is provided in relation to, the supply, sale or transfer of an export sanctioned good to Iran;
- (ii) (without a sanctions permit) the procurement from Iran, or from a person or entity in Iran, of arms or related materiel;
- (iii) the sale or otherwise making available of an interest in a 'sensitive commercial activity' (which includes a commercial activity involving uranium mining or production, the use of certain nuclear materials or ballistic missile technology, among other things) to: Iran; an Iranian national, an entity incorporated in Iran or subject to Iranian jurisdiction; or a person or entity acting on behalf of/at the discretion of or owned/controlled by Iran, an Iranian national, or an entity incorporated in Iran or subject to Iranian jurisdiction;
- (iv) (without a sanctions permit) the use of or dealing with an asset that is owned or controlled by a designated person or entity of Iran, or the making an asset available directly or indirectly to, or for the benefit of, a designated person or entity for Iran; and
- (v) the entry into or transit through Australia of a designated person or a declared person for Iran (without a waiver).

8.5 Application to Iraq

8.5.1 Australia fully implements the UN sanctions regime in relation to Iraq.

8.5.2 Australia has not imposed any targeted autonomous sanctions in relation to Iraq.

8.6 Application to Lebanon

8.6.1 Australia fully implements the UN sanctions regime in relation to Lebanon; and

8.6.2 Australia has not imposed any targeted autonomous sanctions in relation to Lebanon.

8.7 Application to Russia (excluding specified regions in Ukraine)

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

8.7.2 The Australian Government announced on March 19, 2014, that it would impose a sanctions regime in response to the Russian threat to the sovereignty and territorial integrity of Ukraine. On September 1, 2014, the then Prime Minister of Australia announced expanded autonomous sanctions in relation to Russia, Crimea and Sevastopol. These measures were implemented through amendments to the Regulations commencing on March 31, 2015 and February 24, 2022.

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

- (i) arms or related materiel. (The import, purchase or transport of arms or related materiel which originated in or has been exported from Russia is also prohibited); and
- (ii) items suited to any of the following categories of exploration and production projects in Russia, including its Exclusive Economic Zone and Continental Shelf:
 - (1) oil exploration and production in waters deeper than 150 meters;
 - (2) oil exploration and production in the offshore area north of the Arctic Circle; or
 - (3) projects that have the potential to produce oil from resources located in shale formations by way of hydraulic fracturing (other than exploration and production through shale formations to locate or extract from non-shale reservoirs).

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

- (i) the provision to Russia, or to a person for use in Russia;
 - (1) technical advice, assistance or training;
 - (2) financial assistance;
 - (3) a financial service; or
 - (4) another service,if it assists with, or is provided in relation to:
 - (A) a military activity; or
 - (B) the manufacture, maintenance or use of 'arms or related materiel';
- (ii) the provision to Russia, or to a person, entity or body for use in Russia, of drilling services, well-testing services, logging and completion services and the supply of specialised floating vessels that are necessary for any of the following categories of exploration and production projects in Russia, including its Exclusive Economic Zone and Continental Shelf:
 - (1) oil exploration and production in waters deeper than 150 metres;
 - (2) oil exploration and production in the offshore area north of the Arctic Circle; or

- (3) projects that have the potential to produce oil from resources located in shale formations by way of hydraulic fracturing (other than exploration and production through shale formations to locate or extract from non-shale reservoirs);
- (iii) the provision to a person of an investment service if it assists with, or is provided in relation to, a sanctioned commercial activity (listed in subparagraphs (iv) and (v) below);
- (iv) the direct or indirect purchase or sale of, or any other dealing with, bonds, equities, transferable securities, money market instruments or other similar financial instruments, if the financial instrument:
 - (1) is issued after July 28, 2017 by an entity specified in the Autonomous Sanctions Specification; and
 - (2) has a maturity period specified in the Autonomous Sanctions Specification for the financial instrument and the entity.

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

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

This prohibition does not apply to:

- (A) loans or credit that have a specific and documented objective to provide:
 - (I) financing for non-prohibited imports or exports of goods and non-financial services between Australia and Russia; or
 - (II) emergency funding to meet the solvency and liquidity criteria for legal persons: established in Australia and whose proprietary rights are more than 50% owned by an entity specified in the Autonomous Sanctions Specification; and

- (B) drawdowns or disbursements made under a contract concluded before July 28, 2017 if:
 - (I) all the terms and conditions of such drawdown or disbursement: were agreed before July 28, 2017 and have not been modified on or after July 28, 2017; and
 - (II) before July 28, 2017, a contractual maturity date has been fixed for the repayment in full of all funds made available and for the cancellation of all the commitments, rights and obligations under the contract.
- (vi) directly or indirectly making an asset available to (or for the benefit of) a designated person or entity;
- (vii) using or dealing with an asset, or allowing or facilitating another person to use or deal with an asset, if the asset is owned or controlled by a designated person or entity (the assets are 'frozen' and cannot be used or dealt with); and
 - (1) an 'asset' includes an asset or property of any kind, whether tangible or intangible, movable or immovable;
 - (2) the Consolidated List of designated persons and entities is available on the Department of Foreign Affairs and Trade's [website](#); and
 - (3) if you become aware that you are holding an asset of a designated person or entity, you are required to freeze (hold) that asset and notify the Australian Federal Police as soon as possible.
- (viii) the entry or transit to Australia of designated persons.

