



- 1.3 In preparing this opinion, we have reviewed the Company's responses to the "反洗钱、海外经济制裁和反腐败法的尽职调查问卷 (Anti-Money Laundering, Foreign Economic Sanctions and Anti-Corruption Laws Due Diligence Questionnaire)" dated 9 December 2024 (the **Sanctions DD Questionnaire**), prepared by Holman Fenwick Willan LLP. We have also reviewed the information contained in the Company's draft prospectus prepared in connection with the Global Offering, as that document has been amended from time to time during the Global Offering (the **Prospectus**). Capitalized terms used herein but not otherwise defined shall have the meaning set forth in the Prospectus. Reference to ordinances, statutes, legislations or enactments shall be construed as a reference to such ordinances, statutes, legislations or enactments as may be amended or re-enacted from time to time.
- 1.4 For the purpose of this opinion, the countries/regions/jurisdictions to which International Sanctions may apply to the Group's business (as defined in the Prospectus) include Armenia, Azerbaijan, Bosnia and Herzegovina, Egypt, Iran, Hong Kong, Lebanon, Myanmar/Burma, Romania, Russia (excluding Crimea, the Luhansk People's Republic, the Donetsk People's Republic, the Zaporizhia and Kherson regions), Serbia, Tunisia, Turkey, Ukraine (excluding Crimea, the Luhansk People's Republic, the Donetsk People's Republic, the Zaporizhia and Kherson regions) and Venezuela (the **Relevant Countries**), each of which countries or jurisdictions is subject to various forms of country-specific and/or product-specific International Sanctions programs (as detailed below).
- 1.5 Apart from the aforementioned sanctions programs, the Office of Foreign Assets Control (**OFAC**) of the U.S. Department of the Treasury also administers other sanctions programs that target specific activities.
- 1.6 This opinion is based on the understanding and assumptions set out in Schedule 1 and detailed herein. If any of the assumptions are incorrect, the Company is recommended to inform Holman Fenwick Willan LLP so that it can confirm the content of this analysis.
- 1.7 Holman Fenwick Willan LLP 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.

## 2. EXECUTIVE SUMMARY

- 2.1 The Group specializes in the development, manufacturing, and commercialization of collaborative robots, or commonly known as "cobots". During the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 (the **Track Record Period**), the Group sold products to its customers/distributors in the Relevant Countries.
- 2.2 **U.N.**
- 2.2.1 During the Track Record Period, the U.N. has not imposed a sanction regime on any of the Relevant Countries with the exception of Iran. However, the said sanction regime related to prohibitions on the supply of nuclear material and goods, but not robot products. Accordingly we do not consider the U.N. sanction regime is applicable to the Group's business activities during the Track Record Period.
- 2.3 **U.S.**
- 2.3.1 While some of the U.S. sanction programs are specific to certain countries or regions, many U.S. sanction programs are applicable to designated persons/entities. There are also export control restrictions which are applicable to specific goods included on the U.S. Bureau of Industry and Security ("**BIS**") Commercial Control List that have been assigned an Export Control

Classification Number ("ECCN"). During the Track Record Period, (i) the Group has not made any sales to any designated persons/entities, (ii) the Group did not export, products, parts, commodities, software or technology from the U.S., and (iii) no goods involved in the sale of the products of the Group in respect of the Relevant Countries incorporate more than the applicable *de minimus* amount of U.S. origin components under the export control rules. For reasons set out below in the U.S. Sanctions section, we do not consider there is a material risk that the Group's business activities during the Track Record Period would implicate a breach of the U.S. sanctions.

## 2.4 E.U.

2.4.1 Product-specific sanctions are imposed by the E.U. against Iran, Lebanon, Myanmar/Burma, Russia, Ukraine and Venezuela, as may be applicable to the Group's business. For the reasons set out below in the E.U. Sanctions section, we consider it is unlikely that sales to Iran, Lebanon, Myanmar/Burma, Ukraine and Venezuela during the Track Record Period would implicate a breach of any product-specific sanctions. However, the sale of "industrial cobots", "parts of industrial cobots", "machines for additive manufacturing by rubber or plastic deposit" and "parts of machines and mechanical appliances having individual functions; parts of machines for additive manufacturing" to Russia under certain harmonized system code ("HS Codes") would have breached the E.U. sanctions. Nevertheless, since the Group has no relevant "nexus" with the E.U., we are of the view that it will unlikely be caught by the E.U. sanctions. Taking forward, potential breaches could be corrected by ceasing any further sales to Russia of any products with the relevant HS Codes under the various Annexes of Council Regulation (E.U.) No. 833/2014 (as amended).

## 2.5 U.K.

2.5.1 Like the E.U., product-specific sanctions are imposed by the U.K. against Iran, Lebanon, Myanmar/Burma, Russia, Ukraine and Venezuela, as may be applicable to the Group's business. For the reasons set out below in the U.K. Sanctions section, we consider it is unlikely that sales to Iran, Lebanon, Myanmar/Burma, Ukraine and Venezuela during the Track Record Period would implicate a breach of any product-specific sanctions. However, the sale of "industrial cobots" to Russia under certain HS Codes would have breached the U.K. sanctions. Nevertheless, since the Group has no relevant "nexus" with the U.K., we are of the view that it will unlikely be caught by the E.U. sanctions. Taking forward, potential breaches could be corrected by ceasing any further sales to Russia of any products with the relevant HS Codes under the Russia (Sanctions) (E.U. Exit) Regulations 2019 and the Export Control Order 2008.

## 2.6 Australia

2.6.1 Australian products-specific sanctions do apply in connection with sales or supply to Iran, Lebanon, Myanmar/Burma, Russia and Ukraine. For the reasons set out below in the Australian Sanctions section, we do not consider there is a material risk that the Group's business activities during the Track Record Period would implicate a breach of the Australian product-specific sanctions.

## 3 COMPANY BACKGROUND

3.1 The Company is incorporated in the PRC. The Group's principal subsidiaries are Qingdao Yuejiang Intelligence Technology Co., Ltd. (青島越疆智能科技有限公司), Qingdao Yuejiang Robotics Co., Ltd. (青島越疆機器人有限公司) and Rizhao Yuejiang Intelligence Technology Co., Ltd. (日照市越疆智能科技有限公司)

限公司)。The Group's principal subsidiaries are incorporated in the PRC and engage in the development, manufacturing and sales of cobots and accessories.

- 3.2 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.
- 3.3 The Company has confirmed that none of its, or its subsidiaries' Directors or Shareholders is a U.S., E.U., U.K. or Australian national.
- 3.4 The following table sets out the information regarding Directors and Supervisors of the Company.

Director	Name	Nationality
<b>Executive Directors</b>	Liu Peichao (劉培超)	Chinese
	Wang Yong (王勇)	Chinese
	Lang Xulin (郎需林)	Chinese
<b>Non-executive Director</b>	Jing Liang (景亮)	Chinese
<b>Independent non-executive Directors</b>	Li Yibin (李貽斌)	Chinese
	Ng Jack Ho Wan (吳浩雲)	Chinese
	Hou Lingling (侯玲玲)	Chinese
<b>Supervisors</b>	Ms. Wan Ying (萬穎)	Chinese
	Mr. Li Liuwei (李劉偉)	Chinese
	Ms. Ma Jingxian (馬靜嫻)	Chinese

- 3.5 The Group primarily engaged in the design, development, manufacturing and commercialization of cobots. Since the Group's inception in 2015, the Group has built up a broad and geographically diversified customer base in the PRC and globally, spreading across over 30 countries and regions.
- 3.6 The Group's cobot products are widely adopted by customers around the globe for a broad spectrum of use cases in manufacturing, retail, service, healthcare settings, education, scientific research and many more.
- 3.7 The Group's cobots are primarily categorized into two types based on the number of axes, i.e., four-axis cobots and six-axis cobots. The primary market of the Group's six-axis cobots is under the "CR Series" and the "Nova Series". The Group's six-axis cobots feature great flexibility and dexterity, making them versatile for performing a wide range of tasks, spanning from material handling, picking, stacking and inspection, to more complicated manufacturing tasks such as screwdriving, gluing and laser welding.

Additionally, they can be utilized in consumer-facing settings for tasks like latte decoration, milk tea making, physical therapy and photography. The Group's four-axis cobot series primarily consist of the "Magician Series" and the "M Series".

- 3.8 In addition, the abundance of cobot-related accessories within the Group's ecosystem has enhanced its cobots' versatility and functionality. The Group has also combined its cobots and certain accessories into integrated cobots that are specifically designed for high-frequency application scenarios by its customers, covering stacking processes, needs for mobile cobots and Universal Cobot Training Platform, a teaching platform for vocational schools and enterprise training which includes cobot, control system, vision system, conveyor belt and other components.
- 3.9 During the Track Record Period, the Group primarily focused on cobots for education, manufacturing and commercial settings in the PRC.
- 3.10 In respect of goods sold to the Relevant Countries, the Company has advised that the Group's have not made direct sales to any customers who are on the U.N., U.S., E.U., U.K. and Australian sanctioned lists; and the Group have obtained confirmation from each of its distributors that it did not make any sales to any customers who are on the U.N., U.S., E.U., U.K. and Australian sanctioned lists.
- 3.11 The table below sets forth the revenue obtained from sales of goods to customers and distributors in the Relevant Countries and the corresponding percentage of the Group's total revenue during the Track Record Period.

Financial year	Total revenue attributable to the Relevant Countries (RMB in million)	Total revenue (RMB in million)	Percentage of the Group's total revenue (%)
Financial year ended on 31 December 2021	12.7	174.3	7.3
Financial year ended on 31 December 2022	28.3	241.0	11.7
Financial year ended on 31 December 2023	21.9	286.7	7.6
The six months ended on 30 June 2024	12.4	120.4	10.3

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

**4.1 U.S. Economic Sanctions**

4.1.1 There are two types of U.S. economic sanctions potentially applicable to the Company:

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

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

#### 4.1.2 Primary Sanctions Applicable to U.S. persons

- (a) The 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 U.S., they vary considerably from program to program. Likewise, the OFAC has wide latitude to interpret and enforce its regulations based on the foreign policy goals of the U.S. Government.
- (b) When the U.S. Government imposes economic sanctions against a foreign country, entity, or individual, U.S. law prohibits (with limited exceptions) 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. U.S. law also may require a U.S. company or a U.S. person to "block" any assets owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the U.S. 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 – no payments, benefits, provision of services or other dealings – except pursuant to an authorization or license from the OFAC.

#### (c) Persons Governed by U.S. Sanctions

- (i) In general, U.S. economic sanctions apply to "U.S. persons." The term "U.S. persons" includes:
  - (A) 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 U.S.; and
  - (E) U.S. branches of non-U.S. companies.
- (ii) In the case of U.S. sanctions applicable to Iran, primary sanctions specifically apply to all foreign subsidiaries of U.S. companies and any other entities owned or controlled by U.S. persons. See Section 218 of the Iran Threat Reduction and Syria Human Rights Act of 2012, H.R. 1905 (PL 112-158), implemented by the OFAC as section 560.215 of the Iranian Transactions and Sanctions Regulations, which makes parent companies liable for their foreign subsidiaries' Iranian sanctions violations.
- (iii) In addition, primary sanctions prohibit U.S. persons, wherever located, from approving, financing, facilitating, or guaranteeing any transaction by a foreign person where the transaction by that foreign person would be prohibited if performed by a U.S. person or within the U.S.. 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., Iranian Transactions and Sanctions Regulations (ITSR), 31 C.F.R. § 560.208. The processing of payments by U.S. banks for Iran-related trade by non-U.S. companies would constitute "facilitation" of such trade and is prohibited.

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

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

- (i) 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.

- (1) Comprehensive sanctions programs prohibit U.S. persons from dealing in any manner with sanctioned countries and their governments, as well as with any persons or entities in those countries or territories. Currently, the U.S. maintains comprehensive sanctions against: Cuba, Iran, North Korea, Syria and the Crimea region and the so-called Donetsk People's Republic or Luhansk People's Republic regions of Ukraine. Generally, comprehensive country sanctions prohibit transactions with or services in, from or benefitting the targeted country or any persons/entity in it. However, the comprehensive country sanctions may also be applicable to transactions outside the country (for example, restricting dealings in goods or services originating from a sanctioned country, or with persons who ordinarily reside in the sanctioned country).
  - (2) Limited sanctions programs prohibit U.S. persons from participating in certain types of transactions with sanctioned countries and/or governments, such as the provision of services, financing, investments, exports, and/or imports. Prohibited activities vary from program to program, and they generally are not as broad as the comprehensive sanctions program (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 a number of countries, and the 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 the OFAC for a variety of reasons. Although some of these programs reflect the name of a particular country in its title (e.g., Afghanistan, Belarus), 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 SDN List; they include persons or entities targeted for a variety of reasons including but not limited to:
- (1) terrorists and terrorist organizations;
  - (2) narcotics traffickers;
  - (3) persons involved in the proliferation of weapons of mass destruction;

- (4) persons or entities undermining democratic processes, freedom of expression, or those involved in human rights abuses or censorship activities, among other targeted activities; and
- (5) individuals and entities that the U.S. Government considers to be "arms" of the sanctioned governments identified above.

(C) U.S. persons are not permitted to have any dealings whatsoever with or facilitate dealings with parties designated on the SDN List unless authorized by the OFAC. The SDN List is updated often, and is available on the 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.

#### 4.1.3 Secondary Sanctions Applicable to Non-U.S. persons

- (a) The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in certain defined activities, including (but not limited to):
  - (i) those who are engaging in certain activities relating to certain countries such as Russia, Iran, and Syria;
  - (ii) those who are engaging in certain sectors or prohibited activities or transactions; and
  - (iii) those who are engaging in the provision of "material assistance" or support to most types of SDNs.

#### 4.1.4 Application to Relevant Countries

##### (a) Application to Armenia

During the Track Record Period, there is no OFAC sanctions program specifically applicable to Armenia.

##### (b) Application to Azerbaijan

During the Track Record Period, there is no OFAC sanctions program specifically applicable to Azerbaijan.

##### (c) Application to Bosnia and Herzegovina

Currently, the Balkans-Related Sanctions are list-based, applying blocking measures to persons added to the SDN list, and blocking the property and interests in property of designated SDNs. These regulations are set forth at 31 C.F.R. Part 588. Persons and entities can be designated as SDNs for having threatened international stabilization efforts in the Western Balkans, and contributing to the destabilizing situation in the Western Balkans in violation of Executive Order 13219, Executive Order 13304 and Executive Order 14033.

In such circumstances, we do not consider the Group's business during the Track Record Period would have implicated any material sanction risks under the sanctions program applicable to Bosnia and Herzegovina .

(d) **Application to Egypt**

During the Track Record Period, there is no OFAC sanctions program specifically applicable to Egypt.

(e) **Application to Iran**

(i) **Primary Sanctions**

- (A) The Iranian Assets Control Regulations, 31 C.F.R. Part 535, the ITSR, 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. U.S. persons are prohibited from dealing in the property of these SDNs.

(ii) **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, PL 111-195; the Iran Threat Reduction and Syria Human Rights Act of 2012, H.R. 1905 (PL 112-158); the National Defense Authorization Act For Fiscal Year 2012 PL 112-81; and the Iran Freedom and Counter-Proliferation Act of 2012 (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.
- (C) In January 2016, the U.S., Iran, and other powers implemented the Joint Comprehensive Plan of Action (**JCPOA**), which vastly eased secondary sanctions in exchange for Iranian actions in relation to its nuclear program. On 8 May 2018, the Trump Administration announced that the U.S. will withdraw from JCPOA.

- (D) 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.
- (E) On 5 November 2018, the U.S. re-imposed the remaining nuclear-related secondary sanctions administered by OFAC against Iran that previously had been lifted pursuant to the U.S.' commitment to JCPOA.
- (F) On or after 5 November 2018, with certain exceptions and among other sanctions reimposed by Executive Order 13846, persons knowingly engaged in a significant transaction for the purchase, acquisition, sale, transport, or marketing of petroleum, petroleum products, or petrochemical products from Iran can be sanctioned.
- (G) On 8 May 2019, the U.S. imposed sanctions with respect to the iron, steel, aluminum, and copper sectors of Iran. Executive Order 13871 blocks property of certain persons including (but not limited to) those who have:
  - (1) knowingly engaged in a significant transaction for the sale, supply, or transfer to Iran of significant goods or services used in connection with the iron, steel, aluminum, or copper sectors of Iran;
  - (2) knowingly engaged in a significant transaction for the purchase, acquisition, sale, transport, or marketing of iron, iron products, aluminum, aluminum products, steel, steel products, copper, or copper products from Iran; or
  - (3) materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of any person whose property and interests in property are blocked under Executive Order 13871.
- (H) On 24 June 2019, the U.S. imposed further sanctions pursuant to Executive Order 13876, blocking property of certain persons including (but not limited to) those who 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 under Executive Order 13876.
- (I) On 10 January 2020, the U.S. imposed sanctions with respect to additional sectors of Iran. Executive Order 13902 blocks property of certain persons including (but not limited to) those who have:
  - (1) 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 the construction, mining, manufacturing, or textiles sectors; or

- (2) 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 under Executive Order 13902.
- (J) On 21 September 2020, the U.S. imposed sanctions with respect to the conventional arms activities of Iran. Executive Order 13949 blocks property of certain persons including (but not limited to) those who:
  - (1) 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 or related materiel, including spare parts;
  - (2) 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 materiel;
  - (3) have engaged, or attempted to engage, in any activity that materially contributes to, or poses a risk of materially contributing to, the proliferation of arms or related materiel 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; or
  - (4) 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 under Executive Order 13949.
- (iii) The OFAC has issued advisories focusing on specific industries and activities (such as illicit shipping and sanctions evasion practices, deceptive practices by Iran with respect to the civil aviation industry) on issues related to the Iran sanctions.
- (iv) We note that one customer of the Company located in Iran, an entity named PRAKTIC AMBALAJ SRL, to whom the Company exported robot products during the Track Record Period. Neither the Company nor the customer involved in the transactions is a sanctioned person listed on the SDN list. There is no positive evidence that the said customer is owned, directly or indirectly, 50 percent or more by one or more persons who are an SDN.
- (v) Based on the information provided to us and as confirmed by the Company, the goods provided to the said customer do not fall within the aforementioned sectors in Iran so those sectoral sanctions should not be implicated. On such

basis, transaction with the said customer should not have constituted sanctionable activity.

(f) **Application to Hong Kong**

(i) The current Hong Kong-Related Sanctions Program was imposed in July 2020 pursuant to Executive Order 13936. The general purpose of these sanctions is to amend U.S. law and regulations such that Hong Kong is no longer treated differently from the People's Republic of China. Regarding exports of goods to Hong Kong, in December 2020 BIS removed Hong Kong as a separate destination under the BIS Export Administration Rules ("EAR"). Subsequently, all items subject to the EAR that are destined for export, re-export, or transfer (in-country) to or from Hong Kong are treated as exports, re-exports or transfers (in-country) to or from the PRC. Export licenses that previously allowed such exports, re-exports, and transfers (in-country) to or from Hong Kong were revoked. Export restrictions that apply for military end-use or military end-users, including military intelligence, now apply to Hong Kong since it is now treated as part of the PRC.

(ii) Otherwise, the specific sanctions applicable to Hong Kong are mostly blocking measures, applicable only to block the property and interests in property of persons that OFAC adds to the SDN list pursuant to Executive Order 13936.

(iii) These property blocking sanctions include prohibitions on the following kinds of transactions with persons whose property is blocked pursuant to Executive Order 13936:

*(a) The making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any person whose property and interests in property are blocked pursuant to . . . this order; and*

*(b) The receipt of any contribution or provision of funds, goods, or services from any such person.*

Executive Order 13936 Section 6. These provisions would prohibit U.S. persons involvement in the export of products to persons named as SDNs pursuant to the Hong Kong-Related Sanctions Program.

