



MEMORANDUM

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TO Shanghai Xizhi Technology Co., Ltd.
(上海曦智科技股份有限公司)

FROM Hogan Lovells

DATE April 20, 2026

Privileged and Confidential

SUBJECT Memorandum of Advice – U.S. export control and sanctions analysis in accordance with the Chapter 4.4 Guidance

1. Introduction and Scope

- 1.1 We have acted as the international sanctions of Shanghai Xizhi Technology Co., Ltd. (上海曦智科技股份有限公司) (the “**Company**”) in connection with the proposed initial public offering (the “**Global Offering**”) and listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**HKEX**”).
- 1.2 In light of the Chapter 4.4 of the Guide for New Listing Applicants (the “**Chapter 4.4 Guidance**”) effective from January 2024 issued by HKEX, this memorandum assesses whether (i) the Company and its subsidiaries (the Company and its subsidiaries together, the “**Group**”) engaged in Primary Sanctioned Activity (as defined below) that violates applicable laws or regulations in the Relevant Jurisdiction(s) (as defined below), and/or results in any material sanctions risk to the Relevant Persons (as defined below); (ii) the Group engaged in Secondary Sanctionable Activity (as defined below) that would likely result in the imposition of any sanctions against the Relevant Persons; and (iii) the Group is a Sanctioned Target (as defined below), is located, incorporated, organized or

resident in a Sanctioned Country (as defined below), or is a Sanctioned Trader (as defined below).

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

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

“International Sanctions” means rules and regulations related to economic sanctions programs administered by the Relevant Jurisdictions.

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

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

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

“Sanctioned Activity” means Primary Sanctioned Activity and Secondary Sanctionable Activity.

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

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

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

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

“EAR” means the United States Export Administration Regulations, 15 C.F.R. Parts 730-774, administered by the U.S. Commerce Department’s Bureau of Industry and Security.

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

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

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

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

- 1.5 This memorandum provides preliminary analysis in accordance with the Chapter 4.4 Guidance based on the facts provided to date to assess the Group’s compliance with the International Sanctions and, where appropriate, sets forth certain recommendations in regard to Sanctioned Activities. This memorandum is not intended as a full due diligence review of these issues, nor is it intended to provide any assessment of the

Group's existing policies or wider procedures implemented to manage its compliance with rules and regulations related to the International Sanctions and U.S. export control.

- 1.6 In preparing this memorandum, Hogan Lovells reviewed the Company's responses to the "*International Sanctions Due Diligence Checklist*" (the "**Sanctions DD Checklist**") and "*Export Control Due Diligence Questions*" (the "**Export Control DD Checklist**") dated August 13, 2025, prepared by Hogan Lovells, and related e-mail correspondence, as well as confirmation from the Company on December 24, 2025, March 9, 2026, and April 14, 2026, that such responses remained accurate and complete at that date. We have also reviewed the information contained in the Company's prospectus prepared in connection with the Global Offering, as that document being amended from time to time during the Global Offering (the "**Prospectus**"). We have also screened the list of customers and including contract agreements with counterparties, self-developed products and procured items in the Relevant Region (as defined below) provided by the Group using the Dow Jones screening tool against the lists of Sanctioned Persons maintained by the Relevant Jurisdictions. The Group's responses to the Sanctions DD Checklist and Export Control DD Checklist have included various spreadsheets and of sales records and other documents that relate to the subject matter of such checklists, including contract agreements with counterparties, self-developed products and procured items, and we have reviewed those documents as part of our preparation of this memorandum.
- 1.7 The Group's responses to the Sanctions DD Checklist and Export Control DD Checklist have included various documents that relate to the subject matter of the Sanctions DD Checklist and Export Control DD Checklist, and we have reviewed those documents as part of our preparation of this memorandum. In particular, we are advised by the Company that, as defined in the prospectus as the four years ended December 31, 2022, 2023, 2024, and 2025 (the "**Track Record Period**"), the Group had transactions with the following entities:
- (a) Northern Integrated Circuit Technology Innovation Center (Beijing) Co., Ltd. (北方集成电路技术创新中心(北京)有限公司) ("**STIC**");
 - (b) Zhangjiang National Laboratory (张江国家实验室); and
 - (c) Shanghai Integrated Circuit Research and Development Center Co., Ltd. (上海集成电路研发中心有限公司) ("**ICRD**");
 - (d) Chinese Academy of Sciences Shanghai Institute of Microsystem and Information Technology (中国科学院上海微系统与信息技术研究所) ("**SIMIT**");
 - (e) Inspur Electronic Information Industry Co., Ltd. (浪潮电子信息产业股份有限公司) ("**IEII**"); and
 - (f) 4Paradigm Technology Co., Ltd. (第四范式(北京)技术有限公司) ("**4Paradigm**").
- (collectively as "**Relevant Entities**")

