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Memorandum

To:	**Jiangsu New Vision Automotive Electronics Co., Ltd. (江蘇澤景汽車電子股份有限公司)**
From:	Ashurst Tokyo
Date:	March 16, 2026
CC:	Haitong International Capital Limited CITIC Securities (Hong Kong) Limited
Re:	**Memorandum of Advice – Reasoned Analysis of International Economic Sanctions and Export Controls Laws**

Contents

1. Introduction

1.1 We act as the international sanctions counsel of Jiangsu New Vision Automotive Electronics Co., Ltd. 江蘇澤景汽車電子股份有限公司 (the "**Company**"), a joint stock company incorporated in the People's Republic of China ("**PRC**") with limited liability, in connection with the Company's proposed initial public offering ("**IPO**") on the Stock Exchange of Hong Kong Limited (the "**HKEx**").

1.2 Details of the Company's proposed offering of its shares are set out in the Prospectus of the Company relating to the IPO filed with the Registrar of Companies in Hong Kong on March 16, 2026 (the "**Prospectus**") and any offering circulars of the Company (the "**Offering Circulars**"). Haitong International Capital Limited and CITIC Securities (Hong Kong) Limited (the "**Joint Sponsors**") serve as the joint sponsors for the proposed IPO. This memorandum is delivered to the Company, our client, and, at the request of and with the consent of the Company, shared in copy with the Joint Sponsors.

1.3 According to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Guide for New Listing Applicants published by the HKEx (the "**Guide**"), in regard to the business dealings that the Company and its subsidiaries (together, the "**Group**") had with certain parties (the "**Relevant Activities**"), the Company must obtain an analysis from its legal adviser, with basis, on:

(a) whether the Relevant Activities constitute Primary Sanctioned Activity that (i) violates any applicable law or regulation in the Relevant Jurisdictions; and/or (ii) results in any material sanctions risk to the Relevant Persons;

(b) whether the Relevant Activities constitute Secondary Sanctionable Activity that would likely result in the imposition of any sanctions against the Relevant Persons (including designation as a Sanctioned Target and/or the penalties which might be imposed);

(c) whether the Group is a Sanctioned Target, a Sanctioned Trader, or is located, incorporated, organized, or a resident in a Sanctioned Country;

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

(i) "**Primary Sanctioned Activity**" means any activity in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target by a listing applicant incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the Relevant Activity, such that it is subject to the relevant sanctions law or regulation.

(ii) "**Relevant Jurisdictions**" means any jurisdiction that is relevant to the listing applicant and has sanctions-related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to, or otherwise dealing in, assets of certain countries, governments, persons or entities targeted by such law or regulation. For the purpose of this memorandum, the Relevant Jurisdictions are the United States ("**U.S.**") and the United Nations ("**UN**"). Other jurisdictions that implement International Sanctions programs such as the European Union, the United Kingdom and Australia are not relevant to the Group's business.

(iii) "**Relevant Persons**" means the Group, its investors and shareholders and persons who might, directly or indirectly, be involved in permitting the listing, trading, clearing and settlement of its shares, including the Joint Sponsors, the Underwriters, the Overall Coordinators and the HKEx.

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

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

(vi) "**Sanctioned Trader**" means any person or entity that does a material portion (10% or more) of its business with Sanctioned Targets and/or Sanctioned Country entities or persons.

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

1.4 This memorandum provides an outline of international laws and regulations relating to the economic sanctions and export control restrictions administered and enforced by the Relevant Jurisdictions (collectively, the "**International Sanctions**") for the purpose of the Guide. It also provides an analysis of the application of the International Sanctions to the Relevant Activities for the four years ended December 31, 2022, December 31, 2023, and December 31, 2024, and December 31, 2025 (the "**Track Record Period**"), and from January 1, 2026, up to March 7, 2026 (such date, the "**Latest Practicable Date**").

1.5 For the purposes of this memorandum, Sanctioned Countries include the following countries or regions that are subject to a general and comprehensive export, import, financial or investment embargo: Cuba, Iran, North Korea, Syria,[1] the Crimea region of Ukraine, the self-proclaimed Luhansk People's Republic ("**LNR**") and the self-proclaimed Donetsk People's Republic ("**DNR**"). Based on the information available to us, we understand that the Group did not engage in Relevant Activities in any Sanctioned Country during the Track Record Period and up to the Latest Practicable Date.

1.6 We have additionally identified Relevant Activities during the Track Record Period and up to the Latest Practicable Date in the following countries or territories for which the Relevant Jurisdictions administer various forms of sanctions on individuals and entities located in such countries and territories (albeit not a "general and comprehensive

[1] On 30 June 2025, the White House issued Executive Order 14312, which terminated the Syria sanctions program and removed comprehensive sanctions on Syria. The Executive Order removed most sanctions targeting Syria effective July 1, 2025. On the other hand, OFAC has informed that pending or future OFAC investigations or enforcement actions related to apparent violations of the Syrian Sanctions Regulations that occurred prior to July 1, 2025 may still be carried out. As such, for the current Track Record Period covering the period when Syria was subject to comprehensive sanctions, we deem Syria a Sanctioned Country up to June 30, 2025.

export, import, financial or investment embargo" within the meaning of "Sanctioned Country" as defined in the Guide): the PRC and Russia. These countries have been identified as the "**Relevant Regions**" in this memorandum.

1.7 Our analysis and assessment in this memorandum are subject to the assumptions and limitations set out in Annex I to this memorandum.

2. Conclusion

2.1 On the basis of the information received from the Company, and after carrying out the due diligence procedures and analysis set out below, we are of the view that, during the Track Record Period and up to the Latest Practicable Date, based on the available information:

(a) the Group did not engage in any Primary Sanctioned Activity because it had no activities in any Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target. As such, our assessment is that the Group's Relevant Activities did not represent Primary Sanctioned Activity in violation of the applicable International Sanctions in the Relevant Jurisdictions that could result in any material sanctions risk to the Relevant Persons;

(b) the Group did not engage in Secondary Sanctionable Activity because it had no business activities targeted by extra-territorial provisions of sanctions laws or regulations in the Relevant Jurisdictions.

(i) Currently, only U.S. sanctions have such secondary implications.

(ii) The Company conducted one indirect sale to a Russian car manufacturer that has potential ownership links or affiliations with U.S. Sanctioned Targets. The Russian car manufacturer could be deemed a U.S. Sanctioned Target under the applicable U.S. sanctions laws. Even so, this one-time indirect sale should not be deemed a "significant" or "material" transaction to trigger U.S. secondary sanctions, and the risk that the transaction may result in the imposition of U.S. sanctions on the Relevant Persons is remote.

As such, our assessment is that the Group's Relevant Activities did not represent Secondary Sanctionable Activity

that could result in any material sanctions risk to the Relevant Persons;

(c) no Group entity has been designated as a Sanctioned Target or is located, incorporated, organized, or is a resident in a Sanctioned Country;

(d) no Group entity is a Sanctioned Trader because none of them derived a material portion of its revenue (10% or more) during the Track Record Period and up to the Latest Practicable Date from business activities with persons in any Sanctioned Country or with Sanctioned Targets; and

(e) none of the business dealings of the Group during the Track Record Period and up to the Latest Practicable Date is subject to material risks under the export control regulations of the Relevant Jurisdictions.

2.2 As no apparent or material International Sanctions risks are present, the Company is not required to adopt specific risk-mitigating measures or make specific disclosures pursuant to the Guide.

3. Executive Summary

3.1 The Group is engaged in the research and development of intelligent cockpit vision and interaction solutions for automobiles and sells to original equipment manufacturers ("**OEMs**").

3.2 United States

(a) *U.S. economic sanctions*

(i) The Group's Relevant Activities during the Track Record Period and up to the Latest Practicable Date should not give rise to material risks under U.S. sanctions and are unlikely to result in the imposition of restrictions under U.S. sanctions, given that:

(A) all Group entities were domiciled and incorporated outside of the U.S. and do not own, control, or maintain branches or affiliates which are incorporated, domiciled or otherwise located in the U.S.;

(B) except for one U.S. citizen who joined the Company's board in April 2025 as a non-executive director, no U.S. persons – as defined under U.S. sanctions laws – had any role in any

Relevant Activities, including business dealings with the Relevant Regions;

(C) the Company conducted one indirect sale to a Russian car manufacturer that has potential ownership links or affiliations with U.S. Sanctioned Targets. The Russian car manufacturer could be deemed a U.S. Sanctioned Target under the applicable U.S. sanctions laws. Even so, this one-time indirect sale should not be deemed a "significant' or "material" transaction to trigger U.S. secondary sanctions, and the risk that the transaction may result in the imposition of U.S. sanctions on the Relevant Persons is remote;

(D) except as described above, our sanctions screening of all customers and suppliers that had transactions with the Group did not reveal any U.S. Sanctioned Targets.

(b) *U.S. export controls*

The Group's Relevant Activities involving the Relevant Regions during the Track Record Period and up to the Latest Practicable Date should not give rise to material risks under U.S. export controls. This is because the Group's products sold do not incorporate more than a *de minimis* level of controlled U.S. items, nor are they subject to the EAR by virtue of being foreign direct products of controlled U.S. technologies.

(c) *U.S. connected vehicles rule*

(i) U.S. imposed certain rules related to connected vehicles. However, these rules should not have a direct impact on the Group, as no Group entity is a U.S. person. Indirect effects are also improbable, given that the Group’s products have neither been sold in the U.S. nor incorporated into vehicles sold there.

(ii) Furthermore, the Group’s products do not appear to be “directly enabling” the operation of any vehicle connectivity system or automated driving system, and, thus, should not be subject to the relevant rules.

(d) *U.S. tariffs Section 301 investigation*

The Group's business would unlikely trigger a Section 301 investigation, which targets a foreign government's acts, policies, or practices that violate or are inconsistent with U.S. trade agreement rights or are deemed "unjustifiable" and "burden or restrict" U.S. commerce. The Group does not currently sell to the U.S. directly or indirectly and its business should therefore not be subject to a Section 301 investigation. Even if the Group were to sell to the U.S. in the future, a Section 301 investigation targets actions at the government level and not private businesses, such as the Group.

3.3 United Nations

(a) The Group's Relevant Activities should not give rise to material risks of implicating restrictive measures adopted by the UN and are unlikely to be viewed as resulting in the imposition of restrictions under UN sanctions, given that:

(i) 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 UN sanctions list;

(ii) no Group entity has any business dealings with persons and/or entities designated by the UN with whom UN member states are prevented from doing business; and

(iii) no Group entity's business anywhere involves UN export-controlled products.

3.4 Compliance recommendations

In connection with any potential future International Sanctions risk, we have recommended the following internal control measures to ensure compliance with International Sanctions:

(a) Implementation of a sanctions and export controls compliance policy, which includes adequate sanctions screening of all future customers and suppliers, and to codify existing sanctions compliance practices already implemented by the Group as more particularly discussed below;

(b) Empowering the legal department to manage its exposures to sanctions risks and oversee the implementation of the related sanctions policies;

(c) Incorporation of sanctions and export controls-related clauses in contracts with customers and suppliers for international transactions.

4. Documents and Information Provided by the Company

4.1 In preparing this memorandum, we have:

(a) prepared the "HK IPO Sanctions Advice Document and Information Request List" and reviewed the Company's responses to such questionnaire (as well as related supporting materials) provided to us on August 25, 2025, and subsequent dates;

(b) reviewed the additional information and supporting documentation provided by the Company consisting of sample overseas sales contracts and sample supply contracts;

(c) subject to the limitations set out in Annex I to this memorandum, reviewed the Group's customer and supplier lists for the Track Record Period and up to the Latest Practicable Date, the list of all individual and institutional shareholders of the Group, the list of all management members of the Group, and the list of all entities within the Group, and conducted sanctions screening of all the parties identified in such lists ("**Screened Parties**");

(d) reviewed the responses provided by the Company addressing additional specific questions in respect of the Relevant Activities, which we received on various dates during the course of our analysis of the subject matter of this memorandum;

(e) obtained a written confirmation from the Company on various aspects of the Group's Relevant Activities;

(f) reviewed the Company's prospectus prepared in connection with the proposed Offering, as amended and updated;

(g) reviewed other documents and information and performed other procedures as we deemed necessary to carry out our reasoned analysis in this memorandum; and

(h) conducted numerous conference calls with the Company and its legal counsel focusing on our sanctions and related due diligence queries.

5. Background of the Group

5.1 Overview of the Group

(a) The Group is engaged in the research and development of intelligent cockpit vision and interaction solutions for automobiles and sells to automotive OEMs.