(g) **Application to Lebanon**

(i) Currently, the U.S. government maintains targeted list-based sanctions against Lebanon. These sanctions only block the property and interests in property of SDNs. 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;
  - (C) to be a spouse or dependent child of any person described above.
- (ii) Under Executive Order 13441, with certain exceptions, transactions by U.S. persons, or in or involving the U.S., 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 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 SDN List is also blocked, regardless of whether the entity itself appears on the SDN List.
  - (iii) In such circumstances, we do not consider the Group's business during the Track Record Period would have implicated any material sanction risks under the sanctions program applicable to Lebanon.
- (h) **Application to Myanmar (formerly known as Burma)**
- (i) New Burma-related sanctions have been imposed under the Burma Sanctions Regulations 31 C.F.R. Part 525. These are targeted list-based sanctions blocking the property and interests in property of SDNs. Persons and entities can be designated as SDNs for having engaged in the following activities in violation of Executive Order 14014:
    - (A) to be responsible for or complicit in, or to have directly or indirectly engaged or attempted to engage in, any of the following:
      - (1) actions or policies that undermine democratic processes or institutions in Burma;
      - (2) actions or policies that threaten the peace, security, or stability of Burma;
      - (3) actions or policies that prohibit, limit, or penalize the exercise of freedom of expression or assembly by people in Burma, or that limit access to print, online, or broadcast media in Burma; or
      - (4) the arbitrary detention or torture of any person in Burma or other serious human rights abuse in Burma;
    - (B) 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 Executive Order 14014.

- (ii) The U.S. government has issued an advisory on the risks and considerations for businesses and individuals with exposure to entities responsible for undermining democratic processes, facilitating corruption, and committing human rights abuses in Burma. The specific entities and sectors of greatest concern are identified as state-owned enterprises, gems and precious metals, real-estate and construction projects, and arms, military equipment, and related activity.
  - (iii) In such circumstances, we do not consider the Group's business during the Track Record Period would have implicated any material sanction risks under the sanctions program applicable to Myanmar.
- (i) **Application to Romania**
- Currently, the Balkans-Related Sanctions are list-based, applying blocking measures to persons added to the SDN list, and blocking the property and interests in property of SDNs. These regulations are set forth at 31 C.F.R. Part 588. Persons and entities can be designated as SDNs for having threatened international stabilization efforts in the Western Balkans, and contributing to the destabilizing situation in the Western Balkans in violation of Executive Order 13219, Executive Order 13304 and Executive Order 14033.
- In such circumstances, we do not consider the Group's business during the Track Record Period would have implicated any material sanction risks under the sanctions program applicable to Romania.
- (j) **Application to Russia**
- (i) Multiple Executive Orders (13660, 13661, 13662, and 13685) were issued in 2014 in response to Russia's activities with respect to the Ukraine's Crimea region and eastern Ukraine, as implemented by the Countering Russian Influence in Europe and Eurasia Act of 2017 (as part of the Countering America's Adversaries Through Sanctions Act (**CAATSA**)). These Executive Orders imposed sanctions against those who have undermined Ukraine's security and stability, misappropriated Ukrainian state assets, or conducted business, trade, or investment in occupied Crimea.
  - (ii) Specific entities in the financial, energy and defense sectors of Russia are subject to sectoral sanctions, and specific transactions with these entities by U.S. persons are restricted.
  - (iii) On 2 August 2017, President Trump signed into law the CAATSA, which added secondary sanctions targeting certain activities involving Russia.
  - (iv) In July 2020, the U.S. revised the CAATSA, with several Russian entities and ships involved with the Nord Stream 2 project being sanctioned.
  - (v) Persons and entities can be designated as SDNs for having engaged in the following activities in violation of Executive Order 14024 (and as amended on 12 June 2024):

- (A) operate or have operated in the technology sector, the defense and related materiel sector, the quantum computing sector (pursuant to Determination effective 15 September 2022), the accounting, trust and corporate formation services, and management consulting sectors (pursuant to Determination effective 8 May 2022), the aerospace, electronics, and marine sectors (pursuant to Determination effective 31 March 2022), or the financial services sector (pursuant to Determination effective 22 February 2022) of the Russian Federation economy;
  - (B) have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of the specified activities (such as malicious cyber-enabled activities), or any person whose property and interests in property are blocked under Executive Order 14024.
- (vi) Several Directives have been issued under Executive Order 14024 to set out the following:
- (A) Directive 1A: Prohibitions Related to Certain Sovereign Debt of the Russian Federation;
  - (B) Directive 2: Prohibitions Related to Correspondent or Payable-Through Accounts and Processing of Transactions Involving Certain Foreign Financial Institutions;
  - (C) Directive 3: Prohibitions Related to New Debt and Equity of Certain Russia-related Entities; and
  - (D) Directive 4: Prohibitions Related to Transactions Involving the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, and the Ministry of Finance of the Russian Federation.
- (vii) Property of certain identified foreign persons is blocked pursuant to Executive Order 14039 of 20 August 2021 in respect of certain Russian Energy Export Pipelines.
- (viii) In response to the Russian's aggression against Ukraine, the U.S. have expanded the scope and intensity of economic and political sanctions.
- (ix) Prohibitions on certain imports (including crude oil, petroleum, liquefied natural gas and coal), and new investments in the energy sector in the Russian Federation by a U.S. person, are imposed under Executive Order 14066 of 8 March 2022 with respect to continued Russian Federation efforts to undermine the sovereignty and territorial integrity of Ukraine.
- (x) Further prohibitions on certain imports of Russian Federation origin (including seafood, alcoholic beverages and non-industrial diamonds), certain exports (including luxury goods) from the U.S. or by a U.S. person, and new investment by a U.S. person in any sector of the Russian Federation economy as may be

determined, are imposed under Executive Order 14068 of 11 March 2022 with respect to continued Russian Federation aggression.

- (xi) On 6 April 2022, the U.S. imposed sanctions on U.S. persons prohibiting new investment in and certain services to the Russian Federation in response to continued Russian Federation aggression under Executive Order 14071.
- (xii) Current U.S. sanctions on Russia are generally included in the Russian Harmful Foreign Activities Sanctions program and the Ukraine-/Russia-Related Sanctions program. These sanctions include blocking measures regarding persons added to the SDN list as well as sectoral sanctions regarding transactions with persons operating in certain sectors of the Russian economy whose names are added to the OFAC Sectoral Sanctions Identification List ("**SSI List**").
- (xiii) Thus, determining whether the Company's exports to Russia during the Track Record Period were compliant with U.S. Russia sanctions can generally be found by searching the relevant SDN and SSI list. Based on our search of the SDN list and the Consolidated Screening List ("**CSL**") published by the U.S. International Trade Administration, one of the Company's customers in Russia may be a hit. Limited Liability Company "SOLID" is not a direct match on the U.S. sanctions list. However, a number of entities with a similar name are listed as SDNs:-
  - AKVA SOLID
  - OOO AQUA SOLID
  - OOO SOLID
  - SOLID LTD
- (xiv) Based on the Company's confirmation, the Limited Liability Company "SOLID" is a different entity than the above and accordingly transaction therewith should not constitute any sanctionable activity.
- (xv) Regarding the Company's robot products, BIS export control restrictions may not have applied to the Company's exports if the following circumstances were met. In general, the BIS restrictions prohibit, without a license, export or reexport of any item subject to the EAR. 15 CFR § 736.2(b). Defining these terms is important to determine whether the prohibition applies. Export means, in general, "an actual shipment or transmission out of the United States, including the sending or taking of an item out of the United States, in any manner." 15 CFR § 734.13 Thus, "export" covers any shipment out of the U.S., so it generally does not include a shipment from China to another country. The definition of "reexport" includes shipment of an "item subject to the EAR" from one foreign country to another foreign country. 15 CFR § 734.14. So, it could include robot products from China to another country other than the U.S., if the robot products constitute "items subject to the EAR".

- (xvi) The definition of "items subject to the EAR" includes, in general, items in the U.S. and items of U.S. origin or including US origin components. 15 CFR § 734.3(a). If the Company's robot products manufactured in China do not meet this criteria, they should not constitute "items subject to the EAR". Even if the robot products do include any US origin components or technology, the "De minimis U.S. content" rules in 15 CFR § 734.4 may apply to exclude the products from the BIS export control regulations if the US content is less than 10% in some circumstances or less than 25% in some circumstances (*de minimus*).
- (xvii) Based on the Company's confirmation, the relevant Company robot products manufactured in China do not include any U.S.-origin commodities, foreign-made commodities that are bundled with controlled U.S.-origin software, foreign-made technology that commingles with controlled U.S.-origin technology, or were products of a complete plant or any major component of a plant this is a direct product of specified US technology or software, or if they do, they fall into the aforesaid *de minimus* exemption.
- (xviii) In the above circumstances, and based on information provided to us, we are of the view that the Group's business during the Track Record Period does not implicate any apparent or material sanctions/trade restrictions aforementioned which may have significant or material adverse impact on the Group's business.

(k) **Application to Serbia**

Currently, the Balkans-Related Sanctions are list-based, applying blocking measures to persons added to the SDN list, and blocking the property and interests in property of SDNs. These regulations are set forth at 31 C.F.R. Part 588. Persons and entities can be designated as SDNs for having threatened international stabilization efforts in the Western Balkans, and contributing to the destabilizing situation in the Western Balkans in violation of Executive Order 13219, Executive Order 13304 and Executive Order 14033.

In such circumstances, we do not consider the Group's business during the Track Record Period would have implicated any material sanction risks under the sanctions program applicable to Serbia.

(l) **Application to Tunisia**

During the Track Record Period, there is no OFAC sanctions program specifically applicable to Tunisia.

(m) **Application to Turkey**

- (i) During the Track Record Period, there is no OFAC sanctions program specifically applicable to Turkey.
- (ii) However, a number of persons and entities in Turkey have been designated as SDNs, blocking property of these designated persons and entities, in connection with the U.S. Countering America's Adversaries Through Sanctions Act-Related Sanctions Program ("CAATSA Program"). In general, several

Turkish companies have been added to the SDN list for apparently assisting or facilitating transfers of "dual-use goods" to Russia.

- (iii) On 14 December 2020, the U.S. imposed sanctions on the Republic of Turkey's Presidency of Defense Industries (SSB) pursuant to Section 231 of the CAATSA. The sanctions include a ban on all U.S. export licenses and authorizations to SSB and an asset freeze and visa restrictions on SSB's president and other SSB officers.
  - (iv) In the above circumstances, and based on information provided to us, we are of the view that the Group's business during the Track Record Period does not violate any sanction measures hereunder.
- (n) **Application to Ukraine**
- (i) The U.S. President issued four 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 U.S..
  - (ii) The U.S. government subsequently issued three Executive Orders on sanctions, namely:
    - (A) Executive Order 13849 of September 20, 2018, authorizing the implementation of certain sanctions set forth in the CAATSA;
    - (B) Executive Order 13883 of August 1, 2019; and
    - (C) Executive Order 14065 of February 21, 2022, blocking property of certain persons and prohibiting certain transactions with respect to continued Russian efforts to undermine the sovereignty and territorial integrity of Ukraine.
  - (iii) Executive Order 13685 and Executive Order 14065 together impose comprehensive sanctions on the Crimea region and the so-called Donetsk People's Republic or Luhansk People's Republic regions of Ukraine, prohibiting among others all imports into and exports from the U.S..
  - (iv) With certain exceptions, U.S. persons are also prohibited from dealing with certain Ukrainian persons and entities listed on the SDN List 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.
  - (v) Sectoral sanctions apply to U.S. Persons within the U.S. concerning transactions of financing of new debt or new equity; providing, exporting, or reexporting, directly or indirectly, goods, services (except for financial services),

or technology in support of exploration or production for deep-water, Arctic offshore, or shale projects 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.

- (vi) Among the relevant Company customers list provided to us, we have seen two customers of the Company located in Ukraine, namely ADC Team LLC and Smart Trading Inc., to whom the Company exported robot products during the Track Record Period. These two entities are not on the SDN list. Based on the Company's confirmation, neither of these two entities is owned, directly or indirectly, 50 percent or more by one or more persons who are an SDN, and the Company's export of robot products to these two entities is not related to the aforementioned sectors in Ukraine so those sectoral sanctions should not be implicated.
- (o) **Application to Venezuela**
  - (i) US sanctions regarding Venezuela began in 2014 and have increased incrementally since then. Several Venezuela related sanctions were in place during the Track Record Period and currently remain in place.
  - (ii) These sanctions include blocking measures for persons and entities added to the SDN list, and the named SDNs includes the Government of Venezuela as well as Petroleos de Venezuela, S.A., so the blocking measures potentially apply to much of the Venezuela economy because many Venezuelan companies are owned by the government.
  - (iii) Sectoral sanctions apply to the gold, oil, financial, and defense and security sectors in Venezuela. Regarding specific goods or products, BIS has imposed restrictions on trade with Venezuela in US export-controlled items.
  - (iv) On 8 March 2015, the U.S. 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 freeze the assets of the seven targeted officials, heads of the country's security agencies or law enforcement officials.
  - (v) Under Executive Order 13850, persons and entities can be designated as SDNs for having engaged in the following activities in violation of Executive Order 13850:
    - (A) to operate in the gold sector, the defense and security sector, financial sector, and the oil sector of the Venezuelan economy;
    - (B) to be responsible for or complicit in, or to have directly or indirectly engaged in, any transaction or series of transactions involving deceptive practices or corruption and the Government of Venezuela or projects or programs administered by the Government of Venezuela, or to be an immediate adult family member of such a person; or

- (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 or transaction described in (B) above, or any person whose property and interests in property are blocked pursuant to Executive Order 13850.
  - (vi) The U.S. government also issued Executive Order 13857 taking additional steps to address the national emergency, and Executive Order 13884 blocking property of the Government of Venezuela.
  - (vii) 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 U.S. or in the possession or control of a U.S. person, wherever located.
  - (viii) Among the relevant Company customers list provided to us, we have seen one customer of the Company located in Venezuela, an entity named Sequin Valea C.A., to whom the Company exported robot products during the Track Record Period. Sequin Valencia C.A. is not on the SDN list. Based on the Company's confirmation, Sequin Valencia C.A. is not owned, directly or indirectly, 50 percent or more by one or more persons who are an SDN.
  - (ix) Based on the information provided to us and the Company's confirmation, the Company's export of robot products to Sequin Valencia C.A. is not related to the gold, oil, or financial industry sectors in Venezuela, so those sectoral sanctions should not be implicated. For the Venezuela defense and security sector, in May 2019 OFAC used the authority under EO 13850 to designate as SDNs persons operating in the defense and security sector of the Venezuelan economy. Thus, the defense and security sector sanctions are list based, that is they apply only to entities added to the SDN list. Therefore, these sectoral sanctions should not apply so long as Sequin Valencia C.A. is not an SDN or owned 50% or more by an SDN.
  - (x) Venezuela is subject to several export controls promulgated by BIS. In general, BIS export controls would require a license, or other restrictions may apply, for export or reexport to or from Venezuela of the following kinds of items: microprocessors and associated software and technology to military end uses and end users, national security-controlled items, certain vessels and aircraft located in Venezuela, certain rocket systems and unmanned aerial vehicles end-uses, and perhaps of most relevance certain reexports of foreign-produced direct products of U.S.-origin technology and software. A BIS license would be required for certain items that the exporter knows or has reason to know is intended for a "military end use" or a "military end user" in Venezuela. See 15 CFR § 744.21(a)(1). Based on information provided to us and the Company's confirmation, the Company's export of robot products to Sequin Valencia C.A. is not related to any of the aforesaid items or is intended for a "military end use" or a "military end user" in Venezuela.
- (p) **Application to the Company**

- (i) The Group consists of mainly companies incorporated in the PRC, Hong Kong, U.S. Germany and Japan. The U.S. subsidiaries of the Group did not make any sales to any SDNs under the above-described primary U.S. sanctions administered by the OFAC, either country-based or list-based.
- (ii) In the event that any transactions are nonetheless regarded as violations of U.S. primary sanctions laws, the OFAC may, among others, issue a cautionary letter as a final enforcement response to the apparent violation, or may impose a civil monetary penalty as a final civil enforcement response to the violation pursuant to the Economic Sanctions Enforcement Guidelines as set forth under Appendix A to 31 C.F.R. Part 501. The OFAC will apply various factors in determining whether to initiate a civil penalty proceeding and in determining the amount of any civil monetary penalty. In a non-egregious case, if the apparent violation is disclosed through a voluntary self-disclosure, the base amount of the proposed civil penalty shall be one-half of the transaction value, capped at a maximum base amount of US\$178,290 per violation. The base amount may be further adjusted by other mitigating factors, such as substantial cooperation with the OFAC and first violation. In a non-egregious case, if the apparent violation comes to the OFAC's attention by means other than a voluntary self-disclosure, the base amount of the proposed civil penalty shall be the "applicable schedule amount", capped at US\$356,579. The base amount may be adjusted by mitigating factors such as substantial cooperation with the OFAC and first violation. If no voluntary self-disclosure is made, the base amount of the proposed civil penalty (i.e. the applicable schedule amount) shall be US\$1,000 with respect to a transaction valued at less than US\$1,000; US\$10,000 with respect to a transaction valued at US\$1,000 or more but less than US\$10,000; and US\$25,000 with respect to a transaction valued at US\$10,000 or more but less than US\$25,000. Whether a case is deemed "egregious" will be determined based on an analysis of various factors, such as "willful or reckless violation of law" and "awareness of conduct at issue".
- (iii) The Company has confirmed, during the Track Record Period, that the Group has not had, directly or indirectly, any contracts or any other activity with a counterparty, nor has it otherwise provided goods or services to any person, in a country or territory subject to comprehensive U.S. sanctions or to any SDNs.
- (iv) We understand that the Group's customers are not SDNs, and the Company confirmed that except for the sale of products to the Relevant Countries, it and any of its affiliates, agents, directors, officers or employees are not engaged in other transactions, business or financial dealings that directly or indirectly involve countries or territories subject to comprehensive U.S. sanctions. There are no territorial sanctions with respect to the rest of the Relevant Countries. Accordingly, the Group's business activities involving the sale of products to its customers in the Relevant Countries would not have triggered these sanctions regulations.
- (v) The Company has confirmed that no U.S. persons employed or otherwise engaged by the Company or its Group entities have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of the Company or its Group entities involving the Relevant Countries.

- (vi) The Company has further confirmed that 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 U.S..
- (vii) The Group's activities did not involve industries or sectors that are currently subject to specific sanctions by the U.S..

Holman Fenwick Willan LLP's assessment is that the business dealings of the Group with the Relevant Countries do not appear to be inconsistent with applicable U.S. sanctions.

#### 4.1.5 The Global Offering

- (a) The Company will be required to make standard representations, warranties and covenants to the Joint Sponsors of the Company in the Hong Kong Underwriting Agreement that the proceeds of the Global Offering will not be used in any manner that could be found to violate any International Sanctions laws or regulations, including representing that the Company will not make any of the proceeds of the Global Offering, directly or indirectly, available to (i) a person on the SDN List or (ii) fund any activity that is prohibited by International Sanctions laws or regulations; or pay any damages for terminating or transferring the relevant contracts that constitute such activities.
- (b) We have reviewed the sections of the Prospectus as of 13 December 2024 under which the Company's intended uses of the proceeds of the Global Offering are set out in detail, and we have relied on those statements in connection with our analysis; and the Company has confirmed that such statements are accurate in all respects. In those statements, the Company confirms that the proceeds will be used for:
  - (i) Cutting-edge technology development for intelligent cobots;
  - (ii) Development of our production lines and manufacturing capabilities;
  - (iii) Selectively pursue strategic alliances, investment and acquisition opportunities both domestically and overseas in the downstream of the cobot industry;
  - (iv) Overseas sales channel building; and
  - (v) General working capital.
- (c) We also note that none of the Company and its subsidiaries, their respective shareholders, directors or officers disclosed in the Prospectus is a person or entity named on the SDN List.