- 1.8 As to matters of fact material to the conclusion stated herein, we have relied on the representations and statements of fact made in the documents we reviewed or made by the Group. We have not independently verified or established the facts so relied on.
- 1.9 As of the date of this memorandum, “**Sanctioned Countries**” within the meaning of the Chapter 4.4 Guidance include: Cuba, Iran, Kherson region, North Korea, Syria, the Crimea region of Ukraine/Russia, the so-called Donetsk People’s Republic (“**DPR**”), Luhansk People’s Republic (“**LPR**”) regions of Ukraine and Zaporizhzhia region. We note that, during the Track Record Period, the Group had transactions with (1) the following countries or territories for which Relevant Jurisdictions maintain various forms of sanctions programs in place (albeit not a “general and comprehensive export, import, financial or investment embargo” within the meaning of the Chapter 4.4 Guidance): PRC including Hong Kong and Macau SARs (“**Relevant Region**”); and (2) Relevant Entities.
- 1.10 This memorandum is based on the understanding and assumptions detailed herein. Hogan Lovells relies on the completeness and accuracy of the information given to it by the Company. If any of the assumptions are incorrect, or any changes occur in or corrections to the information given, the Company is recommended to inform Hogan Lovells so that it can confirm the content of this analysis.
- 1.11 This memorandum is given only with respect to International Sanctions in force up to the date of this memorandum. Hogan Lovells underlines that sanctions measures adopted by the international community remain under constant review. Therefore, the scope and application of the measures discussed below are subject to change and should be carefully monitored. We, however, have no obligation to notify any recipient or other person of any change in International Sanctions or their applications after the date of this memorandum. No opinion or/advice is expressed or implied as to the laws of any other territory, or as to matters of fact, except for International Sanctions discussed below.

2. **Conclusion**

- 2.1 On the basis of the information received from the Company and after carrying out its procedures and analysis set out below, Hogan Lovells is of the view that:
- (a) During the Track Record Period, the Group did not engage in Primary Sanctioned Activity because there were no activities in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target, by the Company and its subsidiaries incorporated or located in a Relevant Jurisdiction (if applicable) or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation. As such, the Group would not appear to have violated applicable sanctions law or regulation in the Relevant Jurisdictions that could result in any material sanctions risk to the Relevant Persons, and, in assessing the materiality, we have taken into account the likelihood of the imposition of potential sanctions and the severity of the potential sanctions.

- (b) The Group did not engage during the Track Record Period in Secondary Sanctionable Activity because there were no activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. As such, the risk is fairly low that the Group's activities would result in the imposition of sanctions on the Relevant Persons.
 - (c) None of the Group's customers has been designated as a Sanctioned Target, except for the Relevant Entities that are subject to U.S. export controls restrictions.
 - (d) None of the Group entities has been designated as a Sanctioned Target, nor is it located, incorporated, organised, or resident in a Sanctioned Country.
 - (e) The Group is not a Sanctioned Trader because it did not derive a material portion of its revenue (10% or more) during the Track Record Period from business activities with Sanctioned Country entities or persons or with Sanctioned Targets (in fact, no such revenue derived from business activities with Sanctioned Country entities or persons or with Sanctioned Targets was identified).
- 2.2 As no material sanctions risks appear to be present, the Company and/or its shareholders are not required to make undertakings pursuant to Chapter 4.4 Guidance.
- 2.3 The Company has confirmed that, as of the Latest Practicable Date, there are no material changes to the Group's business activities with the Relevant Region subsequent to the Track Record Period.