8.8 Application to Sudan

8.8.1 Australia fully implements the UN sanctions regime in relation to Sudan; and

8.8.2 Australia has not imposed any targeted autonomous sanctions in relation to Sudan.

8.9 Application to Tunisia

8.9.1 Australia has not imposed any targeted sanctions (autonomous or otherwise) in relation to Tunisia during the Track Record Period.

8.10 Application to Turkey

8.10.1 Australia has not imposed any targeted autonomous sanctions in relation to Turkey.

8.11 Application to Ukraine (excluding Crimea)

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

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

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

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

8.12 Application to specified regions in Ukraine

8.12.1 Australian sanctions applied to the Crimean and Sevastopol regions of Ukraine between 31 March 2015 and 27 March 2022.

8.12.2 However, in light of Russia's operations in Ukraine in February 2022, Australian sanctions were extended on 28 March 2022 so that they now apply to the Crimean, Sevastopol, Donetsk and Luhansk regions of Ukraine alongside any other regions of Ukraine specified by the Minister for Foreign Affairs ("**Specified Regions**").

8.12.3 Australian sanctions laws prohibit the following in relation to the Specified Regions (except where permissible pursuant to a sanctions permit issued by the Minister for Foreign Affairs):

- (i) the direct or indirect supply, sale or transfer to the Specified Regions, for use in the Specified Regions, or for the benefit of the Specified Regions, of specified items ("**Sanctioned Goods**") relating to the creation, acquisition or development of infrastructure for:
 - (1) the transport, telecommunications or energy sectors;
 - (2) the exploitation of oil, gas or mineral reserves in the Specified Regions;
- (ii) the import, purchase or transport of any goods that originate in, or are exported from, the Specified Regions, except goods that have been verified by Ukrainian officials;
- (iii) granting loans or credit or establish joint ventures in the Specified Regions ("**Sanctioned Activities**") relating to:
 - (1) the creation, acquisition or development of infrastructure in the transport, telecommunications or energy sectors; or
 - (2) the exploitation of oil or gas, or of specified mineral resources;
- (iv) the provision of services which relate to Sanctioned Goods or Sanctioned Activities, specifically the provision of:
 - (1) services which relate to the supply of Sanctioned Goods to the Specified Regions, or to the manufacture, maintenance or use of such goods for the Specified Regions;

- (2) financial assistance or financial services which relate to goods originating in or exported from the Specified Regions; and
- (3) services to the Specified Regions, or for use in the Specified Regions, which relate to engagement in a Sanctioned Activity for the Specified Regions;
- (v) directly or indirectly making an asset available to (or for the benefit of) a designated person or entity;
- (vi) using or dealing with an asset, or allowing or facilitating another person to use or deal with an asset, if the asset is owned or controlled by a designated person or entity (the assets are 'frozen' and cannot be used or dealt with); and
 - (1) an 'asset' includes an asset or property of any kind, whether tangible or intangible, movable or immovable;
 - (2) the Consolidated List of designated persons and entities is available on the Department of Foreign Affairs and Trade's [website](#); and
 - (3) if you become aware that you are holding an asset of a designated person or entity, you are required to freeze (hold) that asset and notify the Australian Federal Police as soon as possible.
- (vii) the entry or transit to Australia of designated persons.

8.13 Application to Xinjiang

8.13.1 Australia has not imposed any targeted sanctions (autonomous or otherwise) in relation to Xinjiang.

8.14 Application to Venezuela

8.14.1 Australia has not imposed any targeted autonomous sanctions in relation to Venezuela.

8.15 Application to Yemen

8.15.1 Australia fully implements the UN Security Council sanctions regime in relation to Yemen; and

8.15.2 Australia has not imposed any targeted autonomous sanctions in relation to Yemen.

8.16 Application to the Group

8.16.1 On the basis that neither the Company 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; or

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

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 Australian Government.

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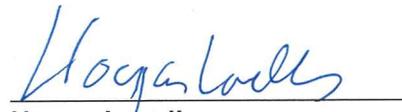
The conclusion stated in this memorandum is not binding on OFAC, the U.S. Department of State, the European Commission, the competent authorities of European Union Member States, Australia, or on any other regulatory or judicial authority, which have substantial discretion in determining whether to investigate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

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

This memorandum may also be disclosed for information only to (but not relied on by) the sponsor, the underwriters of and the professional parties involved in the Offering, the HKEX, the Securities and Futures Commission, the Registrar of Companies in Hong Kong, and within the period and in accordance with procedure specified in the Prospectus, available for inspection by the public and such disclosure and non-reliance and the liability waiver referred to above are governed by and construed in accordance with the laws of England and Wales.

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

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


Hogan Lovells