#### 4.2 U.S. Export/Re-Export Controls

- 4.2.1 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 U.S. to a foreign destination is an export. "Items" include products, parts, commodities, software and technology.
- 4.2.2 The U.S. Department of Commerce, the BIS controls exports and re-exports of dual-use items. These controls are implemented by the EAR, administered by the BIS.

- 4.2.3 The EAR apply to exports of products, parts, commodities, software and technology from the U.S. to foreign countries and to re-exports from one foreign country to another. In addition, they apply to products from one foreign country to another of foreign-made products that incorporate more than a *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 general *de minimis* threshold varies, from 25% for most countries to 10% for Iran.
- 4.2.4 While we note that some of the Group's products may have an ECCN) classification of 2B007, which under BIS regulations would require a license to export or re-export such products to or from Russia (for example under 15 CFR § 746.5). If these U.S. export control restrictions apply, the Company's export of robot products classified in an ECCN on the Commerce Control List may require a BIS license, we have been confirmed by the Company that:
- 4.2.4.1 the Group did not deal with parties on the BIS List;
  - 4.2.4.2 the Group did not import products, parts, commodities, software or technology from the U.S.; and
  - 4.2.4.3 no goods involved in the sale of products of the Group in respect of the Relevant Countries incorporate more than the applicable *de minimis* amount of U.S. origin products, parts, commodities, software or technology under the EAR.

On such basis, it is unlikely that these U.S. export controls will apply to the Group's products.

## 5 U.N. SANCTIONS

- 5.1 U.N. sanctions measures are adopted via a Resolution of the U.N. Security Council (**UNSC**). The UNSC Resolutions are binding upon all members of the U.N., including the U.S., Member States of the E.U., the U.K., and the PRC. U.N. 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 U.N. Resolution. The main aim of U.N. sanctions measures, as set out in the U.N. Charter, is to maintain or restore international peace and security. As the Company is registered in the PRC, it has a strict obligation to comply with U.N. sanctions.
- 5.2 **Application to Armenia**
- During the Track Record Period, the U.N. has not imposed any sanctions on Armenia.
- 5.3 **Application to Azerbaijan**
- During the Track Record Period, the U.N. has not imposed any sanctions on Azerbaijan.
- 5.4 **Application to Bosnia and Herzegovina**
- During the Track Record Period, the U.N. has not imposed any sanctions on Bosnia and Herzegovina.
- 5.5 **Application to Egypt**
- During the Track Record Period, the U.N. has not imposed any sanctions on Egypt.

**5.6 Application to Iran**

5.6.1 On 20 July 2015, the U.N. adopted Resolution 2231 endorsing the international community's agreement with Iran concluded on 14 July 2015 in respect of the Iranian nuclear issue (the JCPOA) and providing for the eventual removal of all UNSC resolutions against Iran.

5.6.2 Resolution 2231 establishes specific restrictions on Iran which include:

- (a) a requirement for UNSC approval for nuclear-related activities and transfers to or with Iran;
- (b) a requirement for UNSC approval of ballistic missile related activities with and transfers to Iran;
- (c) a requirement for UNSC approval of arms-related transfers to and from Iran;
- (d) asset freezes on individuals and entities designated on the 2231 list; and
- (e) travel bans on individuals designated on the 2231 list.

5.6.3 Based on information provided to us, we do not consider the Group's business during the Track Record Period falls under the aforesaid specific restrictions.

**5.7 Application to Myanmar/Burma**

During the Track Record Period, the U.N. has not imposed sanctions on Myanmar/Burma.

**5.8 Application to Romania**

During the Track Record Period, the U.N. has not imposed any sanctions on Romania.

**5.9 Application to Russia**

During the Track Record Period, the U.N. has not imposed any sanctions on Russia.

**5.10 Application to Serbia**

During the Track Record Period, the U.N. has not imposed any sanctions on Serbia.

**5.11 Application to Tunisia**

During the Track Record Period, the U.N. has not imposed any sanctions on Tunisia.

**5.12 Application to Turkey**

During the Track Record Period, the U.N. has not imposed any sanctions on Turkey.

**5.13 Application to Ukraine**

During the Track Record Period, the U.N. has not imposed any sanctions on Ukraine.

5.14 **Application to Venezuela**

During the Track Record Period, the U.N. has not imposed any sanctions on Venezuela.

5.15 **Application to the Company**

5.15.1 The U.N. has not imposed a sanction regime on any of the Relevant Countries in the Track Record Period with the exception of Iran as aforementioned. Sanctions on robot products were not imposed by the U.N..

5.15.2 On the basis of our review of the information provided by the Group, and the Company's confirmation that neither the Company 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 U.N..

Holman Fenwick Willan LLP's assessment is therefore that the Group's business dealings do not appear to implicate restrictive measures adopted by the U.N. and implemented by the U.S., E.U., the U.K., the U.K. Overseas Territories and Australia.

6. **E.U. SANCTIONS AND EXPORT CONTROLS**

6.1 **Overview of E.U. Sanctions Measures**

Sanctions are one of the E.U.'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.

6.1.1 Sanctions applicable in the E.U. stem from:

- (a) sanctions adopted by the U.N.; or
- (b) autonomous sanctions regimes adopted by the E.U. without any U.N. action.

6.1.2 The E.U. implements sanctions measures via a unanimous decision of the Council of the E.U. (the "**E.U. Council**"). Member States of the E.U. are then legally bound to act in conformity with the decision.

6.1.3 Certain sanctions, such as arms embargoes and travel bans, are implemented directly by E.U. Member States. Such measures only require a decision by the E.U. Council. Economic sanctions measures require separate implementing legislation in the form of a regulation by the E.U. Council ("**Council Regulation (EC)**").

6.1.4 Council Regulations (EU) are directly applicable in E.U. Member States. However, some Member States will nevertheless enact national legislation implementing the E.U. 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 licencing authorities.

6.1.5 E.U. 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.

- 6.1.6 E.U. sanctions measures have also been extended by the U.K. on a regime by regime basis to apply in the U.K. Overseas Territories. From 31 December 2020, as a result of the U.K.'s exit from the E.U., E.U. sanctions regulations ceased to apply to the U.K.. The U.K. simultaneously implemented the substance of those regulations into the U.K. law, as extended to the U.K. Overseas Territories through Orders.

## 6.2 Application of Sanctions Measures

- 6.2.1 E.U. sanctions measures together with those extended to apply in the U.K. Overseas Territories broadly apply to: (i) any company incorporated under the laws of the E.U. or any U.K. Overseas Territory; (ii) any E.U. national or citizen of a U.K. Overseas Territory wherever located; and (iii) any business done in whole or in part within the E.U. or within a U.K. Overseas Territory.

- 6.2.2 E.U. sanctions measures will therefore apply to:

- (a) any of the Group's subsidiaries or affiliates incorporated in the E.U. or a U.K. Overseas Territory;
- (b) any E.U. nationals or citizens of a U.K. Overseas Territory employed by or otherwise engaged on behalf of the Company regardless of where they are located, such as in the E.U. or in any other non-E.U. country;
- (c) any Company business conducted within the E.U. or a U.K. Overseas Territory;
- (d) any counterparty incorporated in the E.U. or a U.K. Overseas Territory with whom the Group or any of its subsidiaries does business including for example, suppliers, customers, distributors, agents and manufacturers;
- (e) any E.U. or U.K. Overseas Territories 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
- (f) any entity or national incorporated in the E.U. or a U.K. Overseas Territory who subscribes for shares in the Company as part of the Global Offering.

- 6.2.3 E.U. sanctions will not apply to:

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

- 6.2.4 As a company registered in the PRC, the Company does not have a strict obligation to comply with the E.U. sanctions, save to the extent that they "bite" by way of a nexus set out below, or to the extent that banks, insurers, other business partners or international counterparts insist on

this. While the Company itself would not be subject to E.U. sanctions, unless when it carries out business within such territories, E.U. individuals associated with the Company (shareholders, directors, management, staff members etc.) will be personally responsible for complying with E.U. sanctions, and therefore cannot be involved, directly or indirectly, with activities which would be in breach of E.U. sanctions.

### 6.3 Restrictions under E.U. Sanctions Measures

6.3.1 The restrictions applied under an E.U. sanctions regime (including where extended to apply in the U.K. Overseas Territories) depend on the jurisdiction targeted by the regime. However, there are broadly four main offences:

- (a) making any funds or economic resources (see below) directly or indirectly available to or for the benefit of a sanctioned person or entity ("**Designated Person**");
- (b) dealing with any funds or economic resources that are owned, held or controlled by a Designated Person;
- (c) exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in, a jurisdiction subject to sanctions measures (a **Prohibited Activity**); and
- (d) 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.

6.3.2 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".

6.3.3 Under E.U. 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 E.U. sanctions apply to make any product 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 E.U. sanctions that is not a Designated Person or engaged in non-Prohibited Activities.

### 6.4 E.U. sanctions: Dealing with sanctioned country

6.4.1 As noted above, under E.U. sanctions legislation it is prohibited for any person or entity to whom E.U. sanctions apply to:

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

#### 6.4.2 **Application to Armenia**

During the Track Record Period, the E.U. has not imposed any sanctions against Armenia.

#### 6.4.3 **Application to Azerbaijan**

During the Track Record Period, the E.U. has not imposed any sanctions against Azerbaijan.

#### 6.4.4 **Application to Bosnia and Herzegovina**

The existing framework for E.U. Sanctions targeting Bosnia and Herzegovina is limited to asset freezes. There were no E.U. product-specific sanctions for Bosnia and Herzegovina.

#### 6.4.5 **Application to Egypt**

- (a) On 21 March 2011, the E.U. introduced targeted sanctions, in the form of freezing of assets, against individual members of the former government and those close to them who are subject to legal measures by the Egyptian authorities.
- (b) The sanctions were set out in E.U. Council Decision 2011/172/CFSP of 21 March 2011 as implemented in E.U. law through Council Regulation (EC) 270/2011.
- (c) Those sanctions included:
  - (i) all funds belonging to persons alleged to be responsible for embezzlement of Egyptian public assets, and natural or legal persons, entities or bodies that are associated with them and that are placed on the E.U.'s sanctions list are to be frozen; and
  - (ii) no funds or financial resources are to be made available to these persons.
- (d) The sanctions on Egypt were revoked on 12 March 2021.
- (e) In any case, these consisted of asset freezes only and there were no product-specific sanctions.

#### 6.4.6 **Application to Iran**

- (a) The E.U. economic sanctions on Iran are set out in three sets of regulations: (i) E.U. Council Decision 2010/413/CFSP of 26 July 2010, and Council Regulation (EC) 267/2012 ("**E.U. Iran Sanctions Regulation**"), which aims to disrupt Iran's nuclear weapons program; (ii) E.U. Council Decision 2011/235/CFSP of 12 April 2011, and Council Regulation (EC) 359/2011 ("**E.U. Iran Human Rights Violations Sanctions Regulation**"), which relates to Iran's violations of human rights; and (iii) E.U. Council Decision 2023/1532/CFSP of 20 July 2023, and Council Regulation (EC) 2023/1529 ("**E.U. Iran Sanctions For Military Support to Russia**"), which concerns restrictive measures in view of Iran's military support to Russia's war of aggression against Ukraine.
- (b) On 16 January 2016, all economic and financial restrictive measures under the E.U. Iran Sanctions Regulation were lifted, with the proliferation-related measures and restrictions

(such as arms embargo, restrictive measures related to missile technology, restrictions on certain nuclear-related transfers and activities, and provisions concerning certain metals and software which are subject to an authorisation regime) remain in place.

- (c) Under the E.U. Iran Human Rights Violations Sanctions Regulation, the restrictive measures include:
  - (i) Asset freeze and prohibition to make funds available regarding listed persons and entities.
  - (ii) Travel restrictions on listed persons.
  - (iii) Prohibitions on export of equipment which might be used for internal repression to Iran, and related technical or financial assistance and services.
  - (iv) Prohibition on export of listed equipment or software intended for use in the monitoring or interception by the Iranian regime, and related assistance.
- (d) Under E.U. Iran Sanctions For Military Support to Russia, the restrictive measures include:
  - (i) prohibits the export to Iran of components used in the manufacturing of Unmanned Aerial Vehicle ("**UAV**");
  - (ii) prohibits the sale, license or transfer, in any other way, of intellectual property rights or trade secrets, as well as the granting of rights to access or re-use any material or information protected by means of intellectual property rights or which constitute trade secrets related to the goods and technology whose sale, supply, transfer or export to a person, entity or body in Iran or for use in Iran; and
  - (iii) provides for the freezing of funds and economic resources and a prohibition on making funds and economic resources available to natural and legal persons, entities or bodies responsible for, supporting or involved in Iran's UAV programme.
- (e) Under Council Regulation (EU) No 359/2011, it is prohibited to sell, supply, transfer or export, directly or indirectly, equipment which might be used for internal repression as listed in Annex III, whether or not originating in the E.U., to any person, entity or body in Iran or for use in Iran.
- (f) Annex III includes firearms, bombs, vehicles, explosives, protective equipment, simulators, night vision, razor barbed wires, knives and more, but not robots. Based on information provided to us, this prohibition is not relevant to the products being manufactured and sold by the Company.
- (g) Under Council Regulation (EU) No 267/2012, it is prohibited to sell, supply, transfer or export, directly or indirectly, of the goods and technology listed in Annex I, whether or not originating in the E.U., to any Iranian person, entity or body or for use in Iran, unless one has an authorisation to do so. Annex I includes the following:-

## 2B207

*"Robots", "end-effectors" and control units, other than those specified in 2B007, as follows:*

- a. *"Robots" or "end-effectors" specially designed to comply with national safety standards applicable to handling high explosives (for example, meeting electrical code ratings for high explosives);*

*Robots', 'end-effectors' and control units as follows: a. 'Robots' or 'end-effectors' having either of the following characteristics: 1. Specially designed to comply with national safety standards applicable to handling high explosives (for example, meeting electrical code ratings for high explosives);*

- b. *Control units specially designed for any of the "robots" or "end-effectors" specified in 2B207.a.*

*Control units specially designed for any of the 'robots' or 'end-effectors' specified in Item 1.A.3.a.*

*Note: Item 1.A.3. does not control 'robots' specially designed for non-nuclear industrial applications such as automobile paint-spraying booths.*

**Technical Notes:**

1. *'Robots' In Item 1.A.3. 'robot' means a manipulation mechanism, which may be of the continuous path or of the point-to-point variety, may use "sensors", and has all of the following characteristics: (a) is multifunctional; (b) is capable of positioning or orienting material, parts, tools, or special devices through variable movements in three-dimensional space; (c) incorporates three or more closed or open loop servo-devices which may include stepping motors; and (d) has "user-accessible programmability" by means of teach/playback method or by means of an electronic computer which may be a programmable logic controller, i.e., without mechanical intervention.*

*N.B.1: In the above definition "sensors" means detectors of a physical phenomenon, the output of which (after conversion into a signal that can be interpreted by a control unit) is able to generate "programs" or modify programmed instructions or numerical "program" data. This includes "sensors" with machine vision, infrared imaging, acoustical imaging, tactile feel, inertial position measuring, optical or acoustic ranging or force or torque measuring capabilities.*

*N.B.2: In the above definition "user-accessible programmability" means the facility allowing a user to insert, modify or replace "programs" by means other than:*

- (a) *a physical change in wiring or interconnections; or*

- (b) *the setting of function controls including entry of parameters.*

*N.B.3: The above definition does not include the following devices:*

- (a) *Manipulation mechanisms which are only manually/teleoperator controllable;*

*(b) Fixed sequence manipulation mechanisms which are automated moving devices operating according to mechanically fixed programmed motions. The “program” is mechanically limited by fixed stops, such as pins or cams. The sequence of motions and the selection of paths or angles are not variable or changeable by mechanical, electronic, or electrical means;*

*(c) Mechanically controlled variable sequence manipulation mechanisms which are automated moving devices operating according to mechanically fixed programmed motions. The “program” is mechanically limited by fixed, but adjustable, stops such as pins or cams. The sequence of motions and the selection of paths or angles are variable within the fixed “program” pattern. Variations or modifications of the “program” pattern (e.g., changes of pins or exchanges of cams) in one or more motion axes are accomplished only through mechanical operations;*

*(d) Non-servo-controlled variable sequence manipulation mechanisms which are automated moving devices, operating according to mechanically fixed programmed motions. The “program” is variable but the sequence proceeds only by the binary signal from mechanically fixed electrical binary devices or adjustable stops; and*

*(e) Stacker cranes defined as Cartesian coordinate manipulator systems manufactured as an integral part of a vertical array of storage bins and designed to access the contents of those bins for storage or retrieval.*

*2. ‘End-effectors’ In Item 1.A.3. ‘end-effectors’ are grippers, ‘active tooling units’, and any other tooling that is attached to the baseplate on the end of a ‘robot’ manipulator arm.*

*N.B.: In the above definition ‘active tooling units’ is a device for applying motive power, process energy or sensing to the workpiece.*

- (h) E.U. sanctions on Iran prohibit the participation, knowingly and intentionally, in any activity aiming at circumventing the prohibitions included in the E.U. measures. Such prohibited circumvention operations would occur through, e.g. an indirect sale of prohibited listed items to Iran via a third country or through indirectly making available funds and economic resources to designated persons and entities through an intermediate.
- (i) We note that one customer of the Company located in Iran, an entity named PRAKTIC AMBALAJ SRL, to whom the Company exported robot products during the Track Record Period.
- (j) We understand that the products manufactured and sold by the Company are not intended for military use. The next question is whether the products sold to PRAKTIC AMBALAJ SRL may fit the above description / definition of “robots, end-effectors and control units”. While we are not technology / technical expert, based on the information provided to us and the Company’s confirmation, and by a literal understanding of the above description of “robots, end-effectors and control units”, we consider it is unlikely that the products sold by the Company fit the above description.
- (k) The Company has confirmed that started from February 2023, they will not accept any further orders from Iran.

#### 6.4.7 Application to Hong Kong

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

#### 6.4.8 Application to Lebanon

- (a) The E.U. restrictive measures on Lebanon are set out in three sets of regulations: (i) Council Regulation (EC) 2021/1275 and E.U. Council Decision 2021/1277/CFSP; (ii) Common Position 2006/625/CFSP and Council Regulation (EC) No 1412/2006; and (iii) Common Position 2005/888/CFSP and Council Regulation (EC) No 305/2006.
- (b) The restrictive measures include:
  - (i) Arms embargo: export of arms and related materiel to Lebanon, and related technical or financial assistance and services are prohibited.
  - (ii) Asset freeze and prohibition to make funds available regarding listed persons and entities.
  - (iii) Travel restrictions on listed persons.
- (c) E.U. sanctions against Lebanon were extended until 31 July 2024. These sanctions are limited to asset freezes and the provision to Lebanon of arms or related material of all types, including weapons and ammunition, military vehicles and equipment, paramilitary equipment, and the provision of related services.
- (d) In light of the Group's business activities, we do not consider these sanctions to be relevant.

#### 6.4.9 Application to Myanmar/Burma

- (a) The E.U. has imposed restrictive measures on Myanmar/Burma by Council Regulation (EC) No 401/2013, and E.U. Council Decision 2013/184/CFSP.
- (b) The current E.U. restrictive measures include:
  - (i) Prohibition on the export of arms and related materiel to Myanmar/Burma, and related technical or financial assistance and services.
  - (ii) Asset freeze and prohibition to make funds available regarding listed persons and entities.
  - (iii) Prohibition on the export of dual-use goods and technology intended for military use, military end-user or the Border Guard Police to Myanmar/Burma, and related technical assistance, financing or financial assistance, brokering services or other services.
  - (iv) Travel restrictions on listed persons.
  - (v) Prohibition on export of equipment which might be used for internal repression to Myanmar/Burma, and related technical or financial assistance and services.