(b) During the Track Record Period and up to the Latest Practicable Date, the Group had eleven subsidiaries:

(i) 澤景(重慶)汽車電子有限責任公司 (New Vision (Chongqing) Automotive Electronics Co., Ltd.), a limited liability company established in the PRC on September 30, 2021, wholly owned by the Company, and principally engaged in research and development, sales and operation of intelligent driving products and services;

(ii) 澤景(西安)汽車電子有限責任公司 (New Vision (Xi'an) Automotive Electronics Co., Ltd.), a limited liability company established in the PRC on May 13, 2021, wholly owned by the Company, and principally engaged in the research and development of automotive components and software;

(iii) 澤景(上海)汽車電子有限公司 (New Vision (Shanghai) Automotive Electronics Co., Ltd.), a limited liability company established in the PRC on January 21, 2026, 100% owned by the Company;

(iv) 澤景(寧波)汽車電子有限公司 (New Vision (Ningbo) Automotive Electronics Co., Ltd.), a limited liability company established in the PRC on August 22, 2024, wholly owned by the Company, and principally engaged in research and development, sales and operation of intelligent driving products and services;

(v) 上海思瑞斯檢測科技有限公司 (Shanghai Sirius Testing Technology Co., Ltd.), a limited liability company established in the PRC on October 20, 2021, 85% owned by the Company, and principally engaged in testing solutions for HUD detection, vehicle detection, and photoelectric detection;

(vi) 吉林澤景汽車電子有限公司 (Jilin New Vision Automotive Electronics Co., Ltd.), a limited liability

company established in the PRC on September 29, 2021, 51% owned by the Company, and principally engaged in the research and development, sales and operation of intelligent driving products and services;

(vii) NEOVISION (Hong Kong) Limited, a company incorporated in Hong Kong on March 25, 2025, wholly owned by the Company, and principally engaged in the sale of automotive components;

(viii) GIRAFFEVISION PTE. LTD., a company incorporated in Singapore on April 28, 2025, wholly owned by NEOVISION (Hong Kong) Limited, and principally engaged in the sale of automotive components;

(ix) Giraffe Vision Co., Ltd. (Giraffe Vision 株式會社), a company incorporated in Japan on November 20, 2025, wholly owned by GIRAFFEVISION PTE. LTD;

(x) Giraffe Vision GmbH, a company incorporated in Germany on February 3, 2026, wholly owned by GIRAFFEVISION PTE. LTD. As confirmed by the Company, as of the date of this memorandum, this entity does not have any active business; and

(xi) GiraffeVision Kft, a company incorporated in Hungary on August 28, 2025, wholly owned by GIRAFFEVISION PTE. LTD., and principally engaged in the manufacture and sale of electrical equipment for motor vehicles. However, the Group has confirmed that, as of the date of this memorandum, it has not begun manufacturing in the European Union.

(c) The Company has confirmed that:

(i) none of the Company's controlling shareholders as of the date of the Prospectus is a U.S. citizen or lawful permanent resident; and

(ii) except for one independent non-executive Director of the Company since April 2025 who is a U.S. citizen (the "**U.S. Director**"), none of the Group's directors, supervisors and senior management members is a U.S. citizen or lawful permanent resident.

5.2 **Business involving the Relevant Regions during the Track Record Period and up to the Latest Practicable Date**

(a) The Group's customers primarily consisted of PRC automotive OEMs. Some of these OEMs exported automobiles incorporating the Group's products overseas, including Russia. Payments received from the Group's sales of products domestically and overseas were all denominated in RMB.

(b) The Group sourced raw materials and electronics from suppliers in the PRC. Some of those electronics were of U.S. origin as more particularly analyzed below.

6. **U.S. Sanctions and Export Controls**

6.1 **Overview of U.S. economic sanctions**

The U.S. Treasury Department's Office of Foreign Assets Control ("**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, OFAC has wide latitude to interpret and enforce its regulations based on the foreign policy goals of the U.S. Government. That said, U.S. economic sanctions generally consist of primary and secondary sanctions.

6.2 **Primary sanctions**

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

(b) The term "U.S. persons" includes:

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

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

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

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

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

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

(d) U.S. persons are also prohibited from approving, assisting, financing, guaranteeing or otherwise "facilitating," any activities by a non-U.S. person that would, if engaged in by a U.S. person, violate OFAC sanctions.

(e) The facilitation concept is broad. Typically, it arises in the context of parent companies and their subsidiaries, or between affiliates, where one entity is jurisdictionally required to comply with primary sanctions but the other is not. The issue may also arise in the dealer/sub-dealer context, where the dealer is dependent on support from its supplier/partner. A prohibited facilitation of a transaction occurs, among other instances, when a U.S. person:

(i) alters its operating policies or procedures, or those of a foreign affiliate, to permit a foreign affiliate to accept or perform a specific contract, engagement, or transaction, involving a party in or the government of 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 if performed directly by a U.S. person or from the U.S.;

(ii) refers to a foreign person's 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

(iii) changes the operating policies or procedures of a particular affiliate with the specific purpose of facilitating transactions that would be prohibited if performed by a U.S. person or from the U.S.

(f) There are two types of U.S. primary sanctions programs – "country-based" programs and "list-based" programs. Violations of either type can result in "strict" civil liability (not a negligence standard) where fines and penalties may be imposed. In addition, willful violations may result in criminal liability, punishable by imprisonment and elevated fines.

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

(A) Comprehensive country-based sanctions programs prohibit U.S. persons from dealing in any manner with a sanctioned country and their governments. Currently, the U.S. maintains comprehensive sanctions programs against: Cuba, Iran, North Korea, the Crimea region of Ukraine, the DNR and the LNR.

(B) Generally, comprehensive country sanctions programs prohibit transactions with or services in, from, or benefitting the targeted country. However, the comprehensive country sanctions programs may also be applicable to transactions outside the country. For example, the Cuban sanctions program prohibits U.S. persons from engaging in transactions with any Cuban national (persons or entities) located in countries outside of Cuba (except for the U.S.), or Cuban goods outside of Cuba. The current Iran sanctions also apply outside of Iran to transactions involving the Government of Iran or entities that are owned or controlled by the Government of Iran.

(ii) *List-based programs.* In addition to country-based targets, primary U.S. sanctions include list-based sanctions that prohibit U.S. persons from dealing with or facilitating dealings with individuals, entities, and organizations that have been designated as Specially Designated Nationals ("**SDNs**") on the Specially Designated Nationals and Blocked Persons list ("**SDN List**") by OFAC. Currently, the U.S. government maintains list-based sanctions programs targeting:

(A) Afghanistan, the Balkans, Belarus, Central African Republic, Congo (DR), Ethiopia, Hong Kong, Iraq, Lebanon, Libya, Mali, Myanmar (Burma), Nicaragua, Russia, Somalia, South Sudan, Sudan, Ukraine, Venezuela and Yemen;

(B) terrorists and terrorist organizations;

(C) narcotics traffickers;

(D) transnational criminal organizations;

(E) persons involved in corruption;

(F) persons involved in U.S. election interference;

(G) persons involved in taking hostages and wrongfully detaining U.S. nationals;

(H) persons involved in the proliferation of weapons of mass destruction;

(I) cyber-attackers; and

(J) certain persons at the International Criminal Court.

(g) U.S. persons are not allowed to have any dealings whatsoever with, or facilitate dealings with, parties designated on the SDN List unless specifically authorized by OFAC. The SDN List is updated frequently and is available on OFAC's website www.ustreas.gov/ofac. Numerous vendors also provide screening solutions that can be tailored to fit a particular business's needs and IT systems.

6.3 **Secondary sanctions**

(a) In addition to primary sanctions, the U.S. also imposes secondary sanctions under some of its sanctions programs.

Secondary sanctions authorize the U.S. government to impose sanctions on non-U.S. persons located anywhere, who engage in certain prohibited transactions (e.g., "significant transactions" or "material assistance" with parties blocked by U.S. sanctions) even without any U.S. nexus. The detailed rules of such secondary sanctions differ by sanctions regimes but they mainly authorize sanctions on non-U.S. persons who engage in certain material or significant transactions with or for the benefit of SDNs or blocked persons (entities owned 50% or more by SDNs).

(b) In determining "material assistance" or "significant transactions," OFAC will consider the totality of the facts and circumstances when making the determination. As a general matter, some or all of the following factors may be considered: (1) the size, number, and frequency of the transaction(s); (2) the nature of the transaction(s); (3) the level of awareness of management and whether the transaction(s) are part of a pattern of conduct; (4) the nexus between the transaction(s) and the person subject to sanctions imposed by the U.S.; (5) the impact of the transaction(s) on the objectives of the relevant sanctions regimes; (6) whether the transaction(s) involve deceptive practices; and (7) such other factors that OFAC deems relevant on a case-by-case basis.

(c) While OFAC has not given any indication of the monetary threshold for determining "significant" transactions, based on our experience advising other clients in similar situations as well as market practice, transactions with a cumulative value exceeding USD 0.5 million would most likely be considered "significant." On the other hand, while U.S. sanctions laws provide significant discretion on what "material assistance" means, OFAC has designated non-U.S. persons as SDNs for being involved in high value transactions with SDNs, activity that intentionally undermines U.S. sanctions regulations, or otherwise structured, deceptive or evasive conduct.

(d) Secondary sanctions grant broad discretion to the U.S. President and his delegated representatives to deny access to the U.S. economic system to those non-U.S. persons determined to have engaged in the specified transactions. The President and his delegated representatives may choose from a list of pre-determined penalties, such as:

(i) prohibition on U.S. Government contracting;

(ii) prohibition on U.S. visas for corporate officers;

(iii) prohibition on using the U.S. financial system; and

(iv) designation as an SDN.

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

6.4 Ownership and control

(a) For purposes of both primary and secondary sanctions, OFAC applies the "50 Percent Rule," which dictates that any entity that is 50% or more owned directly or indirectly by one or more SDNs is considered blocked (i.e., treated as an SDN) even though the entity itself does not appear on the SDN List.

(b) When it comes to determining the sanctions status of an entity affiliated with an SDN, U.S. sanctions focus only on ownership but not "control" as in United Kingdom and European Union sanctions. That said, if an entity has non-majority ownership or control by one or more SDNs, it is important to exercise caution not to directly or indirectly deal with the SDNs, including an SDN acting on behalf of the non-blocked entity (e.g., an SDN in a CEO capacity of a non-blocked entity). In addition, while such entities with minority SDN ownership are not automatically SDNs or blocked entities, they could be added to the SDN List or become the subject of an enforcement action at any time or one or more SDNs could increase ownership to 50% or more in the aggregate.

(c) The greater the SDN's control over a non-blocked entity (especially if coupled with a significant minority ownership by the SDN), the higher the risk that OFAC could consider such entity to be, in effect, the alter ego of the SDN. If the non-blocked entity was seen to effectively be the SDN either generally or in the dealing in question, dealing with the non-blocked entity could be considered as dealing with the SDN itself, OFAC has interpreted "control" to include controlling the actions, policies, or personnel decisions of the entity. OFAC may consider joint control by an SDN and a non-SDN to be sufficient to designate an entity as an SDN.

(d) Determining whether a person is "controlled" by an SDN would require thorough due diligence to ensure that one is not "knowingly" entering into a sanctioned transaction. As set forth

in the Countering America's Adversaries Through Sanctions Act (August 2, 2017, P.L. 115-44), a sanctions law enacted by the U.S. Congress ("**CAATSA**"), "knowingly" would include a situation in which a person "should have known" of the sanctionable conduct, even if the person had no actual knowledge.[2]

6.5 Non-blocking "list-based" sanctions

(a) In addition to the foregoing sanctions programs that impose "blocking" sanctions, the U.S. maintains “list-based” sanctions programs against targeted regimes, entities and individuals that have been found to have taken actions contrary to the foreign policy or national security interests of the U.S.

(b) OFAC has consolidated parties identified on the non-blocking "list-based" sanctions on the Consolidated Sanctions List, which includes the Sectoral Sanctions Identifications List[3], the Non-SDN Menu-Based Sanctions List and the Non-SDN Chinese Military-Industrial Complex Companies List.

(c) Generally, these lists prohibit U.S. persons from engaging in certain transactions – typically financing and investments – with certain economic sectors of Belarus, the PRC, Russia, and Venezuela. These lists have limited, if any, impact on non-U.S. persons and on other transactions with the relevant economic sectors.

6.6 U.S. Sanctions Targeting the Relevant Regions

(a) *PRC*

The U.S. does not maintain comprehensive sanctions against the PRC or any sanctions that are territorial in nature and that apply to the PRC as a country. That said, OFAC and the U.S. Department of State have designated over 950 individuals and entities located in China on the SDN List under various sanctions programs, such as the programs targeting Russia, Iran, North Korea, Hong Kong, illicit drugs, cyber-related attacks and the Global Magnitsky Sanctions program.

(b) *Russia*

[2] 22 U.S.C. § 9521(4).

[3] The 50 Percent Rule also applies in relation to the sectoral sanctions – entities owned 50% or more by one or more entities on the SSI List are also subject to the same restrictions as the SSI entities.

(i) The U.S. maintains four sanctions programs related to Russia:

(A) Russia Harmful Foreign Activities Sanctions, consisting of the following Executive Orders – 14024 of April 15, 2021, 14039 of August 20, 2021, 14066 of March 8, 2022, 14068 of March 11, 2022, 14071 of April 6, 2022, and 14114 of December 22, 2023 – which the U.S. President issued after finding that the Government of the Russian Federation's harmful foreign activities constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the U.S.;

(B) Ukraine/Russia-related Sanctions, consisting of the following Executive Orders – 13660 of March 6, 2014, 13661 of March 16, 2014, 13662 of March 20, 2014, 13685 of December 19, 2014 – which the U.S. President issued after finding that the actions and policies of the Government of Russia, including its purported annexation of Crimea and its use of force in Ukraine, continue to undermine democratic processes and institutions in Ukraine; threaten its peace, security, stability, sovereignty, and territorial integrity; and contribute to the misappropriation of its assets, and thereby constitute an unusual and extraordinary threat to the national security and foreign policy of the U.S., and Executive Order 14065 of February 21, 2022, which the U.S. President issued after finding that Russia's purported recognition of the DNR or LNR contradicts Russia's commitments under the Minsk agreements and further threatens the peace, stability, sovereignty, and territorial integrity of Ukraine;

(C) Countering America's Adversaries Through Sanctions Act-Related Sanctions, consisting of Executive Order 13849 of September 20, 2018, to implement the CAATSA; and

(D) Magnitsky Sanctions, consisting of the Magnitsky Act Sanctions Regulations (31 CFR 584), to implement the Sergei Magnitsky Rule of

Law Accountability Act of 2012 (December 14, 2012, P.L. 112-208), a sanctions law enacted by the U.S. Congress.