3. **Executive Summary**

3.1 The Group is a global leader in hybrid optoelectronic computing power solutions. With three core technologies – Optical Matrix Computing (oMAC), On-chip Optical Network (oNOC), and Inter-chip Optical Network (oNET), the Group has developed two major product lines: photonic computing and photonic networking. It collaborates closely with customers across various industries, including big data, cloud computing, finance, autonomous driving, biomedicine, and materials research, continuously providing innovative and efficient computing power support.

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

- (a) In relation to the Group's transactions with the Relevant Region:
 - (i) During the Track Record Period, the Group has maintained a subsidiary in Hong Kong (i.e., Lightelligence Limited), located at Flat/RM507 5/7, New East Ocean Center, No.9 Science Museum Road, Tsim Sha Tsui East, HK.
 - (ii) The Company confirmed that Lightelligence Limited solely served as a holding entity until December 2024. Since December 2024, Lightelligence Limited has started to hold cash and is used as an entity to sign employment contracts with some employees of the Group. The Company has represented that there have been no substantial

operations under Lightelligence Limited during the Track Record Period and through the Latest Practicable Date.

- (b) In relation to the Group's transactions with STIC:
- (i) During the Track Record Period, the Group (i) provided STIC with technical consulting and design services; and (ii) provided STIC with wafer testing services. Deliverables from the Group to STIC include testing reports and other technical documentation, such as GDS files. The Group confirmed that the know-how and design content that the Company provided to STIC were all generated by Chinese employees within China, and the GDS files sent to STIC were foreign-produced commodities not specified in ECCN 3B001, 3B002, 3B903, 3B991, 3B992, 3B993, or 3B994 as set forth in 15 CFR 734.9(e)(3)(i). Therefore, these GDS files were not captured by the Entity List Foreign Direct Product ("FDP") rule: Footnote 5 set forth in 15 CFR 734.9(e)(3), and thus were not subject to the EAR.
 - (ii) STIC was designated by the BIS on the Entity List with a Footnote 5 designation effective from December 2, 2024. Provision of items subject to the EAR without a licence from BIS to STIC is prohibited. The license application is subject to a presumption of denial.
 - (iii) The Company confirmed that the technical consulting and design services offered to STIC were all completed by October 2024, before STIC received the Entity List designation. After December 2, 2024, no further interactions occurred regarding the technical consulting and design services. In December 2024, the Company delivered some GDS files to STIC. The Company confirmed that these GDS files were not subject to the EAR for the reasons stated in (i) above of this section.
 - (iv) From January to June 2025, the Company continued to provide wafer testing services to STIC. The Company confirmed that the testing services provided to STIC do not involve the provision of items subject to the EAR to STIC. Based on that, Entity List Footnote 5 Foreign Direct Product Rule in Part 734.9 (e)(3) of the EAR does not apply because the testing services and files do not meet the requirement of the product scope prong as set forth in 15 CFR 734.9(e)(3)(i).
 - (v) Given the nature of the transactions involving STIC stated above, including that the Group was not engaged in any exports or transactions of any items subject to the EAR to STIC, export restrictions applicable to STIC being designated on the Entity List maintained by the BIS were not implicated.
- (c) In relation to the Group's transactions with ICRD:
- (i) During the Track Record Period, the Group entered into two sales agreements with ICRD in April and July 2025 for the purchase of mask reticle products from ICRD.