- (vi) Prohibition on export of listed telecommunications monitoring and interception equipment, technology or software to Myanmar/Burma, and related technical assistance or brokering services unless authorized.
- (vii) Prohibition on the provision of military training to or military cooperation with the Myanmar Armed Forces (Tatmadaw) and the Border Guard Police.
- (c) Under the aforesaid Council Regulation (EU) No 401/2013 concerning restrictive measures in view of the situation in Myanmar/Burma, which applied throughout the Track Record Period, it is prohibited to sell, supply, transfer or export, directly or indirectly, equipment which might be used for internal repression as listed in Annex I, whether or not originating in the E.U., to any natural or legal person, entity or body in, or for use in Myanmar/Burma.
- (d) Annex I includes firearms, bombs, vehicles, explosives, protective equipment, simulators, night vision, razor barbed wires, knives and more, but not robots. In such circumstances, this prohibition should not be relevant to the products being manufactured and sold by the Company.
- (e) Under this regulation, it is also prohibited to sell, supply, transfer or export, directly or indirectly, equipment which might be used for internal repression and/or dual-use goods and technology, whether or not originating in the E.U., to any natural or legal person, entity or body in, or for use in Myanmar/Burma.
- (f) Whilst we do not consider restrictions on arms and repression equipment to be relevant to the products being sold by the Company, the next question is whether any types of robots (sold by the Company to Myanmar/Burma) may fall within the "dual-use" goods category.
- (g) Dual-use goods are products which, whilst not intended for military use, could potentially be used in military activities. They include the following:

*2B007 'Robots' having any of the following characteristics and specially designed controllers and 'end-effectors' therefor:*

NB: SEE ALSO 2B207.

*a. Not used;*

*b. Specially designed to comply with national safety standards applicable to potentially explosive munitions environments;*

Note: *2B007.b. does not control 'robots' specially designed for paint-spraying booths.*

*c. Specially designed or rated as radiation-hardened to withstand a total radiation dose greater than  $5 \times 10^3$  Gy (silicon) without operational degradation; or*

Technical Note:

*The term Gy (silicon) refers to the energy in Joules per kilogram absorbed by an unshielded silicon sample when exposed to ionising radiation.*

*d. Specially designed to operate at altitudes exceeding 30,000 m.*

*2B207 'Robots', 'end-effectors' and control units, other than those specified in 2B007, as follows:*

*a. 'Robots' or 'end-effectors' specially designed to comply with national safety standards applicable to handling high explosives (for example, meeting electrical code ratings for high explosives);*

*b. Control units specially designed for any of the 'robots' or 'end-effectors' specified in 2B207.a.*

- (h) We note that two customers of the Company located in Myanmar, namely Prime Trading Pte Ltd and Thor Dar Hein Co Ltd, to whom the Company exported robot products during the Track Record Period.
- (i) We understand that the products manufactured and sold by the Company are not intended for military use. The next question is whether the products sold to Prime Trading Pte Ltd and Thor Dar Hein Co Ltd may fall within the dual-use goods category and that it may consequently be prohibited to be sold to Myanmar/Burma. While we are not technology / technical expert, based on the information provided to us and the Company's confirmation, and by a literal understanding of the aforesaid "robots, end-effectors and control units", we consider it is unlikely that the products sold by the Company fit the above dual-use category.
- (j) The Company has confirmed that started from 30 June 2024, they will only accept orders from Myanmar/Burma for education robots and will not accept any further orders with respect to industrial robots.

#### 6.4.10 Application to Russia

- (a) The E.U. has imposed restrictive measures on Russia by E.U. Council Decision 2014/512/CFSP, Council Regulation (EC) No 833/2014 and E.U. Council Decision 2024/1484, Council Regulation (EU) 2024/1485 (adopted in May 2024).
- (b) In 2014, restrictive measures in response to Russia's actions destabilizing the situation in Ukraine were imposed.
- (c) Following Russia's aggression against Ukraine, further restrictive measures have been imposed:
  - (i) Prohibition on financing the Russian Federation, its Government and Central Bank.
  - (ii) Prohibition on the export of dual-use goods as well as those goods that can contribute to Russia's defence and security capabilities.
  - (iii) Prohibition on public financing or financial assistance for trade with, or investment in Russia.
  - (iv) Prohibition on the export of goods and technology for use in oil refining.

- (v) Ban on a range of financial interactions and transactions with Russia.
  - (vi) Ban on all transactions with the Central Bank of Russia.
  - (vii) Trade prohibitions on products such as coal, crude oil, petroleum, gold, iron and steel, luxury goods, and maritime navigation goods and technology, and prohibitions on export of goods or technology to persons and entities operating in the energy sector.
  - (viii) Prohibition on the export of firearms, simulators, bombs and other military equipment, software and technology.
- (d) Insofar as Council Regulation (EU) 2024/1485 was adopted in May 2024, it is not relevant to the Track Record Period. It could be relevant for future sales, however, in any event it seems to be restricted to firearms, simulators, bombs and other military equipment, software and technology, which does not expressly include robots. Accordingly, it should be unlikely that the products sold by the Company would be concerned by this regulation.
- (e) Under Council Regulation (EU) No 833/2014, it is prohibited to sell, supply, transfer or export, directly or indirectly, dual-use goods and technology, whether or not originating in the E.U., to any natural or legal person, entity or body in Russia or for use in Russia. This prohibition is in force since 31 July 2014.
- (f) It is also prohibited to sell, supply, transfer or export, directly or indirectly, goods and technology which might contribute to Russia's military and technological enhancement, or the development of the defence and security sector, as listed in Annex VII, whether or not originating in the E.U., to any natural or legal person, entity or body in Russia or for use in Russia.
- (g) Annex VII (part B) includes products with HS code 8485 20 and 8485 90 since 16 December 2022. It also includes the following, since July 2022:
- X.B.X.008 'Robots' not controlled by 2B007 or 2B207 that are capable of employing feedback information in real-time processing from one or more sensors to generate or modify programs or to generate or modify numerical program data.*
- (h) As described above, if any of the products sold by the Company fall within the dual-use goods category, they may consequently be prohibited to be sold to Russia. We note the Company's sale to Examen-technolab LLC ("**Examen**") in 2022 was invoiced on 14 December 2022. While we are not technology / technical expert, based on the information provided to us and the Company's confirmation, and by a literal understanding of the aforesaid "robots, end-effectors and control units", we consider it is unlikely that the products sold by the Company fit the above dual-use category.
- (i) As to the Company's sales to Examen in 2023, this would have breached EU sanctions as a product (MOOZ-2 Plus v2) which fell within HS code 8485 20 (Machines for additive manufacturing by plastic or rubber deposit) was supplied to Examen after 16 December 2022.

- (j) As to the Company's sales to Examen in 2023, this would have breached EU sanctions as a product (accessories for integrated cobots for printing) which fell within HS code 8485 90 (parts of machines and mechanical appliances having individual functions; parts of machines for additive manufacturing) was supplied to Examen after 16 December 2022.
- (k) It is also prohibited to sell, supply, transfer or export, directly or indirectly, goods which could contribute in particular to the enhancement of Russian industrial capacities, whether or not originating in the E.U., as listed in Annex XXIII, to any natural or legal person, entity or body in Russia or for use in Russia. Annex XXIII includes products with HS code 8479 50 and 8479 90 since April 2022.
- (l) Sales to Examen, LLC Plant Innovative Technologies, LLC Solid, LLC Teswel, LLC Pride Automatics, NPP Vita-Print LLC and OOO Teswel (after April 2022) include products with HS Code 8479 50 (Industrial robots) and/or 8479 90 (Parts of machines and mechanical appliances having individual functions), such sales, to the extent applicable, would have breached E.U. sanctions ("**E.U. Sales to Russia**").
- (m) Annex XXIII also includes products with HS heading 8485 since 18 December 2023. There is also a wind down period for the execution until 20 March 2024 of contracts concluded before 19 December 2023. Whilst this is accordingly not an issue for 2022 and 2023 sales, it will be relevant for any future sales.
- (n) For future sales to Russia, if the Company wants to comply with E.U. sanctions, it should carefully cross-check the HS code of the products ordered against the various Annexes of Council Regulation (E.U.) No 833/2014 (as amended), and refrain from selling listed products to any company in Russia or for use in Russia.
- (o) For completeness, we also note that it is also prohibited to accept any deposits from Russian nationals or natural persons residing in Russia, legal persons, entities or bodies established in Russia or a legal person, entity or body established outside the E.U. and whose proprietary rights are directly or indirectly owned for more than 50 % by Russian nationals or natural persons residing in Russia, if the total value of deposits of that natural or legal person, entity or body per credit institution exceeds EUR100,000. Accordingly, if the Company wants to comply with E.U. sanctions in the future, it must make sure that it does not accept pre-payment exceeding the equivalent of EUR100,000 from Russian customers.
- (p) The Company has confirmed that started from 30 June 2024, they will not accept:
  - (i) any further orders from Russia for any products with HS Codes 8485 20, 8485 90, 8479 50 and/or 8479 90;
  - (ii) any pre-payment exceeding the equivalent of EUR100,000 from Russian customers; and
  - (iii) check whether the registered address and delivery address of any customers in Russia are situated in comprehensively sanctioned regions prior to accepting the order and delivery.

- (q) In addition, during the Track Record Period, the Group generally include warranties and after-sales service obligation in their sales agreements with customers. As confirmed by the Company that:
- (i) during the Track Record Period and up to the Date of this opinion, no request for exchange, replace, further deliver or refund under warranty or after-sales services was made by any of the Russian customers;
  - (ii) such warranties and after-sales services obligation generally last for 12 to 15 months, and the last warranty and after-sales service obligation will expire in May 2025; and
  - (iii) since June 2024, the Group has ceased provision of all such warranties and after-sales service for Russian customers in June 2024.

#### 6.4.11 Application to Serbia

Sanctions against Serbia are limited to a prohibition to satisfy certain claims made in relation to contracts affected by the repealed U.N. measures. Accordingly, these are not relevant to the Group's business activities.

#### 6.4.12 Application to Tunisia

Sanctions against Tunisia are limited to asset freezes. The asset-freezing measures prohibit the making available of funds or economic resources to the listed persons. The restrictive measures target persons responsible for misappropriation of Tunisian State funds, and aim to recover the misappropriated assets. There are no E.U. product-specific sanctions for Tunisia.

#### 6.4.13 Application to Turkey

- (a) Sanctions against Turkey are limited to asset freezes. The measures target natural persons or entities responsible for, involved in or assisting drilling activities, which have not been authorised by the Republic of Cyprus, within its territorial sea or in its exclusive economic zone or on its continental shelf.
- (b) The restrictive measures include:
  - (i) Asset freeze and prohibition to make funds available regarding listed persons and entities.
  - (ii) Travel restrictions on listed persons.
- (c) There are no E.U. product-specific sanctions for Turkey.

#### 6.4.14 Application to Ukraine

- (a) E.U. sanctions in relation to Ukraine are limited to the occupied territories.
- (b) Under Council Regulation (E.U.) No 692/2014 of 23 June 2014 concerning restrictive measures in response to the illegal annexation of Crimea and Sevastopol, it is prohibited to sell, supply, transfer, or export goods and technology as listed in Annex II to any

natural or legal person, entity or body in Crimea or Sevastopol, or for use in Crimea or Sevastopol.

- (c) Annex II includes products with HS heading 8479. Accordingly, it is prohibited to sell, supply, transfer, or export products with HS code heading 8479 to any natural or legal person, entity or body in Crimea or Sevastopol, or for use in Crimea or Sevastopol.
- (d) We note that sales were made to ADC Team LLC, Mykola Antsyferov and Smart Trading Inc. during the Track Record Period which include products with HS Codes 8479 50 (Industrial robots) and/or 8479 90 (Parts of machines and mechanical appliances having individual functions), if deliveries were made to Crimea or Sevastopol, the sales would have breached E.U. sanctions. In this respect, the Company has confirmed that none of the sales made to ADC Team LLC, Mykola Antsyferov and Smart Trading Inc. during the Track Record Period were delivered to Crimea or Sevastopol. Further, under Council Regulation (EU) 2022/263 of 23 February 2022 concerning restrictive measures in response to the illegal recognition, occupation or annexation by the Russian Federation of certain non-government controlled areas of Ukraine, it is prohibited to sell, supply, transfer or export goods and technology listed in Annex II (transport, telecommunications, energy and exploration and production of oil, gas and mineral resources) to any natural or legal person, entity or body in the non-government controlled areas of Ukraine in the oblasts of Donetsk, Kherson, Luhansk and Zaporizhzhia, or for use in the non-government controlled areas of Ukraine in the oblasts of Donetsk, Kherson, Luhansk and Zaporizhzhia.
- (e) Annex II includes products with HS heading 8479. Accordingly, it is prohibited to sell, supply, transfer, or export products with HS code heading 8479 to any natural or legal person, entity or body in the non-government controlled areas of Ukraine in the oblasts of Donetsk, Kherson, Luhansk and Zaporizhzhia, or for use in the non-government controlled areas of Ukraine in the oblasts of Donetsk, Kherson, Luhansk and Zaporizhzhia.
- (f) However, there was a wind down period for the execution until 24 August 2022 of an obligation arising from a contract concluded before 23 February 2022.
- (g) The extent to which the above prohibition applies depends on the precise area where the goods were delivered. In any event, the Company has confirmed that all sales concerned were made in 2021, and delivery and payment were all executed by 24 August 2022. In such circumstances, the relevant transactions would fall within the wind down period and there should not be any concern with the above regulation. However, going forward, if the Company wants to comply with EU sanctions, it should ensure that no product with HS heading 8479 is delivered to any of the above-referred controlled regions.
- (h) The Company has confirmed that
  - (i) started from 30 June 2024, they will:
    - (A) not accept any further orders from Ukraine for any products with HS Codes 8479 50 and/or 8479 90; and

- (B) check whether the registered address and delivery address of any customers in Ukraine are situated in sanctioned regions prior to accepting the order and delivery.

#### 6.4.15 Application to Venezuela

- (a) The E.U. imposed sanctions by E.U. Council Decision 2017/2074/CFSP, and Council Regulation (EC) 2017/2063.
- (b) Under Council Regulation (E.U.) No 2017/2063, it is prohibited to sell, supply, transfer or export, directly or indirectly, equipment which might be used for internal repression as listed in Annex I, whether or not originating in the E.U., to any natural or legal person, entity or body in, or for use in, Venezuela.
- (c) Annex I includes firearms, bombs, vehicles, explosives, protective equipment, simulators, night vision, razor barbed wires, knives and more, but not robots. We consider that this prohibition is unlikely to be relevant to the products being manufactured and sold by the Company.
- (d) Under this regulation, it is also prohibited to provide, directly or indirectly, technical assistance, brokering services and other services related to the goods and technology listed in the E.U. Common List of Military Equipment ('the Common Military List') and to the provision, manufacture, maintenance and use of goods and technology listed in the Common Military List to any natural or legal person, entity or body in, or for use in, Venezuela.
- (e) The Common Military List includes the following:
- e. "Robots", "robot" controllers and "robot" "end-effectors", having any of the following characteristics:*
- 1. Specially designed for military use;*
  - 2. Incorporating means of protecting hydraulic lines against externally induced punctures caused by ballistic fragments (e.g. incorporating self-sealing lines) and designed to use hydraulic fluids with flash points higher than 839 K (566 °C); or*
  - 3. Specially designed or rated for operating in an electromagnetic pulse (EMP) environment.*
- (f) We note that sales were made to Sequin Valencia C.A. during the Track Record Period. We understand that the products manufactured and sold by the Company are not designed for military use. As to whether the products sold to Sequin Valencia C.A. may fit within categories e(2) and e(3) above, while we are not technology / technical expert, based on the information provided to us and the Company's confirmation, and by a literal understanding of the aforesaid "robots, end-effectors and control units", we consider it is unlikely that the products sold by the Company fit the above categories.
- (g) The Company has confirmed that started from 30 June 2024, they will only accept orders for education robots and will not accept any further orders with respect to industrial robots from Venezuela.

#### 6.4.16 Application to the Company

- (a) On the basis of our review of the information provided by the Group, together with the Company's confirmation that:
- (i) all activities involving the Relevant Countries were negotiated, entered into and performed without any involvement (including in any approval or decision-making capacity) by any entity incorporated, domiciled, or otherwise located in either the territories of the E.U. or the U.K. Overseas Territories;
  - (ii) the Group's activities involving the Relevant Countries have not identified any person specifically designated (i.e. listed / targeted) under any existing E.U. or U.K. Overseas Territories sanctions regime;
  - (iii) no E.U. nationals, nor any citizens of any U.K. overseas territories, nor any wider persons resident or otherwise located in either the territories of the E.U. or the U.K. Overseas Territories who are employed or otherwise engaged by the Company 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 Countries;
  - (iv) the Group's transactions could not potentially fund or facilitate sanctions-prohibited activity, nor grant any benefit towards any sanctioned person or entity;
  - (v) neither the Company nor any of its subsidiaries, 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 E.U. or U.K. Overseas Territories sanctions;
  - (vi) the Group has not exported or directly or indirectly supplied arms and related materiel, or equipment which might be used for internal repression;
  - (vii) 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; and
  - (viii) the Group has not provided financing or financial assistance related to any activities referred to above.

On this basis, save for the E.U. Sales to Russia, Holman Fenwick Willan LLP's conclusion is that the Group's business dealings with respect to the Relevant Countries have not breached the prohibitions or wider restrictions adopted by the E.U., including those extended to the U.K. Overseas Territories. We consider that potential breaches could be corrected by taking the position that from now on, the Group will no longer make sales in jurisdictions which would breach the E.U. Sanctions.

#### 6.4.17 E.U. export controls

- (a) The E.U.'s export control regime is governed by Regulation (E.U.) 2021/821 (as amended from time to time). The regime controls exports, brokering, technical assistance, transit and transfer of dual-use items.
- (b) The E.U. Dual Use List lists the dual-use items that require export authorisation (as amended from time to time).
- (c) Save for the E.U. Sales to Russia, the Company has confirmed that the Group has not been, directly or indirectly, involved in the export from the E.U. and/or U.K. Overseas Territories of any items listed in the E.U. Common Military List or the E.U. Dual Use List, the U.K. Military List or the U.K. Dual-Use List, or the U.K. Strategic Export Control Lists.
- (d) Save for the E.U. Sales to Russia, the Company has confirmed that none of the goods involved in the Group's sales of products to the Relevant Countries are controlled under E.U. or U.K. Overseas Territories export control regulation.
- (e) The Group's activities are limited to the sales of products to the Relevant Countries that are not export-controlled in the E.U. or U.K. Overseas Territories.
- (f) We are given to understanding that the Group's products could be divided into two categories, namely (i) industrial robots; and (ii) educational and other robots.
- (g) The Group's industrial robots and its relevant parts falls under the HS Codes 8479 50 and/or 8479 90 (Industrial robots) and/or 8479 90 (Parts of machines and mechanical appliances having individual functions), which could be used for industrial purposes. We understand that the Group's industrial robots are not intended for military use, however, such robots may, for example, fit the description of dual-use goods (goods which are not intended for military use, but could potentially be used in military activities, in particular, manufacturing of military equipment). Whether the sale of such robots to the Relevant Countries may constitute a breach of the E.U. sanctions please refer to our analysis above under each of the Relevant Countries.
- (h) The Group's educational and other robots mainly fall under the HS Code 9023 00 (Instruments, apparatus and models, designed for demonstrational purposes (for example, in education or exhibitions)) and do not fall under HS Codes 8479 50 and/or 8479 90 (Industrial robots) and/or 8479 90 (Parts of machines and mechanical appliances having individual functions). Based on the specifications of its educational and other robots provided by the Group, we understand that the Group's education and other robots are not intended for military use, and due to its limited and restrictive capabilities including its load weight and working range, we consider that such robots lack the proper adequate ability to manufacture heavy duties items including military equipment and accordingly, are unlikely to be seen as in breach of the relevant sanction measures.