(ii) In addition, the U.S. President issued the following Executive Orders targeting malicious Russian actors/activities:

(A) Two Executive Orders, 13694 of April 1, 2015, and 13757 of December 28, 2016, in respect of significant malicious cyber-enabled activities; and

(B) Executive Order 13848 of September 12, 2018, in respect of foreign interference in the United States elections.

(iii) Further, the U.S. Congress has enacted two other sanctions laws targeting Russia: the Ukraine Freedom Support Act of 2014 (P.L. 113-272), and the Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 (P.L. 113-95).

(iv) The sanctions on Russia take several different forms:

(A) Certain Russian persons and entities have been placed on the SDN List and thus U.S. persons and, in most cases (particularly the SDN designations implemented in 2022), non-U.S. persons, are prohibited from dealing with them and the entities that they own 50% or more of (directly or indirectly, solely or in aggregate);

(B) the Crimea region, DNR and LNR regions of Ukraine are subject to a comprehensive trade embargo for U.S. persons and most of these restrictions will also apply to non-U.S. persons;

(C) non-U.S. persons face heightened secondary sanctions risk for engaging in activities that provide material assistance, sponsorship, financial, material, or technological support for, or goods or services to, or in support of Russia's attempt to annex the Kherson and Zaporizhzhya regions of Ukraine;[4]

[4] See OFAC FAQ 1091 (https://ofac.treasury.gov/faqs/1091).

(D) "sectoral" sanctions (mainly applicable to U.S. persons) have been imposed on Russia's energy, financial, and defense industries, among other sectors, and target specified types of investment, finance, and/or sales of U.S.-origin goods and services to these industries as well as key public financial institutions;

(E) significant export control restrictions, including a general denial policy for certain categories of goods exported to Russia (semiconductors, computers, information security), and removing Russia from the preferred trade partner status, which will impact U.S. content/origin goods and technology being transferred to Russia or Russian parties anywhere in the world;

(F) removal of numerous Russian banks from the SWIFT messaging system, ensuring that those banks were disconnected from the international financial system;

(G) restriction of "new investment" in Russia by U.S. persons;

(H) price caps on certain Russian energy resources sold internationally; and

(I) secondary sanctions threatening the imposition of penalties on non-U.S. persons that undertake a variety of defined activities with Russia, including significant transactions with SDNs, operating in Crimea, construction of energy export pipelines, sanctions evasion, corruption, and defense and intelligence-related sector transactions.

(v) Russia continues to be a jurisdiction of heightened U.S. sanctions risks. Since Russia invaded Ukraine in February 2022, the U.S. Treasury and Department of State have imposed numerous and significant sanctions targeting Russian individuals, entities, vessels and airplanes, as well as non-Russian individuals and entities that support Russia's war in Ukraine and/or Russian efforts to circumvent or evade U.S. sanctions.

6.7 Application of U.S. economic sanctions to the Group

(a) *The Group's U.S. nexus*

(i) The Company has confirmed that, during the Track Record Period and up to the Latest Practicable Date:

(A) All Group entities were domiciled and incorporated outside of the U.S. and do not own, control, or maintain branches or affiliates which are incorporated, domiciled or otherwise located in the U.S.;

(B) Except for the U.S. Director, no U.S. persons – as defined under U.S. sanctions laws – had any role in any Relevant Activities, including business dealings with the Relevant Regions. The U.S. Director's responsibilities to provide independent advice on the Company's operation and management began in April 2025.

(C) The Group did not use USD payments in its business dealings involving the Relevant Regions.

(ii) As more particularly explained below, we have not identified any Relevant Activities of the Group with any Sanctioned Countries or Sanctioned Targets

(iii) Therefore, our assessment is that:

(A) The Group's Relevant Activities are generally not subject to exposure to U.S. primary sanctions risk; and

(B) U.S. secondary sanctions targeting the Relevant Regions are generally relevant to the Group's business dealings during the Track Record Period and up to the Latest Practicable Date.

(b) *U.S. economic sanctions risk*

(i) Sales to OEM with a Russian end user

(A) On May 22, 2024, a Group subsidiary conducted a one-time sale of advanced driver assistance system software, priced at approximately RMB 3 million (approximately USD 414,000), to a

certain customer ("**Customer One**"). Such sale represented approximately 0.52% of the Group's total sales revenue in the year ended December 31, 2024. Our sanctions screening indicates that Customer One is not a Sanctioned Target.

(B) The Company understood that the end user in the transaction was a Russian company ("**End User One**").

(C) The full ownership of End User One is unclear based on public information (as is the case with many Russian companies) and we are thus unable to determine End User One's beneficial owner or owners. However, based on our due diligence, it is possible – albeit unlikely given Russian companies' careful attempts to structure ownership without unnecessary sanctions exposure – that End User One might potentially be owned by a Russian company which was designated as an SDN on June 28, 2022 pursuant to Executive Order 14024 (the "**SDN Russian Company**"). Our due diligence also suggests that End User One might also be owned by another Russian company (the "**SDN-Affiliated Russian Company**"), whose numerous senior officials were designated as SDNs on January 10, 2025, for operating or having operated in the energy sector of the Russian Federation economy. Under OFAC's 50 Percent Rule, if 50% or more of End User One's ownership could be traced to the SDN Russian Company and/or the sanctioned officials of the SDN-Affiliated Russian Company, OFAC would deem End User One to be an SDN.

(D) The Company has confirmed that:

(aa) it did not uncover any sanctions concerns with End User One during its internal compliance checks before its subsidiary entered into the transaction with End User One, and it is not aware of any affiliation between End User One and the SDN Russian Company;

(bb) the Group has ceased all current and future business relationships with Customer One and End User One (including affiliates); and

(cc) other than certain outstanding trade receivables related to the one-time sale to Customer One on May 22, 2024, the Group has no pending or future transactions, whether direct or indirect, with Customer One or End User One (including their affiliates).

(E) Even assuming that End User One is 50% or more owned by the SDN Russian Company, sanctioned officials of the SDN-Affiliated Russian Company or other sanctioned parties, the Group's one-time RMB-denominated transaction with End User One should not give rise to material risks of contravening U.S. secondary sanctions because it would unlikely be deemed "significant" or "material" by OFAC.

(F) As discussed in paragraph 6.3(b) above, OFAC will deem a transaction to be "significant" or "material" based on circumstances including factors such as the transaction amount and frequency.[5] Our assessment is that even if End User One is deemed an SDN, OFAC should not consider the Company's sale to End User One to be "significant" or "material" because:

(aa) The transaction was a one-time sale of non-sensitive goods that did not involve any U.S. persons, USD, or U.S. nexus.

(bb) The transaction did not have a substantial or direct nexus to any other blocked person or sanctionable activities.

(cc) The one-time low-volume transaction is unlikely to have undermined the statutory objectives of the U.S. sanctions programs against Russia.

[5] See OFAC FAQ 542 (https://ofac.treasury.gov/faqs/589).

(dd) As the Company did not find any sanctions concerns with End User One at the time of the sale, the Company conducted this one-time transaction without intention to breach any regulations and without knowledge that they might potentially cause a sanctions risk, suggesting that the Group's management had no intention to evade or avoid U.S. sanctions.

(ee) We have not identified evidence from our due diligence procedures suggesting that the transaction involved any deceptive practices, such as concealing the identity, origin, destination, or ownership of the goods, the parties, or the funds involved in the transaction.

(ff) The Group has no pending or future transactions with Customer One, End User One or its affiliates, and has ceased all current and future business relationships with Customer One, End User One and their affiliates.

(G) On the basis of our due diligence process and review of the information provided by the Company, together with the Company's confirmations as described above, our assessment is that, even if End User One is deemed an SDN, the Company's one-time RMB sale to End User One has no U.S. nexus to trigger the relevant primary U.S. sanctions restrictions and should not be deemed a "significant" or "material" transaction to trigger U.S. secondary sanctions.

(ii) Sales to other PRC-based OEMs

(A) The Group conducts sales to its PRC automotive OEMs customers, who then sell automobiles containing the Group's products to end users in the PRC and overseas. As the end users of its automotive OEMs are trade secrets, the Group is unable to obtain identifying

information of all end users and therefore cannot verify the sanctions status of all end users.

(B) The Group conducts all its sales on its OEM customers' standard terms, and has no knowledge or control over their decisions as to where or to whom their automobiles incorporating the Group's products are sold. Nevertheless, the Group has implemented the following measures aiming to prevent the OEM customers from selling automobiles containing the Group's products to sanctioned end users:

(aa) Before entering into any OEM customer's procurement contract, the Group conducts background checks on prospective customers. This process includes reviewing the customer's registration details, business history, and credit records. The Group utilizes public databases and commercial information platforms to determine whether the customer has any connections to sanctioned entities or countries.

(bb) The Group seeks to secure the right to conduct compliance audits of its customers within contractual agreements. Since customer agreements typically use fixed templates, the ability to modify contract terms is limited, but this right can be negotiated and incorporated where possible. Through regular or ad hoc audits, the Group can assess whether customers are adhering to applicable international sanctions and export control regulations. The inclusion of such audit rights requires negotiation and mutual agreement with the customer.

(cc) The Group analyzes transaction data and logistics information to promptly identify any unusual or suspicious trading activities. This ongoing monitoring helps to detect and address potential violations

of sanctions and export control laws in a timely manner.

(C) On the basis of the foregoing, our assessment is that the risk that the Relevant Activities with the other PRC-based OEMs would contravene U.S. secondary sanctions is remote.

(iii) Other Relevant Activities during the Track Record Period and up to the Latest Practicable Date

(A) Subject to the limitations set out in Annex I to this memorandum, we have screened the Group's customers and suppliers during the Track Record Period and up to the Latest Practicable Date using a third-party screening provider against the sanctions lists maintained by the Relevant Jurisdictions. Our screening indicated that none of these counterparties is a Sanctioned Target or is owned or controlled by any Sanctioned Target. As such, the Group has not engaged in any Secondary Sanctionable Activity.

(B) As the Group has been unable to verify the identities and sanctions status of all end users, there remains some risk that its products may, without the Group's knowledge and authorization, end up with sanctioned end users. Nevertheless, given the compliance measures that the Group has taken as described above, the risk that the Group's indirect sales to sanctioned end users would contravene U.S. secondary sanctions and trigger enforcement action remains remote.

(c) *Risk assessment concerning U.S. economic sanctions*

On the basis of the foregoing, our assessment is that the Group's U.S. primary and secondary sanctions risks for its Relevant Activities are remote.

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

(a) *Overview*

(i) Unlike U.S. economic sanctions that apply based on the persons involved, U.S. export controls apply based on the products involved. Any item that is sent from the U.S. to a foreign destination is an export. "Items" include commodities, software or technology, circuit boards, blueprints, design plans, retail software packages, and technical information. The method by which an item is exported does not matter in determining export license requirements. For example, an item can be sent by regular mail, hand-carried on an airplane, or sent via facsimile; software can be uploaded to or downloaded from an internet site; or technology can be transmitted via e-mail or during a telephone conversation.

(ii) The U.S. Department of Commerce, Bureau of Industry and Security ("**BIS**") regulates exports of commercial and dual-use products, software, and technology. These controls are authorized by the Export Administration Act of 1979, as amended and extended, and implemented by the Export Administration Regulations ("**EAR**").

(iii) The EAR applies to exports of commodities, software, and technical data from the U.S. to foreign countries, to re-exports from one foreign country to another, and to transfers within a foreign country. The EAR may require a license for the exports, re-exports, and in-country transfers of certain US-origin content as well as foreign-made products incorporating US-origin content, depending on (A) what the U.S.-origin content is (i.e., judging by the Export Control Classification Number ("**ECCN**")), (B) what the end product/use is (with much more stringent regulation of items with military capabilities), (C) who the end user is (certain end users are subject to specified restrictions imposed by BIS), and (D) the ultimate destination of the U.S.-origin content or the foreign-made products (specific rules are prescribed based on the Country Groups in Supplement No. 1 to Part 740, Title 15 of the Code of Federal Regulations).

(iv) BIS maintains the Commerce Control List ("**CCL**") which includes items (i.e., commodities, software, and technology) subject to the authority of BIS. Items are

identified by their ECCNs on the CCL. In addition, those items subject to the EAR but not identified on the CCL are identified by the designator "EAR99." EAR99 items generally consist of low-level technology, consumer goods, etc. and do not require a license in most situations for exports, re-exports, or transfers (in-country). However, if the proposed export, re-export, or transfer of an EAR99 item is to an embargoed country, to an end user of concern (e.g., a customer on the BIS Entity List, as more particularly described below), or is in support of a prohibited end use, a BIS license may be required.

(v) Foreign-made Items located outside the United States that are subject to the EAR include, of relevance:

(A) certain foreign-made commodities that incorporate controlled US-origin commodities;

(B) certain foreign-made commodities that are "bundled" with controlled US-origin software;

(C) certain foreign-made software that is commingled with controlled US-origin software;

(D) certain foreign-made technology that is commingled with controlled US-origin technology;

(E) certain foreign-produced "direct products" of specified "technology" and "software"; and

(F) certain foreign-produced products of a complete plant or any major component of a plant that is a "direct product" of specified "technology" or "software."

(vi) For foreign-made products that incorporate controlled US-origin content, BIS allows them to be exempted from the EAR if such products incorporate less than the de minimis level of controlled U.S. content (the "***de minimis* rule**"). The application of the de minimis rule requires calculation of the value of controlled US-origin content in foreign-made items. The de minimis threshold is 25% or 10%, depending on the country of ultimate destination.