On this basis, save for the E.U. Sales to Russia, Holman Fenwick Willan LLP considers that the E.U. export rules are not implicated by the Group's business activities. We consider that potential breaches could be corrected by taking the position that from now on, the Group will no longer make sales in jurisdictions which would breach the E.U. Sanctions.

## 7. U.K. SANCTIONS AND EXPORT CONTROLS

### 7.1 Overview

7.1.1 Sanctions regimes are mainly implemented through regulations made under the Sanctions and Anti-Money Laundering Act 2018 (the **Sanctions Act**), which apply in the whole of the U.K. The prohibitions and requirements under the regulations apply to conduct by U.K. persons, which include:

- (a) anyone in the U.K. (including its territorial waters);
- (b) U.K. nationals outside of the U.K.; and
- (c) bodies incorporated or constituted under the law of any part of the U.K.

7.1.2 After the U.K.'s exit of the E.U. on 31 December 2020, the existing E.U. regimes are transitioned into U.K. law by the Sanctions Act.

7.1.3 The types of sanctions measures include:

- (a) trade sanctions, including arms embargoes and other trade restrictions;
- (b) financial sanctions, including asset freezes;
- (c) immigration sanctions, known as travel bans; and
- (d) aircraft and shipping sanctions, including de-registering or controlling the movement of aircraft and ships.

7.1.4 Some of the measures, such as asset freezes and travel bans, only apply to designated persons or ships.

7.1.5 For the U.K.'s fourteen Overseas Territories (excluding Bermuda and Gibraltar), Orders in E.U. Council implement the U.K.'s sanctions.

7.1.6 Good for internal repression typically include firearms, bombs, vehicles, explosives, protective equipment, simulators, night vision, razor barbed wires, knives and more, but not robots. On such basis, we consider that this category of products and corresponding prohibitions are not relevant to the products being manufactured and sold by the Company.

7.1.7 Note the following general definitions and explanations under the Sanctions Act:

*Export of Goods* - Paragraph 32 of Schedule 1 to SAMLA clarifies that "export" means export from the UK.

*Supply and delivery of goods* - Supply and delivery prohibitions in UK sanctions Regulations prohibit a person from directly or indirectly supplying or delivering goods from a third country to a place in the country specified in the relevant Regulation.

*Making goods and technology available* - Prohibitions in UK sanctions Regulations on making restricted goods or technology available (e.g. through a sale) include directly or indirectly making

them available for use in the specified country or to a "person connected with" that country. Each Regulation sets out when a person is to be regarded as "connected with" the specified country.

*Transfer of technology* – Prohibitions in the Regulations on the transfer of technology include transfer to a place a specific country or a person "connected with" the country in question

## 7.2 The Dual-use Regulation

7.2.1 Below we provide an overview of the sections of Council Regulation (EC) No 428/2009 of 5 May 2009 (Dual-Use Regulation) which we have identified to be relevant to the goods that the Company has exported historically. We also include HS codes where appropriate.

7.2.2 By way of explanation, "dual-use" goods are products which, whilst not intended for military use, could potentially be used in military activities. They include the following:-

*2B007 'Robots' having any of the following characteristics and specially designed controllers and 'end-effectors' therefor:*

NB: SEE ALSO 2B207.

a. Not used;

b. Specially designed to comply with national safety standards applicable to potentially explosive munitions environments;

Note: 2B007.b. does not control 'robots' specially designed for paint-spraying booths.

c. Specially designed or rated as radiation-hardened to withstand a total radiation dose greater than  $5 \times 10^3$  Gy (silicon) without operational degradation; or

Technical Note:

The term Gy (silicon) refers to the energy in Joules per kilogram absorbed by an unshielded silicon sample when exposed to ionising radiation.

d. Specially designed to operate at altitudes exceeding 30,000 m.

2B207 'Robots', 'end-effectors' and control units, other than those specified in 2B007, as follows:

a. 'Robots' or 'end-effectors' specially designed to comply with national safety standards applicable to handling high explosives (for example, meeting electrical code ratings for high explosives);

b. Control units specially designed for any of the 'robots' or 'end-effectors' specified in 2B207.a.

## 7.3 The Export Control Order 2008

7.3.1 Schedule 2 of the Export Control Order 2008 includes a definition of "robot" as follows:

*“robot” means a manipulation mechanism, which may be of the continuous path or of the point-to-point variety, may use sensors, and which:*

- a. is multifunctional;*
- b. is capable of positioning or orienting material, parts, tools or special devices through variable movements in three dimensional space;*
- c. incorporates three or more closed or open loop servo-devices which may include stepping motors; and*
- d. has “user-accessible programmability” by means of the teach/playback method or by means of an electronic computer which may be a programmable logic controller, i.e. without mechanical intervention.*

*Note:*

*This definition does not include:*

- a. manipulation mechanisms which are only manually/teleoperator controllable;*
- b. fixed sequence manipulation mechanisms, which are automated moving devices, operating according to “programmes” where the motions are limited by fixed stops, such as pins or cams and the sequence of motions and the selection of paths or angles are not variable or changeable by mechanical, electronic or electrical means;*
- c. mechanically controlled variable sequence manipulation mechanisms, which are automated moving devices, operating according to “programmes” where the motions are limited by fixed, but adjustable stops, such as pins or cams and the sequence of motions and the selection of paths or angles are variable within the fixed programme pattern; variations or modifications of the programme pattern (such as changes of pins or exchanges of cams) in one or more motion axes are accomplished only through mechanical operations;*
- d. non-servo-controlled variable sequence manipulation mechanisms, which are automated moving devices, operating according to mechanically fixed programmed motions; the “programme” is variable but the sequence proceeds only by the binary signal from mechanically fixed electrical binary devices or adjustable stops; and*
- e. stacker cranes defined as Cartesian coordinate manipulator systems manufactured as an integral part of a vertical array of storage bins and designed to access the contents of those bins for storage or retrieval.”*

7.3.2 Schedule 2 also includes Military Goods, which includes the following:

**ML17**

*Miscellaneous goods, material and “libraries”, as follows, and specially designed components therefor:  
[...]*

- e. “Robots”, “robot” controllers and “robot” “end-effectors”, meeting any of the following descriptions:*
  - 1. Specially designed for military use;*

2. Incorporating means of protecting hydraulic lines against externally induced punctures caused by ballistic fragments (e.g. incorporating self-sealing lines) and designed to use hydraulic fluids with flash points higher than 839 K (566oC); or

3. Specially designed or rated for operating in an 'electromagnetic pulse' ('EMP') environment.

*Technical Note: [For the purposes of ML17.e.3., 'EMP'] does not refer to unintentional interference caused by electromagnetic radiation from nearby equipment (e.g. machinery, appliances or electronics) or lightning.*

#### 7.4 **Application to Armenia**

The Armenia arms embargo is implemented through the Export Control Order 2008. It covers the export, supply or delivery of all goods and items on the U.K. Military List where this equipment could be used in the Nagorno-Karabakh region, or on the land border between Armenia and Azerbaijan. Export and trade licence applications will be assessed on a case-by-case basis. Based on information provided to us we do not consider this is relevant to the Group's business activities.

#### 7.5 **Application to Azerbaijan**

The Azerbaijan arms embargo is implemented through the Export Control Order 2008. It covers the export, supply or delivery of all goods and items on the U.K. Military List where this equipment could be used in the Nagorno-Karabakh region, or on the land border between Azerbaijan and Armenia. Export and trade licence applications will be assessed on a case-by-case basis. Based on information provided to us we do not consider this is relevant to the Group's business activities.

#### 7.6 **Application to Bosnia and Herzegovina**

The existing framework for U.K. Sanctions targeting Bosnia and Herzegovina, are limited to asset freeze measures. Based on information provided to us we do not consider this is relevant to the Group's business activities.

#### 7.7 **Application to Egypt**

U.K. sanctions against Egypt have been replaced on 31 December 2020 by the Misappropriation (Sanctions) (E.U. Exit) Regulations 2020. However this regulation is limited to asset freeze measures and based on information provided to us we consider this is not relevant to the Group's business activities. Other than that, during the Track Record Period, the U.K. has not imposed any targeted sanctions against Egypt.

#### 7.8 **Application to Iran**

7.8.1 During the Track Record Period, there are three sets of sanctions regulations in relation to Iran:

- (a) Iran human rights and hostile activity sanctions regime, as implemented by the Iran (Sanctions) Regulations 2023, which imposes financial, trade and immigration sanctions and came into force on 14 December 2023;
- (b) Iran human rights sanctions regime, as implemented by the Iran (Human Rights) (E.U. Exit) Sanctions Regulations 2019, which imposes financial, trade and immigration sanctions and were replaced on 14 December 2023; and

- (c) Iran nuclear sanctions regime, as implemented by the Iran (Sanctions) (Nuclear) (E.U. Exit) Regulations 2019, which imposes financial, trade and immigration sanctions for the purpose of giving effect to the U.K.'s obligations under U.N. Resolution 2231 (2015).

7.8.2 The sanctions under the Iran human rights sanctions regime include:

- (a) Targeted asset freeze on designated persons and prohibitions on making funds or economic resources available.
- (b) Trade prohibitions on:
  - (i) goods and technology which might be used for internal repression;
  - (ii) goods and technology which might be used for the monitoring and interception of telecommunications; and
  - (iii) the provision of interception and monitoring services to or for the benefit of the Government of Iran.
- (c) Travel ban on designated persons.

7.8.3 The sanctions under the Iran nuclear sanctions regime include:

- (a) Targeted asset freeze on designated persons and prohibitions on making funds or economic resources available.
- (b) Trade prohibitions on:
  - (i) military goods and military technology;
  - (ii) any thing which falls within Chapter 93 of the Goods Classification Table, other than military goods;
  - (iii) missile-related goods and technology;
  - (iv) nuclear-related goods and technology;
  - (v) graphite and relevant metals;
  - (vi) relevant enterprise resource planning software;
  - (vii) other restricted goods and other restricted technology;
  - (viii) commercial arrangements relating to uranium mining and certain restricted goods and technology; and
  - (ix) the provision of certain services in relation to certain ships and aircraft.
- (c) Travel ban on designated persons.

7.8.4 We understand that the products manufactured and sold by the Company are not intended for military use. As to whether the goods sold to Praktik Ambalaj SRL during the Track Record Period may fit the description included in the Export Control Order 2008 section above, while we are not technology / technical expert, based on the information provided to us and the Company's confirmation, and by a literal understanding of the above description of "robots / end-effectors", we consider it is unlikely that the products sold by the Company fit the description under the Export Control Order 2008.

7.8.5 The Company has confirmed that started from February 2023, they will not accept any further orders from Iran.

7.8.6 We do not consider the sanctions under the human rights regimes and the nuclear regimes are relevant to the Group's business activities.

**7.9 Application to Hong Kong**

The UK have a partial embargo on arms being exported to the PRC and Hong Kong. However, this is limited to the exports of these goods from the U.K., which is not applicable in the case of the Group.

**7.10 Application to Lebanon**

7.10.1 There are currently two sanctions regimes in relation to Lebanon:

- (a) Lebanon sanctions regime, as implemented by the Lebanon (Sanctions) (E.U. Exit) Regulations 2020, which imposes trade sanctions for the purpose of giving effect to the U.K.'s obligations under U.N. Resolution 1701 (2006); and
- (b) Lebanon (Assassination of Rafiq Hariri and others) sanctions regime, as implemented by the Lebanon (Sanctions) (Assassination of Rafiq Hariri and others) (E.U. Exit) Regulations 2020, which imposes financial sanctions for the purpose of giving effect to the U.K.'s obligations under U.N. Resolution 1636 (2005).

7.10.2 The sanctions under the Lebanon sanctions regime include trade prohibitions relating to military goods and military technology.

7.10.3 The sanctions under the Lebanon (Assassination of Rafiq Hariri and others) sanctions regime include targeted asset freeze on designated persons and prohibitions on making funds or economic resources available.

7.10.4 We do not consider the above sanctions measures are relevant to the Group's business activities.

**7.11 Application to Myanmar/Burma**

7.11.1 The current Myanmar/Burma sanctions regime is implemented by the Myanmar (Sanctions) Regulations 2021, which imposes financial, trade and immigration sanctions.

7.11.2 The sanctions include:

- (a) Targeted asset freeze on designated persons and prohibitions on making funds or economic resources available.

- (b) Trade prohibitions on:
  - (i) military goods and military technology;
  - (ii) dual-use goods and technology;
  - (iii) goods and technology which might be used for internal repression in Myanmar;
  - (iv) goods and technology which might be used for the monitoring and interception of telecommunications;
  - (v) provision of interception and monitoring services to or for the benefit of the Government of Myanmar; and
  - (vi) provision of technical assistance, armed personnel, financial services or funds or associated brokering services to or for the benefit of the Tatmadaw (or persons acting on its behalf or under its direction) where such provision relates to the military activities of the recipient, or otherwise enables or facilitates the conduct of armed hostilities, in Myanmar.
- (c) Travel ban on designated persons.

7.11.3 Under The Burma (Sanctions) (EU Exit) Regulations 2019 and The Myanmar (Sanctions) Regulations 2021, it is prohibited to sell, supply, transfer or export, directly or indirectly, military goods or dual-use goods. We set out the key regulations below.

#### 7.11.4 **The Burma (Sanctions) (EU Exit) Regulations 2019**

**Regulation 18.** In this Part—

“restricted goods” means— (a) military goods, (b) dual-use goods, (c) internal repression goods, and (d) interception and monitoring goods;

“restricted technology” means— (a) military technology, (b) dual-use technology, (c) internal repression technology, and (d) interception and monitoring technology.

**Regulation 19.(1)** The following definitions apply for the purposes of regulation 18

“dual-use goods” means — (a) any thing for the time being specified in Annex I of the Dual-Use Regulation, (b) any tangible storage medium on which dual-use technology is recorded or from which it can be derived, or (c) other than any thing which is dual-use technology;

“dual-use technology” means any thing for the time being specified in Annex I of the Dual-Use Regulation which is described as software or technology;

“military goods” means — (a) any thing for the time being specified in Schedule 2 to the Export Control Order 2008, other than any thing which is military technology, and (b) any tangible storage medium on which military technology is recorded or from which it can be derived;

“military technology” means any thing for the time being specified in Schedule 2 to the Export Control Order 2008 which is described as software or technology.

**Regulation 22.**—The export of restricted goods to, or for use in, Burma is prohibited.

**Regulation 23.**—A person must not directly or indirectly supply or deliver restricted goods from a third country to a place in Burma

**Regulation 24.**—A person must not— (a) directly or indirectly make restricted goods or restricted technology available to a person connected with Burma; (b) directly or indirectly make restricted goods or restricted technology available for use in Burma.

**Regulation 25.**— A person must not— (a) transfer restricted technology to a place in Burma; (b) transfer restricted technology to a person connected with Burma.

**Regulation 28A.** For the purposes of this Chapter— (a) goods are “for military use” if they are— (i) for use by the Tatmadaw or any other military end-user, or (ii) for any military use; (b) technology is “for military use” if it— (i) relates to military activities carried on or proposed to be carried on by the Tatmadaw or any other military end-user, or (ii) is for any military use.

**Regulation 28B.**— (1) The export to Burma of dual-use goods for military use is prohibited. (2) The export of dual-use goods for military use in Burma is prohibited. (3) The export of dual-use goods to or for use by the Burma security forces is prohibited.

**Regulation 28C.**— (1) A person must not— (a) directly or indirectly supply or deliver dual-use goods for military use from a third country to a place in Burma; (b) directly or indirectly supply or deliver dual-use goods from a third country to, or for use by, the Burma security forces.

**Regulation 28D.**— (1) A person must not— (a) directly or indirectly make available, to a person connected with Burma, dual-use goods for military use or dual-use technology for military use; (b) directly or indirectly make available dual-use goods for military use in Burma or dual-use technology for military use in Burma; (c) directly or indirectly make dual-use goods available to, or for use by, the Burma security forces.

**Regulation 28E.**— (1) A person must not— (a) transfer dual-use technology for military use to a place in Burma; (b) transfer dual-use technology for military use to a person connected with Burma; (c) transfer dual-use technology to the Burma security forces

#### 7.11.5 The Myanmar (Sanctions) Regulations 2021

**Regulation 18.** In this Part—

“restricted goods” means— (a) military goods, (b) internal repression goods, and (c) interception and monitoring goods;

“restricted technology” means— (a) military technology

**Regulation 19.**—(1) The following definitions apply for the purposes of regulation 18—

“military goods” means— (a) any thing for the time being specified in Schedule 2 to the Export Control Order 2008, other than any thing which is military technology, and (b) any tangible storage medium on which military technology is recorded or from which it can be derived;

“military technology” means any thing for the time being specified in Schedule 2 to the Export Control Order 2008 which is described as software or technology

**Regulation 22.**—(1) The export of restricted goods to, or for use in, Myanmar is prohibited.

**Regulation 23.**—(1) A person must not directly or indirectly supply or deliver restricted goods from a third country to a place in Myanmar.

**Regulation 24.**—(1) A person must not— (a) directly or indirectly make restricted goods or restricted technology available to a person connected with Myanmar; (b) directly or indirectly make restricted goods or restricted technology available for use in Myanmar.

**Regulation 25.**—(1) A person must not— (a) transfer restricted technology to a place in Myanmar; (b) transfer restricted technology to a person connected with Myanmar.

**Regulation 29.** For the purposes of this Chapter— (a) goods are “for military use” if they are— (i) for use by the Tatmadaw or any other military end-user, or (ii) for any military use; (b) technology is “for military use” if it— (i) relates to military activities carried on or proposed to be carried on by the Tatmadaw or any other military end-user, or (ii) is for any military use.

**Regulation 30.**—(1) The export to Myanmar of dual-use goods for military use is prohibited. (2) The export of dual-use goods for military use in Myanmar is prohibited. (3) The export of dual-use goods to or for use by the Myanmar security forces is prohibited.

**Regulation 31.**—(1) A person must not— (a) directly or indirectly supply or deliver dual-use goods for military use from a third country to a place in Myanmar; (b) directly or indirectly supply or deliver dual-use goods from a third country to, or for use by, the Myanmar security forces.

**Regulation 32.**—(1) A person must not— (a) directly or indirectly make available, to a person connected with Myanmar, dual-use goods for military use or dual-use technology for military use; (b) directly or indirectly make available dual-use goods for military use in Myanmar or dual-use technology for military use in Myanmar; (c) directly or indirectly make dual-use goods available to, or for use by, the Myanmar security forces.

**Regulation 33.**—(1) A person must not— (a) transfer dual-use technology for military use to a place in Myanmar; (b) transfer dual-use technology for military use to a person connected with Myanmar; (c) transfer dual-use technology to the Myanmar security forces. We understand that the products manufactured and sold by the Company are not intended for military use. As to whether the products sold to Prime Trading Pte Ltd and Thor Dar Hein Co Ltd during the Track Record Period may fall within the dual-use goods category aforementioned, while we are not technology / technical expert, based on the information provided to us and the Company's confirmation, and by a literal understanding of the aforesaid regulations, on a balance we consider it is not likely that the products sold by the Company would be caught under the above dual-use category.

- 7.11.6 The Company has confirmed that started from 30 June 2024, they will only accept orders for education robots and will not accept any further orders with respect to industrial robots from Myanmar/Burma.

## 7.12 Application to Romania

During the Track Record Period, the U.K. has not imposed any sanctions against Romania.

## 7.13 Application to Russia

7.13.1 The current Russia sanctions regime is implemented by the Russia (Sanctions) (E.U. Exit) Regulations 2019, which imposes financial, trade, aircraft, shipping and immigration sanctions.

7.13.2 The sanctions include:

- (a) Targeted asset freeze on designated persons and prohibitions on making funds or economic resources available.
- (b) Prohibition on certain financial and investment activities, loan and credit arrangements, correspondent banking relationships and sterling payments, investments in relation to non-government controlled Ukrainian territory, provision of financial services for the purpose of foreign exchange reserve and asset management, and investments in relation to Russia.
- (c) Trade prohibitions on
  - (i) military goods and military technology;
  - (ii) any thing which falls within Chapter 93 of the Goods Classification Table, other than military goods;
  - (iii) defence and security goods and defence and security technology;
  - (iv) dual-use goods and technology;
  - (v) special materials and related equipment and materials processing;
  - (vi) critical-industry goods and technology;
  - (vii) quantum computing and advanced materials goods and technology;
  - (viii) aviation and space goods and technology;
  - (ix) jet fuel and fuel additives;
  - (x) maritime goods and maritime technology;
  - (xi) infrastructure-related goods;
  - (xii) energy-related goods and energy-related services;
  - (xiii) oil refining goods and technology;
  - (xiv) luxury goods;

- (xv) G7 dependency and further goods;
  - (xvi) goods originating in non-government controlled Ukrainian territory;
  - (xvii) iron and steel products and associated ancillary services;
  - (xviii) oil and oil products;
  - (xix) the supply or delivery by ship of oil and oil products under the commodity codes 2709 and 2710 from Russia to and between third countries and related services;
  - (xx) coal and coal products;
  - (xxi) liquefied natural gas;
  - (xxii) gold, gold jewellery and products related to gold;
  - (xxiii) banknotes denominated in sterling and any official currency of the E.U.;
  - (xxiv) goods which generate significant revenues for Russia;
  - (xxv) Russia's vulnerable goods;
  - (xxvi) provision of technical assistance, armed personnel, financial services or funds, or associated brokering services where such provision enables or facilitates the conduct of certain military activities;
  - (xxvii) services relating to a relevant infrastructure sector in non-government controlled Ukrainian territory;
  - (xxviii) services relating to tourism in non-government controlled Ukrainian territory;
  - (xxix) internet services; and
  - (xxx) professional and business services.
- (d) Transport prohibitions relating to aircraft and shipping.
- (e) Travel ban on designated persons.
- 7.13.3 The Russia (Sanctions) (EU Exit) Regulations 2019 came fully into force on 31 December 2020. They are intended to ensure that certain sanctions relating to Russia continue to operate effectively.
- 7.13.4 Under the Russian Regulations, it is prohibited to export dual use goods and technology to, or for use in, Russia. Furthermore, it is prohibited to directly or indirectly supply or deliver restricted goods to Russia and directly or indirectly supply or deliver military goods to Russia. These prohibitions entered into force on 31 December 2020.
- 7.13.5 We understand that the products manufactured and sold by the Company are not intended for military use. As to whether the goods sold to Russia during the Track Record Period may fit the

description included in the Dual-Use Regulation and the Export Control Order 2008 section above, while we are not technology / technical expert, based on the information provided to us and the Company's confirmation, and by a literal understanding of the description under the relevant regulation / order, we consider it is unlikely that the products sold by the Company would be caught.

7.13.6 It is also prohibited to

- (a) export or otherwise make available to or for use in Russia, goods with HS code 8485 from 21 April 2023 (Schedule 2E - Quantum computing and advanced materials goods and technology)
- (b) export or otherwise make available to or for use in Russia, goods with HS code 8479 50 – from 21 July 2022 (SCHEDULE 3E G7 dependency and further goods)
- (c) export or otherwise make available to or for use in Russia, goods with HS code 8479 90 – from 21 July 2022 (SCHEDULE 3E G7 dependency and further goods)

7.13.7 We note the Company's sale to Examen in 2022 was invoiced on 14 December 2022. It may, therefore, have breached the above prohibition if the products sold fall within the description of "Robots". However, for reasons set out above, we do not consider likely that the products fall within the description of "Robots".

7.13.8 As to the Company's sales to Examen in 2023, this would have breached UK sanctions as a product (MOOZ-2 Plus v2) which fell within HS code 8485 20 and products (parts of machines and mechanical appliances having individual functions; parts of machines for additive manufacturing) which fell within HS code 8485 90 were supplied to Examen after 21 April 2023. Sales to LLC Plant Innovative Technologies, LLC Solid, LLC Teswel, LLC Pride Automatics, NPP Vita-Print LLC and OOO Teswel all included products with HS code 8479 50 and/or 8479 90 having been sold after July 2022. The Examen invoice is dated 23 June 2022 and so the sale would not appear to breach UK sanctions which came into force in July 2022. For LLC Plant Innovative Technologies, LLC Solid, LLC Teswel, LLC Pride Automatics, NPP Vita-Print LLC and OOO Teswel, the invoices are all dated 2023 and so would have breached UK sanctions ("**U.K. Sales to Russia**").

7.13.9 For future sales to Russia, if the Company wants to comply with U.K. sanctions, it should carefully cross-check the HS code of the products ordered against the Russia Regulations, and refrain from selling listed products to any company in Russia or for use in Russia. The Company has confirmed that started from 30 June 2024, they will not accept any further orders from Russia for any products with HS Code 8485 20, 8485 90, 8479 50 and/or 8479 90.

7.13.10 Furthermore, the Group should not exchange, replace, further deliver or refund any product under the HS Codes, or perform any warranties and after-sales services obligation included in the Group's agreements with customers for products under the HS Codes.

7.14 **Application to Serbia**

During the Track Record Period, the U.K. has not imposed any sanctions against Serbia.

7.15 **Application to Tunisia**

UK sanctions against Tunisia have been replaced on 31 December 2020 by the Misappropriation (Sanctions) (EU Exit) Regulations 2020. However, this regulation is limited to asset freeze measures

and based on information provided to us we consider this is not relevant to the Group's business activities. Other than that, during the Track Record Period, the U.K. has not imposed any sanctions against Tunisia.

#### 7.16 **Application to Turkey**

UK sanctions against Turkey have been replaced on 31 December 2020 by the Unauthorised Drilling Activities in the Eastern Mediterranean (Sanctions) (E.U. Exit) Regulations 2020. However, this is limited to asset freeze measures and based on information provided to us we consider this is not relevant to the Group's business activities. Other than that, during the Track Record Period, the U.K. has not imposed any sanctions against Turkey.

#### 7.17 **Application to Ukraine**

7.17.1 The current Ukraine sanctions regime is implemented by the Russia (Sanctions) (E.U. Exit) Regulations 2019, which fully came into force on 31 December 2020 and apply to the illegally annexed regions of Ukraine, including the Autonomous Republic of Crimea and the city of Sevastopol and the parts of the Donetsk, Kherson, Luhansk and Zaporizhzhia oblasts which are for the time being controlled by an authority other than the Government of Ukraine.

7.17.2 As from 15 July 2022, it has prohibited to export to such regions military goods as specified in Schedule 2 to the Export Control Order 2008, which includes "robots".

7.17.3 It is also prohibited to export infrastructure-related goods to the relevant territories. This includes anything with HS Codes 8470 – 8484. We understand products with HS heading 8479 were delivered to Ukraine to ADC Team LLC, Mykola Antsyferov and Smart Trading Inc. We understand products with HS heading 8479 were delivered to Ukraine to ADC Team LLC, Mykola Antsyferov and Smart Trading Inc. If deliveries were made to the aforementioned territories, the sales may have breached UK sanctions.

7.17.4 We note that sales were made to ADC Team LLC, Mykola Antsyferov and Smart Trading Inc. during the Track Record Period which include products with HS Codes 8479 50 (Industrial robots) and/or 8479 90 (Parts of machines and mechanical appliances having individual functions), if deliveries were made to the aforementioned territories, the sales would have breached U.K. sanctions.

7.17.5 For future sales, if the Company wants to comply with UK sanctions, it should make sure no product with HS heading 8479 or fitting the description of "robots" in Schedule 2 to the Export Control Order 2008 is delivered to the Autonomous Republic of Crimea and the city of Sevastopol and the parts of the Donetsk, Kherson, Luhansk and Zaporizhzhia oblasts.

7.17.6 The Company has confirmed that:

- (i) none of the sales made to ADC Team LLC, Mykola Antsyferov and Smart Trading Inc. during the Track Record Period were delivered to the Autonomous Republic of Crimea and the city of Sevastopol and the parts of the Donetsk, Kherson, Luhansk and Zaporizhzhia oblasts; and
- (ii) started from 30 June 2024, they will:

- (i) not accept any further orders from Ukraine for any products with HS Codes 8479 50 and/or 8479 90; and
- (ii) check whether the registered address and delivery address of any customers in Ukraine are situated in sanctioned regions prior to accepting the order and delivery.

## 7.18 Application to Venezuela

7.18.1 The current Venezuela sanctions regime is implemented by the Venezuela (Sanctions) (E.U. Exit) Regulations 2019, which fully came into force on 31 December 2020 and imposes financial, trade and immigration sanctions. They are intended to ensure that certain financial, trade and immigration sanctions relating to Venezuela continue to operate effectively. This sanctions regime is aimed at encouraging the government of Venezuela to respect democratic principles, to comply with international human rights law and to respect human rights. These regulations have replaced, with substantially the same effect, relevant existing E.U. legislation and related U.K. regulations.

7.18.2 The sanctions include:

- (a) Targeted asset freeze on designated persons and prohibitions on making funds or economic resources available.
- (b) Trade prohibitions on:
  - (i) military goods and military technology;
  - (ii) goods and technology which might be used for internal repression in Venezuela;
  - (iii) goods and technology which might be used for the monitoring and interception of telecommunications;
  - (iv) provision of interception and monitoring services to or for the benefit of the Government of Venezuela; and
  - (v) provision of technical assistance, armed personnel, financial services or funds or associated brokering services to or for the benefit of the National Bolivarian Armed Forces of Venezuela (or persons acting on its behalf or under its direction) where such provision relates to military activities, or otherwise enables or facilitates the conduct of armed hostilities, in Venezuela.
- (c) Travel ban on designated persons.

7.18.3 The Regulations impose trade prohibitions relating to military goods and military technology (as specified in Schedule 2 to the Export Control Order 2008). Therefore, the provision of military goods, including robots, is prohibited.

7.18.4 We understand the products manufactured and sold by the Company are not designed for military use. As to whether the products sold to Sequin Valencia C.A. during the Track Record Period could fit within the definition of "robot" identified in the "Export Control Order" section above, while we are not technology / technical expert, based on the information provided to us

and the Company's confirmation, and by a literal understanding of the above description of "robots / end-effectors ", we consider it is unlikely that the products sold by the Company fit the description under the Export Control Order 2008.

7.18.5 The Company has confirmed that started from 30 June 2024, they will only accept orders for education robots and will not accept any further orders with respect to industrial robots from Venezuela.

## 7.19 Application to the Company

7.19.1 On the basis of our review of the information provided by the Group, together with the Company's confirmation that:

- (a) all activities involving the Relevant Countries were negotiated, entered into and performed without any involvement (including in any approval or decision-making capacity) by any entity incorporated, domiciled, or otherwise located in either the territories of the U.K. or the U.K. Overseas Territories;
- (b) neither the Company 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 U.K. or U.K. Overseas Territories sanctions;
- (c) the Group's activities involving the Relevant Countries have not identified any person specifically designated (i.e. listed / targeted) under any existing U.K. or U.K. Overseas Territories sanctions regime;
- (d) no U.K. nationals, nor any citizens of any U.K. overseas territories, nor any wider persons resident or otherwise located in either the territories of the U.K. or the U.K. Overseas Territories who are employed or otherwise engaged by the Company 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 Countries; and
- (e) save for the U.K. Sales to Russia, all of the Group's business in relation to the Relevant Countries was in relation to its sales of products, which does not involve export-controlled products.

7.19.2 On this basis, save for the U.K. Sales to Russia, Holman Fenwick Willan LLP's assessment is that the Group's activities do not implicate the prohibitions or wider restrictions under International Sanctions measures administered and enforced by the U.K. We believe that potential breaches could be corrected by taking the position that from now on, the Group will no longer make sales in jurisdictions which would breach the U.K. Sanctions.

## 7.20 U.K. export controls

7.20.1 The U.K.'s export control regime is principally governed by the Export Control Act 2002, under which two regulations imposing export controls have been made:

- (a) Export Control Order 2008 (as amended from time to time), imposing export controls relating to military and dual-use items; and

- (b) Export of Radioactive Sources (Control) Order 2006, setting out export controls relating to radioactive sources.
- 7.20.2 Apart from the domestic legislation above, other retained E.U. legislation imposes controls relating to dual-use items, goods relating to human rights abuses and firearms.
- 7.20.3 Items that are subject to export controls (export of which will require an export licence) are consolidated and listed under the U.K. Strategic Export Control Lists.
- 7.20.4 Save for the U.K. Sales to Russia, the Company has confirmed its understanding that the Group has not been, directly or indirectly, involved in the export from the U.K. and/or U.K. Overseas Territories of any items listed in the E.U. Common Military List or the E.U. Dual Use List, the U.K. Military List or the U.K. Dual-Use List, or the U.K. Strategic Export Control Lists.
- 7.20.5 Save for the U.K. Sales to Russia, the Company has confirmed its understanding that none of the goods involved in the Group's sales of products in respect of the Relevant Countries are controlled under U.K. or U.K. Overseas Territories export control regulation.
- 7.20.6 We are given to understanding that the Group's products could be divided into two separate categories, (i) industrial robots and (ii) educational and other robots.
- 7.20.7 The Group's industrial robots and its relevant parts falls under the HS Codes 8479 50 and/or 8479 90 (Industrial robots) and/or 8479 90 (Parts of machines and mechanical appliances having individual functions), which could be used for industrial purposes. We understand that the Group's industrial robots are not intended for military use, however, such robots may, for example, fit the description of dual-use goods (goods which are not intended for military use, but could potentially be used in military activities, in particular, manufacturing of military equipment). Whether the sale of such robots to the Relevant Countries may constitute a breach of the UK sanctions please refer to our analysis above under each of the Relevant Countries.
- 7.20.8 The Group's educational and other robots mainly falls under the HS Code 9023 00 (Instruments, apparatus and models, designed for demonstrational purposes (for example, in education or exhibitions)) and do not fall under HS Codes 8479 50 and/or 8479 90 (Industrial robots) and/or 8479 90 (Parts of machines and mechanical appliances having individual functions). Based on the specifications of its educational and other robots provided by the Group, we understand that the Group's education and other robots are not intended for military use, and due to its limited and restrictive capabilities including its load weight and working range, we consider that it lacks the proper adequate ability to manufacture heavy duties items including military equipment.
- 7.20.9 On this basis, save for the U.K. Sales to Russia, Holman Fenwick Willan LLP considers that the U.K. export rules are not implicated by the Group's business activities. We consider that potential breaches could be corrected by taking the position that from now on, the Group will no longer make sales in jurisdictions which would breach the U.K. Sanctions.

## 8. AUSTRALIAN SANCTIONS

### 8.1 Overview

- 8.1.1 Australia has a dual sanctions regime consisting of sanctions measures imposed by the U.N., together with Australian autonomous sanctions imposed by the Australian Government as a matter of its foreign policy.

- 8.1.2 The Australian restrictions and prohibitions arising from the sanctions laws require a sufficient nexus with Australia and apply to:
- (a) any person in Australia;
  - (b) any Australian anywhere in the world;
  - (c) companies incorporated overseas that are owned or controlled by Australians or persons in Australia; and/or
  - (d) any person using an Australian flag vessel or aircraft to transport goods or transact services.
- 8.1.3 The Department of Foreign Affairs and Trade maintains the Consolidated List of all persons and entities designated for the purposes of sanctions regimes implemented under Australian sanction laws with dedicated sites for countries where a sanctions regime has been declared.
- 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 Autonomous Sanctions Act 2011 and the Autonomous Sanctions Regulations 2011 (the **Regulations**).
- 8.1.6 Part 3 of the Regulations specifies that Section 15.1 of the Australian Criminal Code 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.
- 8.1.7 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 **Scope of Country-Specific Sanctions**

- 8.2.1 In summary, there were no country-specific Australian sanctions imposed during the Track Record Period against Armenia, Azerbaijan, Egypt, Hong Kong, Romania, Turkey, Tunisia and Venezuela.
- 8.2.2 Australia has relevantly imposed sanctions that prohibit dealing with assets and providing an asset to, or for the benefit of, designated persons or entities with respect to the following:
- (a) Persons and / or entities from Armenia, Azerbaijan, Egypt, Hong Kong, Turkey and Tunisia (i.e. all but Romania and Venezuela), that have been designated (listed) as being sanctioned;
  - (b) The Former Federal Republic of Yugoslavia (FFRY), since 1992, which includes designation of individuals from Bosnia and Herzegovina and Serbia;
  - (c) Mali, since 28 November 2018, pursuant to its international obligations under United Nations Security Council Resolution 2374 (UNSCR 2374); and

- (d) A number of thematic autonomous sanctions regimes (ie Magnitsky Sanctions), established on 21 December 2021, that include designated individuals or entities from countries relevant to Dobot (eg Russia). These relate to such things as serious corruption, serious violation or serious abuses of human rights and significant cyber incidents wherever it may have occurred in the world.

8.2.3 The prohibition against providing an asset to, or for the benefit of, designated persons or entities would have applied (and will still apply) to any Australian persons involved in the direct or indirect provision of the Company's product (or benefit from that product) to any customers, and potentially supply chain participants, that were designated during the relevant period.

8.2.4 Whether or not there was (or is) any potential for breach of the prohibition against direct or indirect provision of assets to, or for the benefit of, sanctioned entities, depends on the due diligence outcomes for customers and potentially also other parts of the supply chain.

8.2.5 There are no Australian "product-specific" sanctions for the above countries or arising in connection with the thematic sanctions.

### 8.3 Scope of Product-Specific Sanctions

8.3.1 In summary, Australian product-specific sanctions do apply in connection with sales or supply to Iran, Lebanon, Myanmar, Russia and Ukraine.

8.3.2 For each of these countries, in addition to the prohibitions regarding assets noted above, Australia has applied certain UNSC and / or Autonomous sanctions targeting sanctioned supply of export sanctioned goods and related sanctioned services or commercial activities.

8.3.3 These relevantly can include prohibition of:

- (a) direct or indirect supply, sale or transfer of export sanctioned goods (regulation 3, Australian Sanctions Regulations);
  - (i) This can encompass specific goods designated by legislative instrument and certain categories, including arms or related matériel (regulation 4(2) & (3), *Australian Sanctions Regulations*).
  - (ii) Definitions are inclusive and arms or related matériel captures dual-use goods that have both military and civilian utility (eg regulation 3, *Australian Sanctions Regulations*).
  - (iii) Each good needs to be considered individually, but goods on the *Defence and Strategic Goods List 2021 (DSGL)* are likely to be considered arms or related matériel.
  - (iv) The DSGL is defined as the list mentioned in regulation 13E of the *Customs (Prohibited Exports) Regulations 1958*.
  - (v) Depending on the context, end user and end use, other goods may also be considered arms or related matériel.

- (b) the provision of certain services related to export sanctioned goods (including but not limited to technical, brokering, financial and investment services, and the transfer of financial resources on certain technology); and
- (c) certain commercial activities, which includes the supply, sale, transfer, manufacture or use of goods sanctioned on the basis of their connection with missile technology or nuclear weapon delivery systems development.