(vii) For foreign-produced products that are "direct products" of specified "technology" and "software" or products of a complete plant or any major component of a plant that is a "direct product" of specified "technology" or "software," the EAR also prescribes rules in 15 CFR 734.9 for determining when a foreign-produced product is subject to the EAR (the "**FDP rules**"). Certain key concepts in relation to the application of the FDP rules are as follows:

(A) The specified "technology" or "software" refers to technology or software subject to the EAR and specified in certain ECCNs. The specified "technology" and "software" differ by the specific FDP rule.

(B) "Direct product" refers to the immediate product (including processes and services) produced directly by the use of technology or software.

(C) A "major component" of a plant located outside the United States means "equipment" that is essential to the "production" of an item, including testing "equipment."

(D) "Equipment" includes a combination of parts, components, accessories, attachments, firmware, or software that operate together to perform a function of, as, or for an end item or system.

(E) "Production" means all production stages, such as: product engineering, manufacture, integration, assembly (mounting), inspection, testing and quality assurance.

(viii) Specifically in relation to Russia, 15 CFR 746.8 prescribes stringent license requirements, including, of relevance:

(A) A license is required to export, reexport, or transfer (in-country) to or within Russia any item subject to the EAR and specified in any ECCN on the CCL.

(B) A license is required to reexport, export from abroad, or transfer (in-country) to any

destination any foreign-produced item subject to the EAR under the Russian FDP Rule discussed above.

(C) A license is required to export, reexport, or transfer (in-country) any item subject to the EAR listed in supplements no. 4, 5 and 6 to Part 746 of the EAR to or within Russia.

(ix) Additionally, 15 CFR 744.8 prescribes license requirements to export, reexport, or transfer (in-country) any item subject to the EAR when a person who is designated on the SDN List under any of the following OFAC sanctions programs is a "party" (e.g., purchaser, intermediate consignee, ultimate consignee, or end-user) to the transaction ("**BIS SDN Crossover Rule**"):[6]

(A) seven Executive Orders related to Russia's harmful foreign activities, including its aggression in Ukraine dating back to its 2014 annexation of Crimea as well as the recent further invasion in 2022 and the undermining of democratic processes or institutions in Belarus (Executive Orders 13405, 13660, 13661, 13662, 13685, 14024, and 14038);

(B) two programs related to terrorism (Foreign Terrorist Organizations Sanctions Regulations and Global Terrorism Sanctions Regulations);

(C) the Weapons of Mass Destruction Proliferators Sanctions Regulations; and

(D) four programs related to narcotics trafficking and other criminal networks (Executive Orders 13581 and 14059, the Narcotics Trafficking Sanctions Regulations, and the Foreign Narcotics Kingpin Sanctions Regulations).

(x) BIS administers various lists of parties of concern. Various export restrictions apply to the exports, re-exports, and transfers within a foreign country to

[6] 15 CFR 744.8.

entities designated on the lists.[7] The main BIS lists include the following:

(A) Denied Persons List: a list of individuals and entities that have been denied export privileges. Any dealings with a party on this list that would violate the terms of its denial order are prohibited (15 CFR 764.3(a)(2)).

(B) Entity List: a list of foreign parties that are prohibited from receiving some or all items subject to the EAR unless the exporter secures a license, usually subject to a policy of denial. In most instances, license exceptions are unavailable for the export, re-export, or transfer (in-country) to a party on the Entity List of items subject to the EAR.

(C) Unverified List: a list of parties whose bona fides BIS has been unable to verify. No license exceptions may be used for exports, re-exports, or transfers (in-country) to Unverified parties. A statement must be obtained from such parties prior to shipping items not subject to a license requirement (15 CFR 744.15).

(D) Military End User List: a list of foreign parties identified in Supplement No. 7 to Part 744 that are prohibited from receiving items described in Supplement No. 2 of Part 744 of the EAR unless the exporter secures a license. 15 CFR 744.21 defines "military end user" to mean the national armed services (army, navy, marine, air force, or coast guard), as well as the national guard and national police, government intelligence or reconnaissance organizations (excluding those subject to restrictions under 15 CFR 744.22(f)(2)), or any person or entity whose actions or functions are intended to support

[7] Effective September 29, 2025, the BIS issued an interim final rule, "Expansion of End-User Controls to Cover Affiliates of Certain Listed Entities," introducing an "Affiliates Rule" into the EAR that automatically extends certain EAR end user licensing requirements and restrictions to unlisted foreign affiliates owned 50% or more by one or more entities on any of the Entity List, Military End-User List, or by SDNs blocked under certain OFAC sanctions programs identified in the BIS SDN Crossover Rule ("**BIS Affiliates Rule**"). Effective November 10, 2025, the BIS imposed a one-year suspension of the Affiliates Rule, following ongoing trade negotiations between the U.S. and the PRC (90 FR 50857).

"military end uses" as defined in 15 CFR 744.21(f). BIS has noted that the Military End User List is not exhaustive, and exporters, re-exporters, or transferors must conduct their own due diligence for entities not identified on the List.

(xi) BIS has provided certain license exceptions authorizing entities to export or re-export under specified conditions items subject to the EAR that would otherwise require a license. Each License Exception bears a three-letter symbol that will be used for export clearance purposes.

(b) *Analysis*

(i) Our U.S. export controls analysis focuses on addressing two key issues: (1) whether the Group's products sold during the Track Record Period and up to the Latest Practicable Date were subject to the EAR, and if yes, (2) whether the customers and/or end users are subject to U.S. export control restrictions (e.g., on the Entity List or subject to military end user-related restrictions). In conclusion, we do not believe that the Group's products sold were subject to the EAR. The detailed reasoning is as follows.

(ii) We examine whether the Group's products are subject to the EAR under both the FDP rules and the *de minimis* rule. The Group has confirmed that its product design and manufacturing process utilizes certain U.S.-origin software and technology. Based on inquiry with its suppliers, the Group has confirmed that such software and technology are all classified as EAR99. The Group's products are thus not subject to the FDP rules as they are not direct products of software or technology specified in any ECCN. On the other hand, the Group has confirmed that its products sold during the Track Record Period and up to the Latest Practicable Date contained certain U.S.-origin integrated circuits ("**IC**") from its PRC suppliers, none of which are on any BIS lists as at the date of this memorandum. Based on inquiry with its suppliers, the Group has confirmed that all of these ICs are classified as EAR99. EAR99 items do not require a license for export, re-export to or in-country transfer in China, Russia or other countries (other than the Sanctioned Countries). They are thus not considered "controlled"

U.S. items and not counted in the *de minimis* calculation. As the Group's products do not incorporate any other U.S.-origin parts, technology or software, their products destined to China, Russia and other countries (other than the Sanctioned Countries) do not contain the *de minimis* level of controlled U.S. items to subject them to the EAR. We further understand based on information provided by the Group that it did not sell to any Sanctioned Countries during the Track Record Period and up to the Latest Practicable Date. Accordingly, all Group products sold during the Track Record Period and up to the Latest Practicable Date should not be subject to the EAR. This means that the Group's sales of products during the Track Record Period and up to the Latest Practicable Date should not be subject to restrictions under U.S. export controls (including restrictions applicable to customers who are on any BIS lists). That said, our screening has not identified any customers of the Group during the Track Record Period and up to the Latest Practicable Date who are on any BIS lists.

(iii) Furthermore, the Group and our due diligence have further confirmed that the Group does not have any customers who are military end users.

(iv) On the basis of our analysis above, together with the Group's relevant confirmations, our assessment is that the Group's sales activities during the Track Record Period and up to the Latest Practicable Date should not give rise to materials risks under U.S. export controls.

(c) *Entity List designation and removal of Group supplier*

(i) As stated above, during the Track Record Period and up to the Latest Practicable Date, the Group procured certain components from a Chinese supplier ("**Supplier One**").

(ii) Based on our due diligence, Supplier One is an indirect PRC subsidiary of a company that was added to the Entity List on October 8, 2025 ("**the Entity List Company**").

(iii) The Group obtained a letter from the Entity List Company dated October 17, 2025, which explained that:

(A) BIS is expected to remove the Entity List Company's affiliates, including Supplier One, that were added to the Entity List on October 8, 2025, and to publish notification of these removals in the Federal Register.

(B) Until such publication occurs, BIS has issued an authorization for the Entity List Company and its current "suppliers, partners, and others acting for on behalf of" the Entity List Company until the earlier of February 14, 2026, or BIS publishing a Federal Register notice removing the Entity List Company's. affiliates, including Supplier One, from the Entity List. Accordingly, these parties are authorized to export, reexport, and transfer (in-country) items classified under certain ECCNs, including EAR99 items; i.e., under the same conditions that applied before October 8, 2025.

(iv) On November 12, 2025, BIS removed Supplier One, among other PRC and Hong Kong-incorporated affiliates of the Entity List Company added on October 8, 2025, from the Entity List.[8] Accordingly, our assessment is that the Group's transactions with Supplier One should not be subject to any enforcement risk under the EAR.

(v) On the basis of the foregoing, the BIS' addition and subsequent removal of Supplier One, a Group supplier of U.S.-origin ICs classified as EAR99, have no material export control implications to the Group's Relevant Activities.

7. U.S. Connected Vehicles Rule

7.1 Overview of the rule

(a) On May 17, 2019, President Trump issued Executive Order 13873 "Securing the Information and Communications Technology and Services Supply Chain," (the "**Connected**

[8] 90 FR 50858

Vehicles Order"), which identified risks to national security posed by transactions involving information and communications technology and services ("**ICTS**") designed, developed, manufactured, or supplied by persons owned or controlled by, or subject to the jurisdiction or direction of "foreign adversaries," including countries such as the PRC, Cuba, Iran, North Korea, Russia and Venezuela under Nicolás Maduro's government.

(b) On March 17, 2025, BIS published the final rule (the "**Connected Vehicles Rule**"), implementing the Connected Vehicles Order, prohibiting transactions involving hardware or software directly enabling "Vehicle Connectivity Systems" ("**VCSs**") or "Automated Driving Systems" ("**ADSs**"), designed, developed, manufactured, or supplied by persons owned or controlled by, or subject to the jurisdiction or direction of the PRC, including Hong Kong and Macau (collectively, for the purposes of the Connected Vehicles Rule, "**China**"), or Russia.[9]

(c) Under the Connected Vehicles Rule, subject to stated exceptions, U.S. persons are prohibited from entering into certain prohibited transactions involving the import or sale of (i) "covered VCS hardware" or (ii) "covered software." "Related prohibited transactions" involving connected vehicle manufacturers owned or controlled by, or subject to the jurisdiction or direction of, China or Russia, irrespective of where the connected vehicle was manufactured, are also blocked under the rule.

(d) Such prohibitions are to take effect in phases, in recognition of the time required for manufacturers to comply with the regulation. Software prohibitions will take effect for vehicles with model year 2027.[10] Hardware prohibitions will take effect for vehicles with model year 2030, or January 1, 2029 for vehicles without a model year. Prohibitions on connected vehicles with a nexus to China or Russia will take effect for vehicles with model year 2027. "Model year" refers to the year used to designate a discrete vehicle model, irrespective of the calendar year in which the vehicle was actually produced, provided that the production period does not exceed 24 months

[9] 15 CFR Part 791.

[10] 15 CFR 791.308.

(e) *Key Definitions*

(i) Connected vehicles

(A) The Connected Vehicles Rule applies only to the import or sale of "connected vehicles". This includes any vehicle "driven or drawn by mechanical power and manufactured primarily for use on public streets, roads, and highways, that integrates onboard networked hardware with automotive software systems to communicate via dedicated short-range communication, cellular telecommunications connectivity, satellite communication, or other wireless spectrum connectivity with any other network or device."[11] Vehicles operated on a rail line or with a gross vehicle weight rating of over 4,636 kilograms (10,000 pounds) are excluded from this definition.

(B) In the Advance Notice of Proposed Rulemaking dated March 3, 2024 (the **"Advance Notice"**), BIS observed that the definition of "connected vehicle" would *"likely include automotive vehicles, whether personal or commercial, capable of global navigation satellite system (GNSS) communication for geolocation; communication with intelligent transportation systems; remote access or control; wireless software or firmware updates; or on-device roadside assistance."*[12]

(ii) Connected vehicle manufacturer

(A) Certain prohibitions under the Connected Vehicles Rule apply to "connected vehicle manufacturers". Such persons include any U.S. person who:

[11] 15 CFR 791.301.

[12] BIS was commenting on the definition of "connected vehicle" as originally proposed in the Advance Notice, which is largely the same as the current version of the definition, save that the current definition includes "a weight constraint".

(aa) manufactures or assembles completed connected vehicles[13] in the U.S. for sale in the U.S.;

(bb) imports completed connected vehicles for sale in the U.S.; and/or

(cc) integrates ADS software on a completed connected vehicle for sale in the U.S.. A connected vehicle manufacturer may also be a VCS hardware importer if VCS hardware has already been installed in a connected vehicle when the connected vehicle manufacturer imports it.

(iii) U.S. person

15 CFR 791.2 defines "*United States person"* as any United States citizen; any permanent resident alien; any entity organized under the laws of the United States or any jurisdiction within the United States (including such entity's foreign branches); or any person in the United States.

(iv) Vehicle connectivity system

(A) A "vehicle connectivity system" includes any hardware or software item installed in or on a completed connected vehicle that directly enables the function of transmission, receipt, conversion, or processing of radio frequency communications at a frequency of over 450 megahertz.