8.3.4 A high-level review of the DSSL to identify potentially relevant "arms or related matériel" revealed the following references to "robot" products (not including obviously irrelevant references, such as for dedicated underwater use). There were no apparent relevant references for "automated" products:

Designation:

**ML17.** *Miscellaneous equipment, materials and "libraries", as follows, and specially designed components therefor:*

*e. "Robots", "robot" controllers and "robot" "end-effectors", having any of the following characteristics:*

- 1. Specially designed for military use;*
- 2. Incorporating means of protecting hydraulic lines against externally induced punctures caused by ballistic fragments (e.g., incorporating self-sealing lines) and designed to use hydraulic fluids with flash points higher than 839 K (566°C); or*
- 3. Specially designed or rated for operating in an electro-magnetic pulse (EMP) environment;*

*Technical Note:*

*Electro-magnetic pulse does not refer to unintentional interference caused by electromagnetic radiation from nearby equipment (e.g., machinery, appliances or electronics) or lightning.*

**2B007** *"Robots" having any of the following characteristics and specially designed controllers and "end-effectors" therefor:*

**N.B.:** SEE ALSO 2B207.

- a. Not used since 2017;*
- b. Specially designed to comply with national safety standards applicable to potentially explosive munitions environments;*

*Note: 2B007.b. does not apply to "robots" specially designed for paint-spraying booths.*

- c. Specially designed or rated as radiation-hardened to withstand a total radiation dose greater than 5 x 10<sup>3</sup> Gy (Si) without operational degradation; or*
- d. Specially designed to operate at altitudes exceeding 30,000 m.*

**2B207** "Robots", "end-effectors" and control units, other than those specified by 2B007, as follows:

- a. "Robots" or "end-effectors" specially designed to comply with national safety standards applicable to handling high explosives (for example, meeting electrical code ratings for high explosives);
- b. Control units specially designed for any of the "robots" or "end-effectors" specified by 2B207.a.

Definitions

"End-effectors" (2 ML17) means grippers, 'active tooling units' and any other tooling that is attached to the baseplate on the end of a "robot" manipulator arm.

Note: 'Active tooling units' are devices for applying motive power, process energy or sensing to the workpiece.

"Robot" (2 8 ML17) means a manipulation mechanism, which may be of the continuous path or of the point-to-point variety, may use sensors, and has all the following characteristics:

- (a) is multifunctional;
- (b) is capable of positioning or orienting material, parts, tools or special devices through variable movements in three dimensional space;
- (c) incorporates three or more closed or open loop servo-devices which may include stepping motors;
- (d) has "user-accessible programmability" by means of teach/playback method or by means of an electronic computer which may be a programmable logic controller, i.e., without mechanical intervention.

Note: The above definition does not include the following devices:

1. Manipulation mechanisms which are only manually/teleoperator controllable;
2. Fixed sequence manipulation mechanisms which are automated moving devices, operating according to mechanically fixed programmed motions. The program is mechanically limited by fixed stops, such as pins or cams. The sequence of motions and the selection of paths or angles are not variable or changeable by mechanical, electronic or electrical means;
3. Mechanically controlled variable sequence manipulation mechanisms which are automated moving devices, operating according to mechanically fixed programmed motions. The program is mechanically limited by fixed, but adjustable stops, such as pins or cams. The sequence of motions and the selection of paths or angles are variable within the fixed program pattern. Variations or modifications of the program pattern (e.g., changes of pins or exchanges of cams) in one or more motion axes are accomplished only through mechanical operations;
4. Non-servo-controlled variable sequence manipulation mechanisms which are automated moving devices, operating according to mechanically fixed programmed motions. The program is variable but the sequence proceeds only by the binary signal from mechanically fixed electrical binary devices or adjustable stops; and

*5. Stacker cranes defined as Cartesian coordinate manipulator systems manufactured as an integral part of a vertical array of storage bins and designed to access the contents of those bins for storage or retrieval.*

8.3.5 In light of the above, and the information we have on the Company's products, if there was or is a relevant nexus with Australia, there is nevertheless nothing to clearly support a reasonable likelihood of a breach of Australian product-specific sanctions for any of the identified countries having occurred during the Track Record Period (or that any such risk is material now).

8.3.6 However, notwithstanding the above preliminary observations, if there was (or is) a relevant nexus with Australia, then it would be prudent to only discount the possibility of products falling within the scope of export sanctioned goods after careful consideration on a product by product basis.

#### 8.4 **Application to Armenia**

Australia has not imposed any sanctions against Armenia. However, there are persons and/or entities from Armenia that have been designated as being sanctioned.

#### 8.5 **Application to Azerbaijan**

Australia has not imposed any sanctions against Azerbaijan. However, there are persons and/or entities from Azerbaijan that have been designated as being sanctioned.

#### 8.6 **Application to Bosnia and Herzegovina**

Australia imposes sanctions that prohibit dealing with assets and providing an asset to, or for the benefit of, designated persons or entities with respect to the Former Federal Republic of Yugoslavia, since 1992, which include designation of individuals from Bosnia and Herzegovina.

#### 8.7 **Application to Egypt**

Australia has not imposed any targeted sanctions (autonomous or otherwise) in relation to Egypt. However, there are persons and/or entities from Egypt that have been designated as being sanctioned.

#### 8.8 **Application to Iran**

8.8.1 Australia implements product-specific sanctions in connection with sales or supply to Iran.

8.8.2 Australia has also applied certain UNSC and / or Autonomous sanctions targeting sanctioned supply of export sanctioned goods and related sanctioned services or commercial activities

8.8.3 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 U.N. sanctions. The sanctions regime has been amended on several occasions.

8.8.4 The following legislative instruments identify and mandate export sanctioned goods for Iran:

- (a) Autonomous Sanctions (Export and Import Sanctioned Goods – Iran) Amendment Specification 2016; and

- (b) Charter of the United Nations (Sanctions – Iran) (Export Sanctioned Goods) List Determination 2016.

8.8.5 The UN Charter determination identifies a comprehensive list of goods. Many are highly technical and potentially capable of wide interpretation. None of the designated goods in either legislative instrument expressly include any "robot" or "automated" products and it is not readily apparent that any would indirectly apply.

8.8.6 Regulation 4(2) of the Australian Sanctions Regulations identify "arms or related matériel" as export sanctioned goods. The potential relevance of "dual use" goods is outlined above.

8.8.7 If there is no sanctioned supply, there will also be no sanctioned service related to any such supply.

8.8.8 Australia also imposes sanctions that prohibit dealing with assets and providing an asset to, or for the benefit of, designated persons or entities from Iran.

8.8.9 Based on the information provided to us we do not consider that the Group's business activities in relation to Iran during the Track Record Period implicated any Australian sanctions.

**8.9 Application to Hong Kong**

During the Track Record Period, there was no region-specific Australian sanctions imposed against Hong Kong. However, there are persons and/or entities from Hong Kong that have been designated as being sanctioned.

**8.10 Application to Lebanon**

8.10.1 Product-related Australian sanctions against Lebanon are limited to sanctioned supply of arms or related matériel, along with related services pursuant to:-

- (a) Regulations 5,6,7,8,9,10 and 11 of the Charter of the United Nations (Sanctions – Lebanon) Regulations 2008; and
- (b) Regulations 13CP of the Customs (Prohibited Exports) Regulations 1958. Under Customs (Prohibited Exports) Regulations 1958, it is prohibited to sell, supply, transfer or export, directly or indirectly, of "arms or related matériel" including dual-use goods, to any Lebanese person, entity or body or for use in Lebanon. The potential relevance of "dual use" goods is outlined above.

8.10.2 Australia also imposes sanctions that prohibit dealing with assets and providing an asset to, or for the benefit of, designated persons or entities from Lebanon.

**8.11 Application to Myanmar/Burma**

8.11.1 The Regulations currently prohibit, among others:

- (a) the direct or indirect supply, sale or transfer to Myanmar/Burma, for use in Myanmar/Burma, or for the benefit of Myanmar/Burma, of arms or related matériel;

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

8.11.2 Under Customs (Prohibited Exports) Regulations 1958, it is prohibited to sell, supply, transfer or export, directly or indirectly, of "arms or related matériel" including dual-use goods, to any Burmese person, entity or body or for use in Myanmar/Burma. The potential relevance of "dual use" goods is outlined above.

8.11.3 Australia also imposes sanctions that prohibit dealing with assets and providing an asset to, or for the benefit of, designated persons or entities from Myanmar.

#### 8.12 **Application to Romania**

Australia has not imposed any sanctions against Romania.

#### 8.13 **Application to Russia**

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

8.13.2 Currently Australian law sanctions include restrictions, among others, on the supply, sale or transfer to, for use in, or for the benefit of Russia any of the following:

- (a) arms or related materiel;
- (b) aluminium ores (including bauxite), alumina and related products;
- (c) certain luxury goods; and
- (d) items suited for use in the following categories of oil exploration or oil production projects in Russia:
  - (i) oil exploration and production in waters deeper than 150 metres;
  - (ii) oil exploration and production in the offshore area north of the Arctic Circle; and
  - (iii) 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 oil from non-shale reservoirs).

8.13.3 There are also restrictions on the import, purchase or transport of any of the following if they were exported from, or originated in, Russia:

- (a) arms or related materiel;
- (b) any goods which originate in or have been exported from the specified Ukraine regions;
- (c) oil, refined petroleum products, natural gas, coal and other energy products; and
- (d) gold exported from Russia.

8.13.4 The provision of certain services is prohibited to complement the above restrictions.

The *the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015* had designated export sanctions goods from the following HS headings had been designated for Russia:- *HS headings: 7304-7306, 7311, 8207, 8413, 8430, 8431, 8705 and 8905*

8.13.5 Under Russia (Autonomous Sanctions (Export Sanctioned Goods—Russia) Amendment (No. 1) Designation 2023), it is prohibited to sell, supply, transfer or export, directly or indirectly, of inter changeable tools for hand tools or machine-tools (Australian Harmonized Export Commodity Classification ("AHECC") Code 8207); nuclear reactors, boilers, machinery and mechanical appliances (AHECC 84); and electrical machinery and equipment, sound recorders and reproducers, and television image and sound recorders and reproducers (AHECC 85), to any Russian person, entity or body or for use in Russia.

8.13.6 In addition, under regulation 13B of the Australian Sanctions Regulations prohibits engaging in sanctioned commercial activity in Russia.

8.13.7 Similar to the observations above regarding "arms or related matériel", there is nothing in the nature of products within the identified AHECC and HS heading codes under Australia's Russian sanctions regime that suggests relevance to robots or automated products that might trigger sanctions prohibitions for the Company's products.

8.13.8 Prior to 2021, pursuant to the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015 (regulation 5(2)), the Australian government specified Sberbank as a financial institution under regulation 5B(6)(a) of the *Australian Sanctions Regulations*. This triggered the operation of the certain sanctioned commercial activities relating to the following to the extent that Sberbank is involved (regulation 5B(1) & (3)), *Australian Sanctions Regulations*:-

- (a) direct or indirect purchase or sale of, or any other dealing with, bonds, equity, transferable securities, money market instruments or other similar financial instruments issued by Sberbank; and
- (b) directly or indirectly making, or being part of any arrangement to make, certain loans or credit to Sberbank.

8.13.9 Since 2022 there has been a rapid escalation in the designation of sanctioned persons and entities from Russia by Australia that prohibit dealing with assets and providing an asset to, or for the benefit of, those designated persons or entities.

8.13.10 Indeed, Sberbank was listed as a designated sanctioned entity on 17 March 2022, pursuant to the *Autonomous Sanctions (Designated Persons and Entities and Declared Persons—Russia and Ukraine) Amendment (No. 8) Instrument 2022*. This enlivens the prohibition against

providing an asset to, or for the benefit of Sberbank, which is a significant escalation in the scope of the prohibition in dealing with Sberbank.

(For Sberbank, please also refer to the section 9 below.)

**8.14 Application to Serbia**

8.14.1 Australia imposes an autonomous sanctions regime in relation to Former Federal Republic of Yugoslavia targeting persons associated with the former Milosevic regime, and persons indicted for or suspected of committing war crimes during the Balkan wars in the early 1990s.

8.14.2 The sanctions measures include restrictions on providing assets to and dealing with the assets of designated persons, and travel bans on designated persons.

**8.15 Application to Tunisia**

During the Track Record Period, Australia has not imposed any country-specific sanctions (autonomous or otherwise) against Tunisia. However, there are persons and/or entities from Tunisia that have been designated as being sanctioned.

**8.16 Application to Turkey**

During the Track Record Period, Australia has not imposed any country-specific sanctions (autonomous or otherwise) against Turkey. However, there are persons and/or entities from Turkey that have been designated as being sanctioned.

**8.17 Application to Ukraine**

8.17.1 Product-related Australian sanctions in relation to Ukraine are targeted at the occupied territories, along with related services pursuant to:

- (a) Regulations 4, 5, 12 and 13 of the Australian Sanctions Regulations
- (b) Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015
- (c) Autonomous Sanctions (Export Sanctioned Goods – Specified Ukraine Regions) Designation 2023
- (d) Regulation 11 of the Customs (Prohibited Exports) Regulations 1958

8.17.2 Currently, Australian law prohibits:

- (a) the use of or dealing with an asset that is owned or controlled by a 'designated person or entity' for Ukraine; and
- (b) making an asset available directly or indirectly to, or for the benefit of, a 'designated person or entity' for Ukraine,

without a sanctions permit.

8.17.3 Travel bans against designated persons are also in place.

- 8.17.4 The Autonomous Sanctions Amendment (Ukraine Regions) Regulations 2022 commencing on 28 March 2022 have amended the Regulations to extend to the Donetsk and Luhansk regions of Ukraine the sanctions measures already applied to Crimea and Sevastopol.
- 8.17.5 These sanctions measures target exports and commercial activity in relation to the transport, telecommunications, energy and exploitation of oil, gas and mineral reserve sectors; and prohibit all imports.
- 8.17.6 The current Australian sanctions laws and regulations imposes trade sanctions, targeting Russian controlled areas of Crimea, Sevastopol, Donetsk, Kherson, Luhansk and Zaporizhzhia in Ukraine, see the paragraph headed "Application to Russia" for applicable information.
- 8.17.7 As is the case for Russia, there is nothing in the nature of products within the identified AHECC and HS heading codes under Australia's Ukraine sanctions regime that suggests relevance to robots or automated products that might trigger sanctions prohibitions for the Company's products.
- 8.17.8 The *Australian Sanctions Regulations* also prohibit engaging in sanctioned commercial activity in Crimea, Donetsk, Luhansk and Sevastopol (regulation 13B), by reference to the following conduct (regulation 5C):
- (a) the granting of any financial loan or credit or the establishment of a joint venture relating to the creation, acquisition or development of infrastructure in the transport, telecommunications or energy sectors; and
  - (b) the acquisition or extension of an interest in an enterprise in a specified Ukraine region that is engaged in the creation, acquisition or development of infrastructure in those sectors.
- 8.17.9 Australia also imposes sanctions that prohibit dealing with assets and providing an asset to, or for the benefit of, designated persons or entities from relevant regions within Ukraine.

**8.18 Application to Venezuela**

Australia has not imposed any sanctions against Venezuela.

**8.19 Application to the Company**

- 8.19.1 On the basis of our review of the information provided by the Group, together with the Company's confirmation that
- (a) no Australian citizens employed or otherwise engaged by the Group have been involved in any way, including in the negotiation or approval of, or with the on-going performance of, or in any wider decision-making capacity, with respect to any of the Group's dealings involving the Relevant Countries;
  - (b) 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;
- (c) the Group's activities involving the Relevant Countries during the Track Record Period have not identified any person on the Australian Consolidated List of persons and entities who are subject to targeted financial sanctions or travel bans under Australian law; and
- (d) the Group's dealings do not appear to involve products or services that are restricted under Australian export controls,

Holman Fenwick Willan LLP's assessment is that the Group's business activities do not implicate the prohibitions or wider restrictions under International Sanctions measures administered and enforced by the Government of Australia.

## 9. SANCTIONS AGAINST THE COMPANY'S CUSTOMERS AND THEIR SHAREHOLDERS

### 9.1 Scope

9.1.1 We have been asked to review and sanction check the Company's customers during the Track Record Period. We have run searches against:-

ADC Team LLC;  
 AE Robotics Co. Limited;  
 AutoID Co. Limited;  
 Balkan Robot Teknolojileri Mekatronik Sistemler Endüstriyel Ekipmanlar San. Tic. Ltd STI.;  
 Beirut Electronics Components and Services SARL;  
 Bendis Welding Equipment SRL;  
 Bielta Tehnic SRL;  
 Bionics SH.P.K.;  
 Boyadjian Group SAL  
 CEI Conrad Electronic International (HK) Limited;  
 CG&GC HiTech Solutions SRL;  
 Cloudland Sculpture Limited;  
 Consumer Electronics Equipment Distribution Ltd;  
 Digitain LLC;  
 Digital Economy Development SRL  
 Edumedia;  
 Egitimteck;  
 Elrad WS-S D.O.O;  
 Enker D.D.;  
 Examen-Technolab LLC;  
 Fluks RV Ltd.;  
 FormWerk S.R.L;  
 Frezal D.O.O;  
 GateIn Technology;  
 GELECEK YAZILIM MÜ HENDİSLİK MEDİKAL VE ARAŞTIRMA GELİŞTİRME PAZARLAMA  
 TİCARET LİM;  
 Global Learning;

GOA International Limited;  
 IC Systems Automatika D.O.O;  
 ILERI OTOMASYON SISTEMLERİ SANAYİ VE TİCARET LIMITED ŞİRKETİ;  
 ITHINKA İNOVASYON YAZILIM DANIŞMANLIK SANAYİ VE TİCARET A.Ş;  
 LAVITA GROUPY MAHMOUD MOHAMED ANIS;  
 Limited Liability Company "PLANT OF INNOVATIVE TECHNOLOGIES";  
 Limited Liability Company "SOLID";  
 Limited Liability Company "TESWEL";  
 LLC "Pride-Automatics";  
 LLC Center for Innovative Technologies in Educational;  
 LotaTechs Co. Ltd;  
 Mykola Antsyferov;  
 Novicon Limited;  
 NPP RU-ENGINEERING LLC;  
 OOO Technored;  
 OOO Teswel;  
 ROBOPLAS PLASTİK VE OTOMASYON SISTEMLERİ İNSAAT SANAYİ TİCARET LIMITED ŞİRKETİ;  
 PRAKTIC AMBALAJ SRL;  
 Prime Trading Pte. Ltd;  
 R&S D.O.O Sarajevo;  
 RMK MEKATRONİK A.Ş;  
 Sagemcom Tunisie;  
 Sc Iris Robotics SRL;  
 Sequin Valencia C.A. (RIF. J-30527156-9.);  
 Shape Robotics Romania SRL;  
 Smart Trading Incorporation;  
 SRDR MÜHENDİSLİK SANAYİ VE TİCARET ANONİM ŞİRKETİ;  
 St Tekno;  
 STS Uyku teknolojik Çözümler A.Ş;  
 Technogate For Technology & Computer;  
 Teltec Electronic Systems Limited;  
 The Chinese University of Hong Kong;  
 Thor Dar Hein Co., Ltd;  
 Tinylab Electronics Limited;  
 TIPTEH D.O.O. SARAJEVO;  
 TPM Endüstriyel Otomasyon Elektrik Ltd.Şti;  
 Union Holdings Ltd.;  
 Uz-Tek Metal Danışmanlık Makine Ltd. Şti.; and  
 Voxellab D.O.O  
 (the "**Customers**")

and can confirm that none of them are subject to sanctions under U.S., E.U., U.K., Australian or U.N. rules.

- 9.1.2 We should point out that Examen-technolab LLC is owned by (27%) Mr Dmitrii Vladimirovich Yanovskii, (22.22%) Mr Aleksei Aleksandrovich Borisenko, (6.99%) Mr Aleksandr Vladimirovich Maslov, (3.49%) Mrs Anna Gennadiena Martynova, (3.49%) Mr Aleksei Sergeevich Zakharov and (30%) Kompleksnoe Tekhnicheskoe Osnashchenie Prosveshchenie. The latter is ultimately owned by Joint Stock Company Prosveshcheniye, through its ownership of Prosveshchenie. The Joint stock Company Prosveshcheniye is owned by (25%) Joint Stock

Company Management Company of Russia Direct Investment Fund (RDIF), (25%) Sberbank of Russia, (25%) State Development Corporation "Veb RF and (25%) Tsifrovyye Aktivy. We can further confirm that none of the individuals or entities listed above are sanctioned under US, EU, UK, Australian or UN rules, except for Sberbank, RDIF and State Development Corporation "Veb RF".

### **U.S. Sanctions**

We note that Sberbank is listed as a SDN and is subject to US Executive Order ("E.O.") 14024. Sberbank's assets are blocked and any U.S. persons are generally prohibited from dealing with the entity.

Joint Stock Company Management Company of Russia Direct Investment Fund ("RDIF") is subject to U.S. Executive ("E.O.") 14024. RDIF's assets are blocked and any U.S. persons are generally prohibited from dealing with the entity.

State Development Corporation "Veb RF is also a SDN and is subject to E.O. 13662 and Directive 1 (as amended). This prohibits any U.S. person being involved in financing for, and other dealings in new debt of longer than 30 days maturity or new equity of listed persons.

While the primary consequences only apply formally to U.S. persons, activity in the U.S., or use of U.S. Dollars, secondary sanctions may have an effect on non-U.S. persons and entities. Moreover non-U.S. persons may be exposed to sanctions risk in relation to activities with persons / entities subject to blocking sanctions and can be designated themselves, if they have materially assisted, sponsored, or provided financial, material or technological support for, or goods or services to the sanctioned entity.

As Sberbank, Joint Stock Company Management Company of Russia Direct Investment Fund ("RDIF") and State Development Corporation "Veb RF together hold 75% of Joint stock Company Prosveshcheniye, the latter would be considered to be owned/controlled by sanctioned persons. However, Joint stock Company Prosveshcheniye only hold 30% of Examen-technolab LLC. Examen-technolab LLC is therefore not owned by sanctioned persons, however, we cannot completely exclude the possibility that it may be controlled by Sberbank and State Development Corporation "Veb RF. If the Company wishes to comply with US sanctions we would therefore recommend that assurances that Examen-technolab LLC is not controlled by Sberbank and State Development Corporation "Veb RF.

### **E.U. Sanctions**

We note that Sberbank is subject to and asset freeze under the E.U. Council Regulation (E.U.) No 269/2014 of 17 March 2014 (as amended). Under the E.U. asset freeze, all funds and economic resources directly or indirectly owned or controlled by Sberbank must be frozen, and no funds or economic resources can be made available to Sberbank, directly or indirectly. As Sberbank is amongst the shareholders of Examen-technolab LLC, there is a risk that by making products available to Examen-technolab LLC, the Company may be considered to be providing economic resources indirectly to a listed person. However, considering Sberbank hold 25% of the shares in Joint stock Company Prosveshcheniye, which in turn only hold 30% of the shares in Examen-technolab LLC, we consider that risk is low.

Furthermore, Sberbank is also subject to financial sanctions under the E.U. Council Regulation (E.U.) No 833/2014 of 31 July 2014 (as amended). Indeed Sberbank is listed in Annex III and is

therefore subject to the prohibition of Article 5(1)(a). This prohibition concerns transferable securities and money-market instruments. This should therefore not be relevant to the activities of the Company Sberbank is also listed under Annex XIV and is therefore subject to the prohibition of Article 5h. This concerns financial messaging services. This should therefore not be relevant to the activities of the Company.

### **U.K. Sanctions**

We note that Sberbank is subject to asset freezes and financial sanctions under Regulations 16 and 17 of the U.K. Russia (Sanctions) (E.U. Exit) Regulations 2019 (as amended). Accordingly, it is prohibited to provide funds or economic resources directly or indirectly to or for the benefit of Sberbank. It is also prohibited to grant loans of more than 30 days to Sberbank.

As with the E.U. above, because Sberbank is amongst the shareholders of Examen-technolab LLC, there is a risk that by making products available to Examen-technolab LLC, the Company may be considered to be providing economic resources indirectly to a listed person. However, considering Sberbank hold 25% of the shares in Joint stock Company Prosveshcheniye, which in turn only hold 30% of the shares in Examen-technolab LLC, we consider that risk is low.

### **Australian Sanctions**

We note that Sberbank is subject to financial sanctions under Autonomous Sanctions (Designated Persons and Entities and Declared Persons – Russia and Ukraine) Amendment (No. 8) Instrument 2022 and is listed in Part 2 of Schedule 2 as a designated entity for Russia for the purposes of paragraph 6(a). Therefore, it is subject to prohibitions under Regulation 14, which prohibits directly or indirectly making an asset available to, or for the benefit of, a designated entity. In addition, it is subject to prohibitions under Regulation 15, which prohibits using or dealing (defined as using, selling or moving assets) with an asset, or allowing or facilitating another person to use or deal with an asset, that is owned or controlled by a designated entity.

As with the E.U. and U.K. above, because Sberbank is amongst the shareholders of Examen-technolab LLC, there is a risk that by making products available to Examen-technolab LLC, the Company may be considered to be providing assets, or allowing or facilitating another person to use or deal with an asset indirectly to a listed person. However, as mentioned above, we consider the risk to be low.

## **10. CONCLUSION**

- 10.1 On the basis of the information received from the Company and the corresponding analysis of relevant International Sanctions set forth above, we are of the view that, save for the E.U. Sales to Russia and the U.K. Sales to Russia, the Group's business activities during the Track Record Period do not appear to implicate breaches of International Sanctions. We consider that potential breaches could be corrected by taking the position that from now on, the Group will no longer make sales in/to jurisdictions which would be in breach International Sanctions.
- 10.2 Since is the Group has no relevant "nexus" with the E.U. and the U.K., thus for the E.U. Sales to Russia and the U.K. Sales to Russia, based on our past experiences, we are of the view that:
  - 10.2.1 it is unlikely that the Group will be fined or such fine could be enforced against the Group; and

10.2.2 in the unlikely event that the Group is fined, and considering as a first offender of such sanctions, we believe that such penalty should not exceed 30% of the revenue of the relevant sales.

However, the Group companies may be included in the list of entities subject to sanctions as a "penalty", prohibiting other persons or entities having economic activities with the designated/listed Group company(ies). On the basis that potential breaches have been corrected, we consider there is no material risk that the Group companies will be designated/listed on the sanction lists. In other words, the E.U. Sales to Russia and the U.K. Sales to Russia did not result in and are not subject to any material sanctions risk to the Group, their investors and shareholders and persons who might, directly or indirectly, be involved in permitting the listing, trading, clearing and settlement of the shares, including the Joint Sponsors, the Underwriters, the Stock Exchange, the Hong Kong Securities Clearing Company Limited (the **HKSCC**), HKSCC Nominees Limited, the Securities and Futures Commission (the **SFC**).

- 10.3 The sales of cobots sold to Russia which falls under the HS Code by the relevant Group company may constitute as Secondary Sanctionable Activities, there is no voluntary self disclosure ("**VSD**") system or process with the E.U. and U.K. relevant sanctions authorities applicable for the transactions subject to Secondary Sanctionable Activities exposures. Furthermore, the E.U. does not have a centralised authority to handle sanctions matters on behalf of itself, therefore, in theory for Secondary Sanctionable Activities with no primary nexus to a certain E.U. member, a VSD would need to be made to every E.U. member. The E.U. and U.K. relevant sanctions authorities are not subject to any statutory or regulatory timeframe to complete its review of any VSD and it is not uncommon for the E.U. and U.K. relevant sanctions authorities to take more than a year before concluding a case. If the Company initiated a VSD, the E.U. and U.K. relevant sanctions authorities may request for further documents and information to be provided, which may include confidential and sensitive information concerning the products and/or businesses of the Company.
- 10.4 Further, given the Global Offering scope and the expected use of proceeds as detailed in this opinion, we are of the view that the involvement by the Joint Sponsors and the Overall Coordinators, namely, Guotai Junan Capital Limited, Guotai Junan Securities (Hong Kong) Limited, and ABCI Capital Limited, the Company's or its subsidiaries' investors, shareholders as well as the Stock Exchange, the HKSCC, HKSCC Nominees Limited, the SFC, in the Global Offering should not implicate any applicable International Sanctions on them, and the risk of implication of any applicable International Sanctions on any other parties involved in the Global Offering, including the Company and its subsidiaries, their respective directors and employees, will be remote.
- 10.5 As a summary of the above analysis, we consider that there is no material sanction risks on the Company.

Yours faithfully,



**Holman Fenwick Willan LLP**

**Schedule 1 – Scope and Limitations**

**1. INTRODUCTION**

- 1.1.1 This Schedule contains important information about the basis on which this opinion has been prepared, to whom it is addressed and certain limitations on our liability.
- 1.1.2 The purpose of this opinion is to assess the relevance of any economic sanctions programs and export controls which are of relevance or applicable to the Group under the Relevant Sanctions Regimes (defined below) and the relevance and materiality of the same.
- 1.1.3 This opinion should not be relied upon as a substitute for appropriate representations, warranties, indemnities and other contractual protections.

**2. THE COMPANY**

- 2.1.1 This opinion is addressed only to the Company on the understanding that:
  - (a) We will not be liable to the Company for any claim in relation to this opinion to the extent that the Company has a right of recovery from any other person in respect of the fact, matter, event or circumstance giving rise to such claim;
  - (b) The Company will be deemed to accept these terms unless it notifies us in writing to the contrary. If the Company does not accept the terms set out in this Schedule, then the Company may not rely on this opinion and we accept no liability to the Company;
  - (c) We will only be liable once to the Company, in respect of the same fact, matter, event or circumstance giving rise to any claim in relation to this opinion;
  - (d) No person, other than the Company, may use or rely on this opinion without our prior written consent. We accept no duty of care or other liability in respect of this opinion to any person other than the Company; and
  - (e) We agree that the underwriters and the Joint Sponsors of the Company in the Global Offering may use or rely on this opinion provided that they shall be deemed to have accepted the terms and limitations set out herein.

**3. SCOPE**

- 3.1.1 The scope of our legal due diligence exercise has been agreed and limited in accordance with this Schedule 1 as follows:
  - (a) Holman Fenwick Willan LLP to only consider the following sanctions regimes (together the **Relevant Sanctions Regimes**) in relation to any economic sanctions imposed on the Relevant Countries:
    - (i) U.S.;
    - (ii) U.N.;
    - (iii) E.U.;
    - (iv) U.K.; and
    - (v) Australia.

- (b) Holman Fenwick Willan LLP is not required to provide an analysis under the regulations and rules related to export control and trade related sanctions restrictions.
- (c) Holman Fenwick Willan LLP is not required to review any contract entered into by the Group.
- (d) Holman Fenwick Willan LLP is only required to review the Group's transactions on a random sampling basis regarding the International Sanctions. It is not meant to be a full due diligence review.

#### *Scope of review / documents*

- 3.1.2 We have, as instructed, only considered the Relevant Sanctions Regimes, and advised whether the economic sanctions measures adopted by the Relevant Sanctions Regimes pose a material risk of a sanctions breach on the Group.
- 3.1.3 We have assumed that the information provided and instructions given by the Company are genuine, complete and accurate.
- 3.1.4 We have not considered or commented on any other reports, memoranda or other documents prepared by or for the Group as part of the wider due diligence exercise undertaken by the Group other than those aspects of such reports, memoranda or other documents as are expressly referred to in this opinion. To the extent that this opinion contains, is compiled from, refers to or comments on reports, information or memoranda from any other person, that person remains wholly and exclusively responsible for his/her work and contribution to this opinion.
- 3.1.5 This opinion highlights only those legal issues which, in the context of instructions from the Company, arise from the historic transactions identified to us which are of potential material concern. This opinion does not deal with any other transactions entered into or activities conducted by the Group, other than those expressly referred to us by the Company for our consideration.
- 3.1.6 Given the above limitations, this opinion may not identify all matters which may be relevant to an assessment of the materiality of the sanctions risk presented by the Group's business.

#### *Nature of services*

- 3.1.7 We have relied on the Company's instructions in respect of the nature, purpose and composition of the Group's services or business in coming to our advice whether any such services are subject to a particular restriction or requirement under the Relevant Sanctions Regimes.

#### *Customers*

- 3.1.8 We have relied on the information provided to us by the Company about the Group's customers involved in the transactions with the Group.

- 3.1.9 Unless it is expressly stated in this opinion, we have not conducted any due diligence or sanction investigation against any customer of the Group, or any other parties involved in the transactions with the Group (including its shareholders, directors and officers).
- 3.1.10 The lists of sanctioned persons and the relevant sanctions lists are dynamic. We shall not be responsible for any update / change of such lists after this opinion.

*Key Personnel*

- 3.1.11 We have not conducted any due diligence or sanction investigation against any director or shareholder or significant controller or any other key individual of the Group.

*Performance of Transaction*

- 3.1.12 We do not have any information about fulfilment of the contracts concluded by the Group.
- 3.1.13 We have assumed that no other sanctioned person is involved in any of the Group's transaction (e.g. as agent, broker, insurer, bank).
- 3.1.14 We have not considered or commented on:
- (a) any matters of a tax, accounting, actuarial or other financial nature;
  - (b) actuarial matters;
  - (c) the adequacy or condition of any plant, machinery, vehicles or equipment;
  - (d) the terms, adequacy or validity of any insurance arrangements;
  - (e) any matters relating to property valuation issues;
  - (f) any investigation of title to any property, any conveyancing searches nor any inspection of any property;
  - (g) the trading position or prospects of the Company or the Group;
  - (h) the commercial or financial consequences of any information provided to us;
  - (i) health and safety, product liability and personal injury related matters;
  - (j) consumer credit matters;
  - (k) anti-bribery and corruption matters;
  - (l) adequacy of IT systems;
  - (m) data protection matters;
  - (n) banking matters;
  - (o) any competition or antitrust matters;

- (p) any actual or potential environmental issues or environmental risks; and
- (q) anything not expressly included above.

- 3.1.15 We have not considered or commented on any other reports, memoranda or other documents prepared by or for the Company as part of the wider due diligence exercise undertaken by the Company other than those aspects of such reports, memoranda or other documents as are expressly referred to in this opinion. To the extent that this opinion contains, is compiled from, refers to or comments on reports, information or memoranda from any other person, that person remains wholly and exclusively responsible for his/her work and contribution to this opinion.
- 3.1.16 This opinion highlights only those legal issues which we, in the context of instructions from the Company, reasonably consider to be relevant to the assessment of the materiality of the sanctions risk presented by Group's business. In particular, this opinion does not deal with unexceptional matters, nor does it contain detailed descriptions of each document reviewed. Accordingly, we have "**reported by exception**" which provides the Company with the more focused report the Company requires. For "**reporting by exception**" to work, the Company must highlight to us those particular areas of commercial sensitivity or concern which they or their other advisers have identified.

#### 4. SOURCES

- 4.1.1 This opinion is based on our own analysis of information obtained from the following sources (the **Information**) upon which we have relied in compiling this opinion:
- (a) instructions from the Company as referred to throughout this opinion;
  - (b) copies of the following documents which are provided to us for review:
    - (i) summaries of the Group's entities and the Group's Shareholders and Directors;
    - (ii) a shareholding structure chart of the Group;
    - (iii) the Sanctions DD Questionnaire;
    - (iv) summaries of the Group's customers and suppliers;
    - (v) confirmation from the Company to us dated 13 December 2024; and
    - (vi) walkthrough documents provided by the Company on a random sampling basis.
  - (c) our searches against databases maintained by Compliance Catalyst to establish whether the Company or its related entities (as advised by the Company and as fully styled) matches any of the entities which are included on the database maintained by Compliance Catalyst as entities which are the subject of the asset freeze or other restrictions imposed by international trade sanctions; and
  - (d) our searches against the relevant sanctions lists downloaded on 9 December 2024 on an "exact match" basis using the names as advised by the Company (as fully styled)

against the official full names as first listed in the sanctions lists (as opposed to alternative names, other names, or names in other forms).

- 4.1.2 We have conducted no other investigations into the Company or the Group.
- 4.1.3 We have not sought to establish the accuracy of the Information or the reliability of these sources by reference to independent evidence, but where any relevant independent evidence has been obtained this is indicated in this opinion and we have relied upon it for the purpose of preparing this opinion. We have assumed, in particular that the information held by, and obtained from Compliance Catalyst is accurate and complete.
- 4.1.4 We cannot be held responsible or liable if any of the Information provided to us is untrue, inaccurate or incomplete. No warranty or representation is given by us as to the accuracy or completeness of the Information provided to us.
- 4.1.5 Subject to 4.1.3 above, in respect of each of the source materials provided to us, we have assumed that:
- (a) any Information was when supplied (and continues to be) true, accurate and not misleading;
  - (b) the persons to whom we directed enquiries or of whom we have otherwise made enquiries were competent to answer our questions and that there were no other persons to whom we should have directed questions or of whom we should have made enquiries; and
  - (c) there is no other information which has not been disclosed to us and which has or may have a bearing on, or which is or may be material or significant in relation to, any of the Information disclosed to us.
- 4.1.6 To the extent that this opinion contains any analysis by us of information not governed by English law other than in relation to the Relevant Sanctions Regimes, unless expressly stated to the contrary, we have assumed the applicability of general legal principles similar to those of England and we have not obtained local law advice in this regard. Where non-England jurisdiction has been referred, the analysis has been conducted by an English lawyer familiar with the operation of international sanctions regimes and may only be relied upon to that extent. If more detailed analysis is required, then local counsel should be instructed.

## 5. FOREIGN LAW

- 5.1.1 This opinion is limited to matters of English law as at the date of this opinion. In so far as foreign law (other than English law) is concerned, the contents of this opinion is based on our own understanding of such foreign law gathered from our experience and previous handling of sanction/trade restrictions matters.
- 5.1.2 We can express no opinion (and accept no liability) with respect to the laws of any jurisdiction other than that of England or any documents or matters which may be subject to, or governed by, the laws of any other jurisdiction.

## 6. USE

6.1.1 This opinion is solely for the use of the Company and its underwriters and Joint Sponsors in the Global Offering and for the purposes set out in this Schedule 1.

6.1.2 None of the contents of this opinion should be published in any way, nor should this opinion be made available or copied (in whole or in part) to any person other than the Company and their other advisers without our prior written consent.

## 7. FINAL OPINION

7.1.1 This opinion is dated today. We will not take into account any matters coming to our attention after today's date and do not accept any obligation to update this opinion to take account of any facts, matters, events or circumstances coming to our attention hereafter.

7.1.2 No reliance should be placed on any draft of this opinion.

## 8. LIMITS ON LIABILITY

8.1.1 In no event shall this firm, its partners or employees be liable for any loss, damage, cost or expense arising in any way from, or in connection with, any dishonest, deliberate or reckless misstatement, concealment or other conduct on the part of any other person.

8.1.2 In certain situations there may be a risk that we will be prejudiced as a result of the Company's arrangements with other advisers to limit their liability to the Company. This could arise because we are one of several professionals advising the Company and the Company has agreed a limitation of liability with another of the Company's advisers. If this occurs in circumstances where we would otherwise be jointly and severally liable with that other adviser for a claim, the Company agrees that our position will not be adversely affected by the limitation of that other adviser's potential liability.

8.1.3 Any legal proceedings arising from or in connection with this opinion must be formally commenced within 2 years from the date when the party bringing the proceedings becomes aware, or ought reasonably to have become aware, of the fact, matter, event or circumstance giving rise to the liability alleged and, in any event, not later than 4 years after any alleged breach of contract, negligence or other act or omission.

8.1.4 In order to limit the personal liability and exposure to litigation of our employees, the Company shall not bring any claim in respect of any damage against any of our employees personally.

8.1.5 The aggregate liability of this firm, its partners and/or employees for any damage, loss, cost, claim or expense arising out of, or in connection with, this engagement and any legal advice and services provided in connection therewith, including any reports or documents prepared pursuant to it, whether such liability arises in contract, tort, negligence or as a result of a claim for misrepresentation or breach of statutory duty or otherwise, shall be limited to £5 million save that this limitation shall not exclude or limit any liability to the extent it cannot by law be so excluded or limited.

8.1.6 The provisions of this Schedule 1 shall not exclude or restrict any liability for fraud or dishonesty to the extent that they may not be so excluded or restricted by law.

## 9. GOVERNING LAW

- 9.1.1 Any obligations we incur in connection with this opinion are governed by the laws of England and the courts of England shall have exclusive jurisdiction in relation to any claim.