(B) A hardware or software item will not be deemed a VCS if it exclusively:

(aa) enables the transmission, receipt, conversion, or processing of automotive sensing;

(bb) enables the transmission, conversion, or processing of ultrawideband

[13] A completed connected vehicle is a vehicle which requires no further manufacturing operations to perform its intended function. BIS has confirmed that the integration of an ADS (as defined below) into a connected vehicle constitutes a manufacturing operation for a completed connected vehicle: 15 CFR 791.301.

communications to directly enable physical vehicle access;

(cc) enables the receipt, conversion or processing of unidirectional radio frequency bands (*e.g.,* global navigation satellite systems (GNSS), satellite radio, AM/FM radio); or

(dd) supplies or manages power for the VCS.

(C) BIS has provided the following guidance in relation to the definition of VCS in the Supplementary Information to the Connected Vehicles Rule:

(aa) BIS has declined to comprehensively exclude "convenience functions" from the scope of the rule. Convenience functions are not defined, but are suggested to include certain systems that "use VCS to accomplish a non-driving task, often by communicating non-expressive data with an external device." Thus, while "features that enable vehicle access and user authentication" are excluded, it is less certain whether systems other than those explicitly excluded under the VCS definition would fall within or outside the scope of the rule.

(bb) In considering the remit of VCS, BIS declined to restrict VCS to the electronic control unit ("**ECU**") or part of an item which supports the VCS external communications capability on the basis that other components "that also support wireless communications…could enable long-range cybersecurity exploits." BIS also notes that "major subcomponents of ECUs that are software programmable often retain connectivity with their OEMs and continue to receive software updates throughout their lifecycle." As such, the definition of VCS is considered to be

broad, encompassing all components and subcomponents capable of external communications.

(cc) Moreover, while BIS has clarified that unidirectional communication systems are excluded from the VCS definition, a "subcomponent within an item that directly enables the function of transmission, receipt, conversion, or processing of a connectivity item would nonetheless be defined as VCS even if that subcomponent has only an internal, unidirectional communication purpose."

(v) VCS hardware

(A) "VCS hardware" includes any software-enabled or programmable components if they directly enable the function of and are directly connected to Vehicle Connectivity Systems, or are part of an item that directly enables the function of Vehicle Connectivity Systems." Examples include microcontrollers, microcomputers or modules, systems on a chip, networking or telematics units, cellular modem/modules, Wi-Fi microcontrollers or modules, Bluetooth microcontrollers or modules, satellite communication systems, other wireless communication microcontrollers or modules, external antennas, digital signal processors, and field-programmable gate arrays. This definition does not include any component parts that do not contribute to the communication function of VCS hardware, such as brackets, fasteners, plastics and passive electronics, diodes, field-effect transistors and bipolar junction transistors.

(B) In a Frequently Asked Question ("**FAQ**"), BIS has elaborated that to "directly enable" the function of a VCS, such component "must enable the functions of transmission, receipt,

conversion, or processing of radio frequency communications over 450 megahertz".[14]

(vi) VCS hardware importers

A "VCS hardware importer" is any U.S. person who imports:

(A) VCS hardware for further manufacturing, incorporation, or integration into a completed connected vehicle that is intended to be sold or operated in the United States; or

(B) VCS hardware that has already been installed, incorporated, or integrated into a connected vehicle, or a subassembly thereof, that is intended to be sold as part of a completed connected vehicle in the United States.

(vii) Automated Driving System

(A) An "Automated Driving System" ("**ADS**") is hardware and software that, collectively, are capable of performing the entire dynamic driving task for a connected vehicle on a sustained basis, regardless of whether it is limited to a specific operational design domain. As further set out by BIS in the Supplementary Information to the Connected Vehicles Rule, ADS must be able to execute Dynamic Driving Tasks ("**DDTs**"), including critical tasks such as steering, braking, acceleration, and Object and Event Detection, Classification and Response. ADS are often "controlled by a complex software that can include a neural net that references training data and previous decisions to instantaneously decide on an action in a driving setting."

(B) According to the Supplementary Information to the Connected Vehicles Rule, BIS has declined to "explicitly exclude Level 2 of the SAE J3016 standard from the definition of "Automated Driving Systems." BIS also believes that "the

[14] FAQ on BIS's website: https://www.bis.gov/oicts/connected-vehicles/covered-software-and-vcs-hardware

current definition adequately covers only those systems that would fall into SAE categorization Level 3 and above."

(viii) Covered software

(A) Certain transactions involving "covered software" are prohibited under the Connected Vehicles Rule. "Covered software" includes software-based components, including application, middleware, and system software, in which there is a foreign interest, executed by the primary processing unit or units of an item that directly enables the function of Vehicle Connectivity Systems or Automated Driving Systems at the vehicle level. Covered software does not include:

(aa) firmware, defined as software specifically programmed for a hardware device with a primary purpose of directly controlling, configuring, and communicating with that hardware device;

(bb) open-source software, which is characterized as software for which the human-readable source code is available in its entirety for use, study, re-use, modification, enhancement, and redistribution by the users of such software, unless that open-source software has been modified for proprietary purposes and not redistributed or shared; or

(cc) software subcomponents that were designed, developed, manufactured, or supplied prior to March 17, 2026, as long as those subcomponents are not maintained, augmented, or otherwise altered by an entity owned by, controlled by, or subject to the jurisdiction or direction of a foreign adversary after March 17, 2026.

(B) In relation to the definition of "covered software", BIS has provided further guidance in the Supplementary Information to the Connected Vehicles Rule:

(aa) Where only one software subcomponent of an ADS software suite is designed, developed, manufactured, or supplied by a Chinese or Russian entity, then the entire ADS software suite would be considered designed, developed, manufactured, or supplied by a foreign adversary entity.

(bb) BIS has acknowledged that there is "not a bright line" between application-level software, middleware, and firmware. Instead, BIS recommends that in making a "reasonable, good faith determination of whether a software subcomponent falls within the covered software definition," entities should refer to the architecture of the product to assess whether the software component would be generally considered "application" level software based on industry practice using established methodologies like AUTOSAR software component definitions or ISO 26262 guidelines. When there is uncertainty, entities should consider whether the primary processor (*e.g.,* a central processing unit, a graphics processing unit) processes the executables, or whether the software is executed by a peripheral microcontroller.. f the primary processor does not execute the software, and the software would not be classified as application software by an industry standard like AUTOSAR, it is unlikely the software would qualify as application software for the purpose of this definition.

(cc) Finally, BIS has confirmed that there is no *de minimis* threshold applicable to

software containing code from prohibited foreign entities. This is due to the difficulties inherent in analyzing code metrics and in determining whether content meets the requisite thresholds.

(ix) Foreign Interest

This refers to "any interest in property of any nature whatsoever, whether direct or indirect, by a non-U.S. person."

(x) Prohibited transactions

(A) The term "prohibited transactions" includes the following:

(aa) Prohibited VCS hardware transactions

(a) VCS hardware importers are prohibited from knowingly importing into the United States VCS hardware that is designed, developed, manufactured, or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of China or Russia.[15]

(bb) Prohibited covered software transactions

(a) Connected vehicle manufacturers are prohibited from knowingly importing into the United States completed connected vehicles that incorporate covered software that is designed, developed, manufactured, or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of China or Russia;[16]

(b) Connected vehicle manufacturers are prohibited from knowingly selling within the United States

[15] 15 CFR 791.302.

[16] 15 CFR 791.303.

completed connected vehicles that incorporate covered software that is designed, developed, manufactured, or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of China or Russia.[17]

(cc) Related prohibited transactions

(a) Connected vehicle manufacturers who are owned by, controlled by, or subject to the jurisdiction or direction of China or Russia, are prohibited from knowingly selling in the United States completed connected vehicles that incorporate VCS hardware or covered software, regardless of whether such VCS hardware or covered software is designed, developed, manufactured, or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of China or Russia. These connected vehicle manufacturers are also prohibited from offering commercial services in the United States that utilize completed connected vehicles that incorporate ADS.

(xi) Knowledge Standard

A "connected vehicle manufacturer" will be deemed to possess the requisite knowledge to have entered into a prohibited VCS hardware transaction or prohibited covered software transaction under the Covered Vehicle Rule if that person has "knowledge of a circumstance" which is not limited to positive knowledge that the circumstance exists or is substantially certain to occur, but also an awareness of a high probability of its existence or future occurrence. Such awareness is inferred from evidence of the

[17] 15 CFR 791.304.

conscious disregard of facts known to a person and is also inferred from a person's willful avoidance of facts.

(f) *General Authorizations*

(i) BIS has currently published two general authorizations, permitting otherwise prohibited transactions, in relation to the Connected Vehicles Rule:

(A) General Authorization No. 1 – Limited Use Cases, provides that a connected vehicle manufacturer is authorized to engage in an otherwise prohibited transaction under the following circumstances:

(aa) if the completed connected vehicle that incorporates covered software or VCS hardware will be used on public roadways for fewer than 30 calendar days in any twelve-month period starting from its first use on a public roadway;

(bb) if the completed connected vehicle that incorporates covered software or VCS hardware will be used solely for the purpose of display, testing, or research, and will not be used on public roadways; or

(cc) if the completed connected vehicle that incorporates covered software or VCS hardware is temporarily imported solely for purposes of repair, alteration, or sporting competition off public roads and will be subsequently exported within one year from the time of import.

(B) General Authorization No. 2 – Temporary Importation, provides that:

(aa) a connected vehicle manufacturer will be authorized to engage in an otherwise prohibited transaction if the completed connected vehicle containing covered software is temporarily imported into the U.S. customs territory exclusively to be

subsequently exported to a non-U.S. market for sale; and

(bb) a VCS hardware importer will be authorized to engage in an otherwise prohibited transaction if the VCS hardware being temporarily imported into the U.S. customs territory will be integrated into a connected vehicle and subsequently exported to a non-U.S. market for sale.

(C) BIS is also considering a "small business general authorization" for businesses producing fewer than 1,000 connected vehicles or VCS hardware units, although this threshold is currently being considered and has not been published.

(g) *Obligations to BIS*

(i) Under the Connected Vehicles Rule, prior to the import or sale of covered VCS hardware or covered software, connected vehicle manufacturers and VCS hardware importers are required to submit Declarations of Conformity to BIS certifying that they have (i) conducted due diligence into their supply chain and that (ii) their VCS hardware or covered software was not designed, developed, manufactured, or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of the PRC or Russia.[18]

(ii) Entities must make the declaration annually, although they may, in lieu of submitting a new Declaration of Conformity, submit a confirmation that the prior declaration remains accurate.

(h) *Penalties for Violations*

A person who willfully commits, willfully attempts to commit, willfully conspires to commit, or aids or abets in the commission of a violation under the Connected Vehicles Rule could be subject to criminal penalties of up to $1,000,000 or 20 years imprisonment, or both.[19] Civil penalties of $250,000 (as

[18] 15 CFR 791.305.

[19] 15 CFR 791.318.

adjusted for inflation) or an amount twice the value of the prohibited transaction may also apply.[20]

7.2 **Analysis**

(a) General Observations

(i) The relevant prohibitions only apply against "VCS Hardware Importers" or "Connected Vehicle Manufacturers", who, by definition, must be "U.S. persons". None of the Group's entities (or their branches) are organized under the laws of the United States or any jurisdiction within the United States and are therefore U.S. persons. As such, no Group entity is subject to the above prohibitions.

(ii) We have not found any material way in which the Connected Vehicles Rule would indirectly impact the Group's business. Should any customer of the Group sell the Group's products, or vehicles containing the Group's products, into the U.S., and those products qualify as VCS Hardware or Covered Software, such a customer could potentially breach the Connected Vehicles Rule. This possibility might discourage customers from purchasing the Group's products. However, the Company has confirmed that neither the Group's products nor vehicles incorporating them have been sold in the U.S. Accordingly, there does not appear to be any significant risk of the Group's business being indirectly affected by the Connected Vehicles Rule.

(iii) Furthermore, the Connected Vehicles Rule is applicable to VCS Hardware or Covered Software linked to vehicles from model year 2027 onwards. While it is possible that the Group's sales pattern might shift and result in a new U.S. nexus, it would be far-fetched to speculate that a significant change would occur as to create substantial exposure under the Connected Vehicles Rule.

(iv) For completeness, however, we have analyzed below why the Group's products do <u>not</u> appear to constitute

[20] International Emergency Economic Powers Act (50 U.S.C. 1705), Section 206.

VCS Hardware or Covered Software, and are unlikely subject to the Connected Vehicles Rule.

(b) Vehicle Connectivity Systems

(i) The Group's products consist of projectors and related technologies that project the operational data of vehicles, safety alerts and infotainment onto the windshields of vehicles. The information displayed by the Group's products is synthesized from data collected from other systems or networks, often via radio waves of frequency above 450 MHz. For example, the vehicles would likely contain the following receivers to receive radio waves[21]:

(A) GPS receivers that can receive radio waves from satellites;

(B) AM/FM radio receivers that can receive AM/FM information from broadcast towers;

(C) Bluetooth receivers that can receive Bluetooth signals concerning telephone calls and message alerts from smartphones;

(D) 4G or 5G receivers that can receive a variety of other data for V2X communications, as well as software updates (including those for the software in the Group's products).

(ii) The receivers then transmit signals to a component in the vehicle called the domain controller (or to certain processors first, such as the advanced driver-assistance system (**"ADAS"**) processor, before arriving at the domain controller). The domain controller then transmits signals to the Group's products via communication protocols such as CAN Bus, LIN, I2C and UART. The Group's products do not receive or process any radio waves. Nor do they transmit any other signal back to the domain controller (save in

[21] For completeness, we understand the Connected Vehicles contain other systems that enable the function of the transmission, receipt, conversion or processing of other electromagnetic waves at a frequency above 450 MHz. For example, the sensing systems for generating ADAS alerts, such as LIDAR sensors and cameras, receive waves of high frequency. However, the waves involved are not at "radio frequencies". In any event, the components involved in these communications would be excluded from the definition of VCS, as they "exclusively enable … the transmission, receipt, conversion, or processing of automotive sensing (e.g., LiDAR, radar, video, ultrawideband)".

limited circumstances, such as signaling malfunctions detected).

(iii) As such, the Group's products do not "directly enable" the transmission, receipt, conversion, or processing of any radio waves. Those functions are instead performed by other units in the vehicle, including the receivers set out in 7.2(b)(i)(A) to 7.2(b)(i)(D) above, the ADAS processor and the domain controller. For completeness, some of these components may also be excluded from the definition of "VCS", as they *"exclusively enable … the receipt, conversion or processing of unidirectional radio frequency bands (e.g., global navigation satellite systems (GNSS), satellite radio, AM/FM radio)"*.

(iv) Therefore, it is unlikely that the Group's products will be regarded as "VCS Hardware" or "Covered Software," solely due to their interactions with certain systems in the vehicles that receive or process radio waves.

(c) Automatic Driving Systems

(i) Based on the Company's confirmation, the Group's products have been installed in Level 3 automated vehicles. As discussed in paragraph 7.1(e)(vii)(B) above, vehicles categorized as being above Level 2 of the SAE J3016 standard would likely contain "Automated Driving Systems" within the meaning of the Connected Vehicles Rule.

(ii) However, the software in the Group's products does not "directly enable" the function of ADSs: The Group's products merely serve as visual aids, to give drivers and passengers immediate access to clear information on the vehicle status and the surrounding environment when the need arises.

(iii) Therefore, it is unlikely the Group's products would be regarded as "Covered Software" under the Connected Vehicles Rule, solely due to their interactions with the ADSs of vehicles.

(d) Conclusion on the impact of the Connected Vehicles Rule

In summary, the Connected Vehicles Rule should not have a direct impact on the Group, as no Group entity is a U.S. person.

Indirect impacts are also unlikely, given that the Group's products have neither been sold in the U.S. nor incorporated into vehicles sold there. Furthermore, we do not believe that the Group's products would be viewed as "directly enabling" the operation of any VCS or ADS. As such, it is unlikely that the Group's products would be classified as "VCS Hardware" or "Covered Software" and thus become subject to the Connected Vehicles Rule.

8. U.S. Tariffs Section 301 Investigations

8.1 Overview of Section 301 investigations

(a) One of the main authorities for imposing U.S. tariffs is Title III of the Trade Act of 1974 (Sections 301-310, 19 U.S.C. §§2411-2420), titled "Relief from Unfair Trade Practices," often collectively referred to as "Section 301." Under Section 301, Congress grants the Office of the United States Trade Representative ("**USTR**") the authority to investigate and respond to foreign trade practices that are deemed unfair or discriminatory and that negatively impact US commerce. Section 301 investigations can be initiated by the USTR or as the result of a petition filed by an "interested party." Once the USTR determines that the alleged conduct is unfair or violates US rights under trade agreements, it may decide on the appropriate course of action. The actions that the USTR can take are categorized into mandatory and discretionary actions. Mandatory action is required if the USTR concludes that there is a violation of a trade agreement or that a foreign government's act, policy, or practice is "unjustifiable" and "burdens or restricts" US commerce. Under Section 301, the USTR can elect to (1) withdraw or suspend trade agreement concessions; (2) impose duties or other import restrictions; or (3) enter into a binding agreement with the foreign government to either eliminate the conduct in question (or the burden to US commerce) or compensate the US with satisfactory trade benefits. If the action involves import restrictions, the USTR must give preference to tariffs. The level of mandatory action under Section 301 should "affect goods or services of the foreign country in an amount equivalent in value to the burden or restriction being imposed by that country on" US commerce. Once imposed, Section 301 tariffs must be terminated after four years unless an extension is requested.

(b) The U.S. government began to formally utilize Section 301 investigations to target foreign trade practices during the first

Trump Administration. Relevant to China, there have been five Section 301 investigations since 2017:

(i) Investigation into China's "acts, policies, and practices related to technology transfer, intellectual property, and innovation" initiated on August 24, 2017. The USTR issued its findings on March 22, 2018 and later imposed tariffs on July 6, 2018 and August 23, 2018, ranging from 7.5% to 25% on around USD 370 billion worth of U.S. imports from China. The tariffs remain in effect. In May 2024, the USTR concluded the statutory four-year review of Section 301 actions taken in the aforementioned 2017 Section 301 investigation. Following the review, the USTR announced on September 13, 2024 and December 11, 2024 to impose additional Section 301 duties or increase the rate of Section 301 duties on certain Chinese products in 14 strategic sectors, with effect from September 27, 2024, January 1, 2025 or January 1, 2026. The 14 strategic sectors are battery parts (non-lithium-ion batteries); electric vehicles; facemasks; lithium-ion electrical vehicle batteries; lithium-ion non-electrical vehicle batteries; medical gloves; natural graphite; other critical minerals; permanent magnets; semiconductors; ship to shore cranes; solar cells (whether or not assembled into modules); steel and aluminium products; and syringes and needles.

(ii) Investigation into China's "acts, policies, and practices supporting illicit fentanyl trade" initiated on October 17, 2024 but was later withdrawn.

(iii) Investigation into China's "acts, policies, and practices of China to dominate the maritime, logistics, and shipbuilding sector" initiated on April 17, 2024. The USTR issued its findings on January 16, 2025 and later proposed port fees on PRC vessel owners and operations for use of PRC-built ships.

(iv) Investigation into China's "acts, policies, and practices related to targeting of the semiconductor industry for dominance" initiated on December 23, 2024. The USTR issued its findings on December 23, 2025, concluding that China’s acts, policies, and practices are actionable under Section 301 and that appropriate responsive action includes taking tariff action now on

semiconductors from China, with an initial tariff level of 0 percent, increasing in 18 months on June 23, 2027, to a rate to be announced not fewer than 30 days prior to that date.

(v) Investigation of China's implementation of the "Phase I trade agreement" (i.e., the Economic and Trade Agreement it reached with the U.S. in December 2019) initiated on October 24, 2025. The investigation is ongoing, and will initially focus on whether China has fully implemented its commitments under the said agreement. In addition, the investigation will examine the burden or restriction on U.S. commerce resulting from any non-implementation by China of its commitments under the agreement, and what action, if any, should be taken in response.

8.2 **Analysis**

(a) We have been instructed to analyze whether the Group's business may trigger a Section 301 investigation. We believe the risk is remote, mainly for the following reasons:

(i) As illustrated in the previous section, the U.S. government initiates Section 301 investigations when a foreign government's acts, policies, or practices violate or are inconsistent with U.S. trade agreement rights, or is deemed "unjustifiable" and "burden or restrict" U.S. commerce. As of the date of this memorandum, we understand that the Group does not directly or indirectly (e.g., through incorporation into vehicles) sell any products to the U.S. Nor does the Group have any subsidiaries, branches or offices in the U.S. In other words, the Group does not currently have any significant touchpoints with the U.S. commerce that would enable it to affect U.S. commerce in any negative way. While the Group exports certain U.S.-origin chips from the U.S., such exports are not the target of Section 301 investigations.

(ii) Even if the Group were to sell its products to the U.S., or its products might be incorporated into vehicles sold to the U.S. in the future, Section 301 investigations target acts, policies, or practices of foreign governments but not individual businesses. Unless the entire industry to which the Group belongs raises

concerns of "unjustifiable" practice by the Chinese government, the Group's business alone would unlikely trigger a Section 301 investigation.

(b) On the basis of the above, our assessment is that the risk that the Group's business may trigger a Section 301 investigation is remote.

9. UN Sanctions and Export Controls

9.1 Overview of UN sanctions regime

(a) The UN Security Council can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter.

(b) UN Security Council sanctions have taken a number of different forms and have measures ranging from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions.

(c) As of the date of this memorandum, there are 15 ongoing UN sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counterterrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the Security Council.

(d) UN Security Council Resolutions are binding upon UN member states but are not enforceable against private parties. UN member states are therefore required to implement UN sanctions. The domestic laws of UN member states will determine how sanctions imposed by the UN Security Council are implemented and enforced against private parties.

(e) Neither the PRC nor Russia is the subject of any UN sanctions.

9.2 Analysis

On the basis of our due diligence process and review of the information provided by the Group together with the Group's confirmation that:

(a) 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 UN sanctions list;

(b) The Group's Relevant Activities do not implicate the restrictive measures adopted by the UN because no Group entity has any business dealings with persons and/or entities designated by the UN with whom UN member states are prevented from doing business; and

(c) No Group entity's business anywhere involves UN export-controlled products,

our assessment is that the Group's Relevant Activities during the Track Record Period and up to the Latest Practicable Date are not subject to material risk under existing UN sanctions and the Group did not engage in any operations/transactions that implicate restrictive measures adopted by the UN nor violate existing UN sanctions during the Track Record Period and up to the Latest Practicable Date.

10. **Sanctioned Trader Analysis**

10.1 The Guide requires us to determine whether the Group should be considered a "Sanctioned Trader." "Sanctioned Trader" is defined in the Guide as any person or entity that does a material portion (10% or more) of its business with Sanctioned Targets and Sanctioned Country entities or persons.

10.2 On the basis of our due diligence and review of the information provided by the Group, together with the Company's confirmations described above, our assessment is that:

(a) Our sanctions screening indicates that none of the Screened Parties is a Sanctioned Target.

(b) Our sanctions screening could not determine whether End User One is a Sanctioned Target. Even if End User One is a Sanctioned Target, the Group's one-time indirect sale to it represented approximately 0.52% of the Group's total sales revenue in the year ended December 31, 2024. Accordingly, the Group has not conducted a material portion of its business with any Sanctioned Target.

(c) The Group does not conduct business with any Sanctioned Country entities or persons.

10.3 Accordingly, we have concluded that the Group is not a Sanctioned Trader, as such term is used in the Guide.

Should you have questions regarding this memorandum or would like to discuss the information set out in this memorandum, please contact Alexander Dmitrenko at alexander.dmitrenko@ashurst.com.

Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo

Annex I

Assumptions And Qualifications

1. **Reliance**

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

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

2. **Assumptions**

2.1 General

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

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

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

(d) This memorandum deals only with the International Sanctions in force as of the date of this memorandum. For the avoidance of doubt, we are under no obligation to update this memorandum or advise any recipient of this memorandum

about any changes in International Sanctions after the date of this memorandum. Except for the International Sanctions herein, no opinion, advice and view are expressed or implied as to the law of any other country or territory, or as to other matters of fact.

2.2 Assumptions as to the information in the documents provided

We have assumed that:

(a) All documents provided to us are reliable, accurate and complete;

(b) No document has been tampered with, modified or edited in any way by any person once it has been made available (electronically or otherwise), except to the extent notified to us; and

(c) All information and comments made to us and responses provided to us by the Group were reliable, accurate and complete.

2.3 Assumptions as to validity of documents

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

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

(b) Where a document reviewed was in a draft form, that it has been or will be executed in the form of that draft;

(c) That all documents are within the capacity and power and for the corporate benefit of, and have been or will be validly authorized, executed and delivered by, each party to them, and constitute legal, valid and binding obligations of those parties, enforceable in accordance with their terms under all applicable laws;

(d) That in respect of any documents containing conditions precedent to the operation of part or all of that document, all conditions precedent have been satisfied or waived in accordance with the terms of the document;

(e) The authenticity of all signatures, seals and dates and of any stamp duty paid or marked on documents; and

(f) That all documents that should have been stamped, have been or will be duly stamped and will not incur penalties or fines for late or inadequate stamping;

except to the extent expressly identified in this memorandum.

3. Qualifications

This memorandum is subject to the following qualifications:

(a) This memorandum is not intended as a full due diligence review of all issues relating to International Sanctions, nor is it intended to provide an assessment of any policies or procedures implemented by the Group to ensure compliance with the International Sanctions.

(b) We have not undertaken any independent verification of any of the information supplied to us.

(c) We have not made any investigations, enquiries or searches other than those specifically referred to in this memorandum.

(d) The information contained in government records is not necessarily accurate or up to date.

(e) Information concerning the Group may be known by our partners or employees who have not been directly involved in the preparation of this memorandum – we have not made any attempt to collate such information and will not be taken to be aware of such information for the purposes of this memorandum.

(f) The statements made and the opinions expressed in this memorandum are given only to the extent that a law firm, having the role described in this memorandum, could reasonably be expected to have become aware of relevant facts and to have identified implications of those facts.

(g) We specifically disclaim any special knowledge, skills or expertise in any capacity other than that of legal advisers, including any of a financial, business, statistical, information technology, insurance, accounting, taxation or valuation nature or otherwise.

(h) In preparing this memorandum, we have not:

(i) Reviewed any financial statements of the Group;

(ii) Audited any of the financial information provided by the Group for this memorandum;

(iii) Interviewed any directors or members of the senior management of the Group;

(iv) Considered in detail whether all procedural steps have been complied with prior to the grant of any licenses, permits, consents, registrations and approvals. Our assumption has been that if a license, permit, consent, registration or approval has been granted, it is valid;

(v) Carried out any legal, financial, accounting, taxation, tax structuring or operational analysis in relation to the Group or their activities save for those specifically referred to in this memorandum;

(vi) Reviewed any environmental report or environmental study;

(vii) Undertaken any commercial analysis of the Offering;

(viii) Conducted any license or litigation-related searches; or

(ix) Undertaken any physical examination of the Group's offices or premises.

4. **Screening Methodology Limitations**

Our sanctions screening of the Screened Parties is subject to the following limitations:

(a) The Group provided the list of all its counterparties, which we presume to be accurate and complete.

(b) We screened the names of counterparties provided by the Company using a screening software which compares the entered name against relevant lists and returns potential matches. The system can identify ownership relationships and other affiliations linking the entered counterparty to direct or indirect shareholders, subsidiaries, or affiliates that may be Sanctioned Targets only when such information is publicly available. In some instances, affiliations with Sanctioned Targets were detected through near-matches with the names of Sanctioned Targets indicated obvious affiliations.

(c) The Company does not routinely collect information about the identities of the upstream owners of counterparties. Therefore,

the sanctions screening cannot be performed on all of the counterparties' owners or controlling parties. It is therefore possible that the ultimate legal and/or beneficial owner(s) of certain customers (while not captured by the screening of such customers) could be Sanctioned Targets, and the sanctions measures imposed against such Sanctioned Target could – depending on the level of ownership or control – similarly apply to the relevant customer.

(d) We re-screened prior to issuing this memorandum all counterparties of the Group using the same approach.

(e) The screening was conducted as of the date of this memorandum. Accordingly, this methodology would not detect scenarios in which an entity was designated at the time of the relevant transactions, but subsequently de-listed and thus not included on the Consolidated Sanctions Lists at the time of screening. For the same reasons, this methodology would not detect scenarios in which a party was designated after the screening date, or in which the specific restrictions and licensing requirements applicable to a party were changed after the screening date.

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Memorandum

To:	**Jiangsu New Vision Automotive Electronics Co., Ltd. (江蘇澤景汽車電子股份有限公司)**
From:	Ashurst Tokyo Alexander Dmitrenko, Office Managing Partner
Date:	March 16, 2026
CC	Haitong International Capital Limited CITIC Securities (Hong Kong) Limited
Re:	**Memorandum of Advice – Reasoned Analysis of U.S. Tariffs Risks**

*This advice is intended for Jiangsu New Vision Automotive Electronics Co., Ltd. (江苏泽景汽车电子股份有限公司) (the "**Company**") only. The Company may share it with necessary third parties in connection with the Listing. However, such third parties are not the intended recipients of this advice. Therefore, the receipt of this document by such third parties does not create an attorney-client relationship (and ensuing privilege protections) between Ashurst and such third parties, and Ashurst owes no duty of care or any obligations of a contractual or fiduciary nature to such third parties, in respect of this advice.*

1. Introduction

1.1 We act as the international sanctions and tariffs counsel for Jiangsu New Vision Automotive Electronics Co., Ltd. (江蘇澤景汽車電子股份有限公司) (the "**Company**," together with its subsidiaries and affiliates, the "**Group**"), a company incorporated in the People's Republic of China ("**PRC**") with limited liability, which is applying for the listing of its H shares (the "**Listing**" or the "**Offering**") on the Stock Exchange of Hong Kong Limited (the "**HKEx**").

1.2 Details of the Company's proposed offering of its shares are set out in the Prospectus of the Company relating to the IPO filed with the Registrar of Companies in Hong Kong on March 16, 2026 (the "**Prospectus**") and any offering circulars of the Company (the "**Offering Circulars**"). Haitong International Capital Limited and CITIC Securities (Hong Kong) Limited (the "**Joint Sponsors**") serve as the joint sponsors for the proposed IPO. This memorandum is delivered to the Company, our client, and, at the request of and with the consent of the Company, shared in copy with the Joint Sponsors.

1.3 This memorandum has been prepared to address whether the Group's products are subject to any existing or proposed tariffs imposed by the United States ("**U.S.**") on the PRC, and whether such tariffs may have a direct or indirect material adverse effect on the Group's business operations and financial performance.

1.4 The assessments and conclusions of this memorandum are subject to the assumptions and limitations set out in Annex I.

2. Executive Summary

2.1 We do not consider any tariffs recently imposed by the U.S. on the PRC or other jurisdictions to have any direct or indirect material adverse effect on the Group because the Group did not export any products directly or indirectly to the U.S. during the four years ended December 31, 2022, December 31, 2023, and December 31, 2024, and December 31, 2025 (the "**Track Record Period**") and from January 1, 2026, up to March 7, 2026 (such date, the "**Latest Practicable Date**"), and has no plans to do so after the Listing.

2.2 Our due diligence indicates that, during the Track Record Period and up to the Latest Practicable Date, the Group’s products were primarily intended for end use in automobiles shipped to the PRC, Thailand and Russia, and are unlikely to be exported or re-exported to the U.S. As such, the recently imposed or any upcoming U.S. tariffs should pose no material adverse impact on the Group's business operations and financial performance.

3. Background

Overview of the Group

3.1 The Group develops and supplies intelligent cockpit vision and interaction solutions for the automotive industry, with a primary focus on head-up display ("**HUD**") technologies. Its main products are CyberLens, a windshield HUD that projects driving information onto the windshield, and CyberVision, an augmented reality HUD that overlays virtual information onto real-world road scenes. These solutions are built on a proprietary technology platform that integrates optical design, mechanical engineering, electronics, software algorithms, and human-machine interface development. The Group also offers testing solutions for HUD and related automotive visual systems, and is engaged in the development of additional visual technologies such as camera monitoring systems and transparent window displays.

3.2 The Group's operations include research and development, production, and sales of these solutions, primarily to automotive original equipment manufacturers ("**OEMs**"). It acts as a Tier-1 supplier, providing both hardware and software that can be customized to meet specific vehicle model requirements. The Group's customers primarily consist of PRC automotive OEMs. Some of these OEMs exported automobiles incorporating the Group's products overseas. Its business model is based on direct sales to OEMs, with revenue primarily generated from the sale of HUD solutions and related testing services.

3.3 The Company is the holding company of the Group, whose entities are incorporated in the PRC, Hong Kong and Singapore.

The Group's U.S. business activities

3.4 Based on our review of the information we have received about the Group, during the Track Record Period and up to the Latest Practicable Date, we understand, and the Company has confirmed, that:

(a) All Group entities were domiciled and incorporated outside of the U.S. and do not own, control, or maintain branches or affiliates which are incorporated, domiciled or otherwise located in the U.S.

(b) The Group does not directly or indirectly (via customers such as OEMs) sell any products to the U.S., and has no immediate plans to do so after Listing for at least two years.

Customs Classification of the Group's Products

3.5 Tariffs are determined by customs codes, also known as commodity or Harmonized System ("**HS**") codes, the HS system being the foundation for most customs codes, with different countries adding more digits for further specificity. These codes are internationally recognized, product-specific numbers that customs authorities use to classify goods, which in turn determine the applicable tariffs (customs duty), VAT, and other regulations for imports and exports.

3.6 The Company has confirmed that its products are to be classified under HS code 8708 2990 00. Please note that we have not verified the accuracy or suitability of this code for the Company's products.

3.7 Under the HS, only code 8708 29 exists. We therefore presume that the code is based on the HS, and (likely) includes additional PRC specificities.

4. The breakdown of the HS code is based on the following:

(a) 87: Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof

(b) 8708: Parts and accessories of the motor vehicles of headings 87.01 to 87.05.

(c) 8708 29: Other.

4.2 In order to determine the (potential) impact of U.S. tariffs, we have converted this HS code into a Harmonized Tariff Schedule ("**HTS**") code based on the HS code with U.S. specificities.

4.3 We consider the applicable HTS code to be 8708 29 51: *Other parts and accessories of the motor vehicles of headings 8701 and 8705.*

5. **Section 301 Investigations**

Overview

5.1 One of the main authorities for imposing U.S. tariffs is Title III of the Trade Act of 1974 (Sections 301-310, 19 U.S.C. §§2411-2420), titled "Relief from Unfair Trade Practices," often collectively referred to as "Section 301." Under Section 301, the United States Trade Representative ("**USTR**") has the authority to investigate and respond to unfair trade practices by foreign countries.

Initiation of Section 301 Investigations

5.2 The following types of foreign government conduct may be subject to Section 301 investigations, including:

(a) a violation that denies U.S. rights under a trade agreement;

(b) an "unjustifiable" action that "burdens or restricts" U.S. commerce, or

(c) an "unreasonable" or "discriminatory" action that "burdens or restricts" U.S. commerce.

5.3 Section 301 investigations can be self-initiated by the USTR or as the result of a petition filed by an "interested party." Upon initiating an investigation, the USTR must request consultations with the targeted foreign government regarding the

issues raised, and will generally also solicit public comments and hold a hearing as part of its investigation.

Implementation and retaliatory action

5.4 Specifically as regards points (a) and (b) above, once the USTR determines that the alleged conduct is unfair, it may decide what action to take. The authorized action includes the imposition of duties or other import restrictions on the goods of the foreign country.

5.5 The USTR must give preference to tariffs if action is taken in the form of import restrictions. The level of mandatory action under Section 301 should "affect goods or services of the foreign country in an amount equivalent in value to the burden or restriction being imposed by that country on" U.S. commerce. Once imposed, Section 301 tariffs must be terminated after four years unless an extension is requested.

Current Section 301 tariffs in place

5.6 Since 2018, there are a number of Section 301 tariffs in place against PRC goods. The tariffs were implemented in several phases, commonly referred to as "lists."[1] Each list covers a different set of products and is subject to a specific tariff rate. These include:

(a) **List 1:** Imposed in July 2018, covering approximately USD 34 billion worth of Chinese imports, with a 25% tariff rate. Products include industrial machinery, electronics, and automotive parts.

(b) **List 2:** Imposed in August 2018, covering an additional USD 16 billion in goods, also at a 25% tariff rate. This list includes chemicals, plastics, and more machinery.

(c) **List 3:** Imposed in September 2018, initially at a 10% rate, later increased to 25%. This list covers about $200 billion in goods, including furniture, electronics, and consumer products.

(d) **List 4:** Imposed in September 2019, covering approximately USD 300 billion in goods, with a 7.5% to 15% tariff rate. This primarily includes consumer goods, including clothing, footwear, electronics, toys, and other household items. List 4 entails lists 4a and 4b, but 4b was later suspended, meaning that only list 4a remains in force, with goods covered therein subject to 7.5% tariffs.

5.7 USTR has also established a process through which U.S. stakeholders can apply for a temporary exclusion from the tariffs for a particular product classified under an

[1] https://ustr.gov/issue-areas/enforcement/section-301-investigations/tariff-actions.

HTS subheading currently subject to Section 301 tariffs. They are granted for narrowly defined products and must be affirmatively claimed on entry into the U.S. with the Customs and Border Protection ("**CBP**") by stipulating the HTS classification and the relevant Chapter 99 exclusion number. USTR evaluates applications for exclusions based on the availability of the product from non-PRC sources, including domestic manufacturers, and the extent to which Section 301 tariffs would harm domestic importers, among other factors.

5.8 There are currently 178 exclusions in place.[2] The USTR last extended these exclusions on August 28, 2025, until November 29, 2025.[3] Following trade talks with the PRC, on November 1, 2025, the U.S. President announced that these exclusions will now expire on November 10, 2026.[4]

5.9 However, we are not aware that HUD technologies with HTS code 8708 29 51 have been specifically excluded.

Assessment

5.10 The Group's products are subject to existing tariffs pursuant to Section 301. Specifically, HTS code 8708 29 51 is included in List 3, meaning that any exports of the Group's equipment to the U.S. are subject to 25% tariffs since September 24, 2018. Please note that the HTS implemented this specific code effective January 27, 2022, by redesignating 8708.29.50 to 8708 29 51; prior to this date, the equivalent HTS code, 8708 29 50, was also subject to 25% Section 301 tariffs under List 3.

5.11 We do not consider the current Section 301 tariffs to have any direct material adverse impact on the Group, because the Group did not export products – directly or indirectly – to the U.S. during the Track Record Period and up to the Latest Practicable Date, and has no plans to do so after the Listing.

5.12 The Group has confirmed that its customers primarily consist of PRC automotive OEMs, selling automobiles incorporating the Group's products for end-use in PRC, Thailand and Russia. The Group confirmed that the automobiles are therefore unlikely to be exported or re-exported to the U.S.

5.13 We therefore conclude that there is also no direct material adverse impact on the Group's customers, as the customers do not export products – directly or indirectly – to the U.S. during the Track Record Period and up to the Latest Practicable Date.

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[2] For the list of classifications covered by Section 301, see 89 FR 46948 and 89 FR 76581 and in particular to Index of Current Exclusions.

[3] 90 FR 42500.

[4] See the White House Fact Sheet dated November 4, 2025: https://www.whitehouse.gov/fact-sheets/2025/11/fact-sheet-president-donald-j-trump-strikes-deal-on-economic-and-trade-relations-with-china/.

5.14 While we are not engaged by the Company to perform a technical financial analysis, we consider that Section 301 tariffs may have a potential indirect effect on the Company and its customers, which is not quantifiable and likely limited in nature. As stated above, neither the Group nor the customers directly or indirectly export the Group's products or automobiles integrating the Group's products to the U.S. However, U.S. tariffs can alter the global prices of goods affecting such downstream customers. If U.S. demand for a product on which tariffs have been imposed drops, this may give rise to a surplus in the global market of that product, leading to lower prices elsewhere. Based on our due diligence, such potential indirect exposure is not, however, material for the Group nor for its customers.

6. Other U.S. Tariffs Imposed on the PRC

Section 232 Tariffs

6.1 Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. §1862, as amended) authorizes the U.S. Secretary of Commerce to conduct comprehensive investigations to determine the effects of imports of any article on the national security of the U.S.

6.2 Investigations may be initiated based on an application from an interested party, a request from the head of any department or agency, or may be self-initiated by the Secretary of Commerce.

6.3 The Secretary's report to the U.S. President, prepared within 270 days of initiation, focuses on whether the importation of the article in question is in such quantities or under such circumstances as to threaten to impair U.S. national security. The U.S. President can concur or not with the Secretary's recommendations, and, if necessary, take action to "adjust the imports of an article and its derivatives" or other non-trade related actions as deemed necessary.

6.4 Currently, Section 232 tariffs apply to automobiles and automobile parts:

(a) On March 26, 2025, the U.S. President issued a proclamation ("**Proclamation**") in which he referred to a Section 232 investigation completed in 2019, which found that certain automobiles (passenger vehicles including sedans, sport utility vehicles, crossover utility vehicles, minivans, and cargo vans, and light trucks) and certain automobile parts (engines and engine parts, transmissions and powertrain parts, and electrical components) were being imported into the U.S. in such quantities and under such circumstances as to threaten to impair U.S. national security. The U.S. President also found that after he directed the USTR to negotiate agreements with the European, Japan, and other countries on such concerns, USTR's negotiations "did not lead to any agreements of the type contemplated by [S]ection 232," national security concerns "remain and have escalated," and the U.S. share of global automobile production has "remained stagnant." To this end, the U.S. President imposed 25% tariffs

on (i) all automobile imports, effective April 3, 2025, with exemptions for the U.S. content of United States-Mexico-Canada Agreement ("**USMCA**")-compliant vehicles, and (ii) certain automobile parts, effective May 3. 2025, with exemptions for USMCA-compliant auto parts.[5]

(b) On April 29, 2025 President Trump modified the Section 232 tariffs on automobile parts by allowing U.S. manufacturers to claim and use a credit to offset tariffs owed on imports of automobile parts, which is tied to the aggregate sales value of the manufacturer's vehicles undergoing final assembly in the U.S.[6] Effective September 17, 2025, the U.S. Department of Commerce also issued a new "tariff inclusion process" through which requests could be made for adding new automobile parts to the list of articles subject to the 25% Section 232 tariffs.[7]

6.5 The relevant automobile parts covered by the Proclamation, determined by HTS code, are to be found in Annex I of the Proclamation. Further automobile parts may be included on a rolling basis.

6.6 Annex I of the Proclamation includes HTS code 8708 29, meaning that all subheadings of 8708 29, including the HTS code for the Group's products, 8708 29 51, are subject to 25% Section 232 tariffs.[8]

6.7 Other Section 232 tariffs currently in place include metal tariffs on steel and aluminum, which since June 2025 have risen to 50% tariffs on steel, aluminum and products containing steel and aluminum from nearly all trading partners (apart from imports from UK subject to 25%). We do not consider further Section 232 tariffs to be relevant to the Group's products.

IEEPA Tariffs

6.8 The International Emergency Economic Powers Act ("**IEEPA**") is a U.S. federal law enacted in 1977 that grants the U.S. President broad authority to regulate international commerce in response to an unusual and extraordinary threat to the country's national security, foreign policy, or economy, originating in whole or substantial part outside the United States.

6.9 Under the IEEPA, the U.S. President may declare a national emergency and impose a range of economic measures, including tariffs, import and export restrictions, asset freezes, and other financial sanctions.

[5] 90 FR 14705.

[6] See 90 FR 25027 for the relevant procedures.

[7] 90 FR 44767.

[8] 90 FR 14705.

6.10 However, unlike Section 301 or Section 232 tariffs, as no investigation is required, IEEPA authorities can be invoked at any time in response to a national emergency:

6.11 The current administration has imposed the following tariffs under the IEEPA:

(a) Country-Specific Tariffs Related to Fentanyl ("**Trafficking Tariffs**"): On February 1, 2025, under Executive Order 14195, Imposing Duties To Address the Synthetic Opioid Supply Chain in the People's Republic of China, the U.S. President placed 10% on all products from the PRC under the IEEPA because of the PRC's alleged role and complicity in the "sustained influx of synthetic opioids to the U.S.[9] On March 3, 2025, under Executive Order 14228, Further Amendment to Duties Addressing the Synthetic Opioid Supply Chain in the People's Republic of China, the U.S. President further increased the fentanyl-related IEEPA tariffs from 10% to 20% on all products from the PRC (and Hong Kong), because "the PRC has not taken adequate steps to alleviate the illicit drug crisis."[10] On November 4, 2025, following trade talks between the U.S. and the PRC, the U.S. President issued Executive Order 14357, reducing the Trafficking Tariffs from 20% to 10%, effective November 10, 2025, until November 10, 2026.[11]

(b) Country-Specific "Reciprocal" Tariffs of the U.S. to Address Identified Trade Imbalances ("**Reciprocal Tariffs**"): On April 2, 2025, the U.S. President unveiled a two-tier tariff structure under the IEEPA: a baseline 10% tariff applied universally to imports from all countries except Canada and Mexico, and additional country-specific "reciprocal" tariffs based on what he deemed unfair trade practices by approximately 60 countries. The U.S. President also signed Executive Order 14257, Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits, which outlined extensive global tariff policies which he described as the "declaration of economic independence" of the U.S.[12] The 10% baseline Reciprocal Tariffs was set to begin on April 5, 2025, while the higher country-specific rates would commence on April 9, 2025. With respect to the PRC specifically:

(i) Between April 2, 2025, and April 10, 2025, the PRC and the U.S. engaged in a tit-for-tat escalation in tariff rates.[13]

(ii) On May 12, 2025, the U.S. and the PRC announced a 90-day reduction in bilateral tariffs. Under Executive Order 14298 of May 12, 2025, Modifying Reciprocal Tariff Rates to Reflect Discussions with

[9] 90 FR 9121.

[10] 90 FR 11463.

[11] 90 FR 50725.

[12] 90 FR 15041.

[13] https://www.congress.gov/crs-product/R48549.

the People's Republic of China, the U.S. has set the Reciprocal Tariffs on goods from the PRC at 10% for a 90-day period.[14]

(iii) Under Executive Order 14334 of August 11, 2025, Further Modifying Reciprocal Tariff Rates To Reflect Ongoing Discussions With the People's Republic of China, the U.S. President extended the country-specific rate for PRC prescribed in Executive Order 14298 until 12:01 a.m. eastern standard time on November 10, 2025.[15]

(iv) Following trade talks with the PRC, on November 4, 2025, the U.S. President issued Executive Order 14358 to maintain the suspension of heightened Reciprocal Tariffs until 12:01 a.m. eastern standard time on November 10, 2026. In the meantime, only the baseline Reciprocal Tariffs of 10% will apply to PRC imports.[16]

6.12 The Trafficking Tariffs and the Reciprocal Tariffs faced a series of judicial challenges. On May 28, 2025, the U.S. Court of International Trade ("**CIT**") held that the IEEPA does not authorize the U.S. President to impose the Trafficking Tariffs and the Reciprocal Tariffs, and ordered that the Trafficking Tariffs and the Reciprocal Tariffs were to be vacated and their operation permanently enjoined. The current administration lodged an appeal within minutes of the ruling. On May 29, 2025, the U.S. Court of Appeals for the Federal Circuit granted the current administration's request to stay the CIT's ruling. On August 29, 2025, in a 7-4 decision, the Court affirmed the CIT's holding that IEEPA tariffs exceed the U.S. President's authority under the IEEPA, but stayed its ruling pending further appeal by the government.[17]

6.13 The decision was appealed to the U.S. Supreme Court, which ruled on February 20, 2026, in a 6-3 decision, that the IEEPA does not authorize the President to impose such tariffs: the tariffs must be based on a delegation of power from Congress, which Congress did not undertake. The Supreme Court did not address the issue of refunds for unlawful tariffs, reverting back to the CIT.

6.14 On the same day of the Supreme Court ruling and of relevance to our analysis, President Trump issued the following:

(a) an executive order ending the abovementioned IEEPA Trafficking Tariffs and Reciprocal Tariffs with immediate effect;[18] and

(b) a fact sheet prescribing a temporary 150-day, 10% *ad valorem* duty on all imported articles, effective February 24, 2026 based on Section 122 of the

[14] 90 FR 21831.

[15] 90 FR 39305.

[16] 90 FR 50729.

[17] https://www.cafc.uscourts.gov/opinions-orders/25-1812.OPINION.8-29-2025_2566151.pdf

18 Executive Order 14389 of February 20, 2026, Ending Certain Tariff Actions, 91 FR 9437.

Trade Act of 1974. Excluded from the proclamation are inter alia all articles and parts of articles that are currently or become subject to Section 232 tariffs. .

6.15 Please note that tariffs not based on IEEPA such as Section 301 and Section 232 tariffs remain unaffected by the U.S. Supreme Court decision and subsequent presidential actions.

Assessment

6.16 We do not consider the Section 232 tariffs, the Reciprocal and Trafficking tariffs under IEEPA or other tariffs threatened by the U.S. President against the PRC to have any direct material adverse impact on the Group. This is because the Group did not export products – directly or indirectly via its OEM customers – to the U.S. during the Track Record Period and up to the Latest Practicable Date, and has no plans to do so after the Listing. Our due diligence indicates that the Group's products are intended for end use in the PRC, and to a certain extent in Thailand and Russia, but are not expected to be exported or re-exported into the U.S.

6.17 Please also note that the applicability of Section 232 tariffs to HTS code 8708 29 51 imported from PRC, means that Reciprocal Tariffs imposed on goods from PRC do not apply under tariffs stacking rules: no Reciprocal Tariffs apply to the Group's products, if they were to be imported into the U.S., ultimately reducing applicable tariffs for the HTS code applicable to the Group's products.

6.18 Our due diligence did not identify any downstream U.S. exposure for the Group, as the Group's customers do not export the Group's equipment or products integrating the Group's equipment to the U.S. Any potential indirect exposure to U.S. tariffs through the Group's customers is therefore not material for the Group.

Should you have questions regarding this memorandum or would like to discuss the information set out in this memorandum, please contact Alexander Dmitrenko at alexander.dmitrenko@ashurst.com.

Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo

Annex I

Assumptions And Qualifications

1. **Reliance**

(a) This memorandum is privileged and confidential. It has been prepared for the benefit of the Group in connection with the Offering. The conclusion made based on our reasoned analysis of the relevant facts to the applicable U.S. tariffs laws and regulations does not necessarily represent the view of, nor does it bind, the tariff authorities in the U.S., which have discretion in deciding on the tariffs imposed.

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

2. **Assumptions**

2.1 General

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

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

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

(d) This memorandum deals only with tariff laws in force as at the date of this memorandum. For the avoidance of doubt, we are under no obligation to update this memorandum or advise any recipient of this memorandum about any changes in tariff laws after the date of this memorandum. Except for the tariffs discussion herein, no opinion, advice and view are expressed or implied as to the law of any other country or territory, or as to other matters of fact..

2.2 Assumptions as to the information in the documents provided

We have assumed that:

(a) All documents provided to us are reliable, accurate and complete;

(b) No document has been tampered with, modified or edited in any way by any person once it has been made available (electronically or otherwise), except to the extent notified to us; and

(c) All information and comments made to us and responses provided to us by the Group were reliable, accurate and complete.

2.3 Assumptions as to validity of documents

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

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

(b) Where a document reviewed was in a draft form, that it has been or will be executed in the form of that draft;

(c) That all documents are within the capacity and power and for the corporate benefit of, and have been or will be validly authorized, executed and delivered by, each party to them, and constitute legal, valid and binding obligations of those parties, enforceable in accordance with their terms under all applicable laws;

(d) That in respect of any documents containing conditions precedent to the operation of part or all of that document, all conditions precedent have been satisfied or waived in accordance with the terms of the document;

(e) The authenticity of all signatures, seals and dates and of any stamp duty paid or marked on documents; and

(f) That all documents that should have been stamped, have been or will be duly stamped and will not incur penalties or fines for late or inadequate stamping;

except to the extent expressly identified in this memorandum.

3. Qualifications

This memorandum is subject to the following qualifications:

(a) This memorandum is not intended as a full due diligence review of all issues relating to U.S. tariffs, nor is it intended to provide an

assessment of any policies or procedures implemented by the Group to ensure compliance with the U.S. tariffs.

(b) We have not undertaken any independent verification of any of the information supplied to us.

(c) We have not made any investigations, enquiries or searches other than those specifically referred to in this memorandum.

(d) The information contained in government records is not necessarily accurate or up to date.

(e) Information concerning the Group may be known by our partners or employees who have not been directly involved in the preparation of this memorandum – we have not made any attempt to collate such information and will not be taken to be aware of such information for the purposes of this memorandum.

(f) The statements made and the opinions expressed in this memorandum are given only to the extent that a law firm, having the role described in this memorandum, could reasonably be expected to have become aware of relevant facts and to have identified implications of those facts.

(g) We specifically disclaim any special knowledge, skills or expertise in any capacity other than that of legal advisers, including any of a financial, business, statistical, information technology, insurance, accounting, taxation or valuation nature or otherwise.

(h) In preparing this memorandum, we have not:

(i) Reviewed any financial statements of the Group;

(ii) Audited any of the financial information provided by the Group for this memorandum;

(iii) Interviewed any directors or members of the senior management of the Group;

(iv) Considered in detail whether all procedural steps have been complied with prior to the grant of any licenses, permits, consents, registrations and approvals. Our assumption has been that if a license, permit, consent, registration or approval has been granted, it is valid;

(v) Carried out any legal, financial, accounting, taxation, tax structuring or operational analysis in relation to the Group or

their activities save for those specifically referred to in this memorandum;

(vi) Reviewed any environmental report or environmental study;

(vii) Undertaken any commercial analysis of the Offering;

(viii) Conducted any license or litigation-related searches; or

(ix) Undertaken any physical examination of the Group's offices or premises.