- (ii) ICRD was designated by the BIS on the Entity List effective from December 16, 2022, with a Footnote 5 designation. Provision of items subject to the EAR without a licence from BIS to ICRD is prohibited. The license application is subject to a presumption of denial.
 - (iii) Given the nature of the transactions merely involving sales of mask reticle products from ICRD to the Group, export restrictions applicable to ICRD being designated on the Entity List maintained by the BIS were not implicated.
- (d) In relation to the Group's transactions with Zhangjiang National Laboratory:
- (i) During the Track Record Period, the Group entered into a technology development agreement and a cooperation agreement with Zhangjiang National Laboratory in February 2023 and November 2024, respectively. Under these agreements, the Company was required to deliver the following items to Zhangjiang National Laboratory: (1) one complete domestically optical computing chip system with a 64x64 convolution kernel; (2) one set of backup optical computing circuit boards with 64x64 convolution kernel; (3) one Integrated System in Package (SIP) chip; (4) two Photonic Integrated Circuits (PIC) chips; (5) one wafer; and (6) five Compass optical computing chips (Gazelle 2*8). The Company represented that the ICs provided to Zhangjiang include the Tahoma IC, which was classified as EAR99 per BIS CCATS Validation, and the Compass IC, which was classified as EAR99 per the Company's self-classification conducted by a third-party counsel retained by the Company.
 - (ii) Zhangjiang National Laboratory was designated by the BIS on the Entity List effective from December 2, 2024, with a Footnote 5 designation. Provision of items subject to the EAR without a licence from BIS to Zhangjiang National Laboratory is prohibited. The license application is subject to a presumption of denial.
 - (iii) The Company has confirmed that all these provisions of items occurred before Zhangjiang National Laboratory was included in the Entity List. Since Zhangjiang National Laboratory received the Entity List designation, the Group has suspended all technical exchanges with Zhangjiang National Laboratory, and has not transferred any items or technology subject to the EAR from the Group to Zhangjiang National Laboratory.
 - (iv) The Company stated that it uses Cadence EDA software (classified as ECCN 3D991) to design chips. Its Tahoma IC and Compass chips both used wafers that were taped out outside of China. Based on our review of the CCATS Validation the Company obtains from the BIS, Tahoma IC and its related technology are classified as EAR99. The Company self-classified Compass chips as EAR99. Thus, it appears that the Entity List Footnote 5 Foreign Direct Product Rule in Part 734.9 (e)(3) of the EAR does not apply because the direct product chips do not meet the

requirement of the product scope prong. Furthermore, as the Company confirmed that it has ceased technical exchange with Zhangjiang National Laboratory after December 2, 2025, given the nature and timeline of the transactions involving Zhangjiang National Laboratory stated above, export restrictions applicable to Zhangjiang National Laboratory being designated on the Entity List maintained by the BIS were not implicated.

- (e) In relation to the Group's transactions with SIMIT:
 - (i) During the Track Record Period, the Group entered into a technical consulting agreement in April 2022 under which it engaged SIMIT to provide technical consulting services in relation to the silicon-based optoelectronic integration process. In December 2024, the Group entered into a supplemental agreement with SIMIT, under which the Group provided funding support to commission SIMIT to develop specific intellectual property.
 - (ii) SIMIT was designated by the BIS on the Entity List effective from May 9, 2024. Provision of items subject to the EAR without a licence from BIS to SIMIT is prohibited. The license application is subject to a presumption of denial.
 - (iii) Given the nature of the transactions involving SIMIT providing technical consulting service to the Company and receiving funding from the Company to develop certain intellectual property stated above, including , export restrictions applicable to SIMIT being designated on the Entity List maintained by the BIS were not implicated.
- (f) In relation to the Group's transactions with IEII:
 - (i) During the Track Record Period, the Group procured certain parts and components from IEII in October 2022, such as barebones, CPU, PSU, memory, SSD, GPU, etc. The Company did not provide any items subject to the EAR, including any foreign-produced items to IEII within the meaning of 15 CFR 734.9 (e).
 - (ii) IEII was designated by the BIS on the Entity List effective from March 25, 2025, with a Footnote 4 designation. Provision of items subject to the EAR without a licence from BIS to IEII is prohibited. The license application is subject to a presumption of denial.
 - (iii) Given the nature of the transactions merely involving IEII selling items to the Group as stated above, and that the Company did not provide any items subject to the EAR, including any foreign-produced items to IEII within the meaning of 15 CFR 734.9 (e), export restrictions applicable to IEII being designated on the Entity List maintained by the BIS were not implicated.
- (g) In relation to the Group's transactions with 4Paradigm:

- (i) During the Track Record Period, the Group sourced software platform design services from 4Paradigm on December 26, 2025, and the service agreement lasts for six months. The Group did not provide any items subject to the EAR, including any foreign-produced items to 4Paradigm within the meaning of 15 CFR 734.9 (e).
 - (ii) 4Paradigm was designated by the BIS on the Entity List effective from March 2, 2023, with a Footnote 4 designation. Provision of items subject to the EAR without a licence from BIS to 4Paradigm is prohibited. The license application is subject to a presumption of denial.
 - (iii) Given the nature of the transactions merely involving 4Paradigm providing software platform design services to the Group as stated above, and that the Group did not provide any items subject to the EAR, including any foreign-produced items to 4Paradigm within the meaning of 15 CFR 734.9 (e), export restrictions applicable to 4Paradigm being designated on the Entity List maintained by the BIS were not implicated.
- (h) During the Track Record Period, the Group has procured laboratory equipment, testing supplies, materials, and design software from U.S.-headquartered suppliers, such as Microsoft, Cadence, Formfactor, Keysight, Keithley, Golight, Thorlabs, VIAVI, and Texas Instruments, which involve certain items controlled under the EAR and classified as EAR99, 3A991, 3A992, 3D991 and 5D992.c (collectively, "**Procured Items**"). The Company further confirmed that the source of the ECCN information for Procured Items is the representation from the manufacturers and suppliers. The Company has provided a consolidated ECCN classification chart for the Procured Items, which was prepared and reviewed by third-party counsels retained by the Group.
- (i) For Procured Items classified as EAR99, they are eligible for export to most end users as NLR (No License Required). While there are certain countries and end users for which a license will be required to EAR99 items, the Company itself is not on any of the trade restricted party lists, thus, export licences were not required in order for the Group to procure such Procured Items.
 - (ii) For Procured Items classified as 3A991, they are controlled solely for anti-terrorism (AT) purposes and are eligible for export to most end users in China as NLR (No License Required). The Company itself is not on any of the trade restricted party lists, thus export licences were not required in order for the Group to procure such Procured Items.
 - (iii) For Procured Items classified as 3A992, they are controlled for anti-terrorism (AT) and Regional Stability (RS) purposes and are eligible for export to most end users in China as NLR (No License Required). The Company itself is not on any of the trade restricted party lists, thus export licences were not required in order for the Group to procure such Procured Items.

- (iv) For Procured Items classified as 3D991, they are controlled solely for anti-terrorism (AT) purposes and are eligible for export to most end users in China as NLR (No License Required). The Company itself is not on any of the trade restricted party lists, thus export licences were not required in order for the Group to procure such Procured Items.
- (v) For Procured Items classified as 5D992.c, they are controlled solely for anti-terrorism (AT) purposes and are eligible for export to most end users in China as NLR (No License Required). The Company itself is not on any of the trade restricted party lists, export licences were not required in order for the Group to procure such Procured Items.
- (i) During the Track Record Period, the Group also maintains four (4) Commodity Classification Automated Tracking System certificates (CCATS) issued by the BIS and an internal self-classification chart prepared by third-party counsels for items developed by the Company, which involve certain items controlled under the EAR and classified as EAR99, 3A991, 3E991 and 4A994 (collectively, “**Company Items**”).
 - (i) For Company Items classified as EAR99, the Company confirmed that they are eligible for export to most end users as NLR (No License Required).
 - (ii) For Company Items classified as 3A991, 3E991 and 4A994, the Company confirmed that they are controlled solely for anti-terrorism (AT) purposes and are eligible for export to most end users in China as NLR (No License Required).

3.3 United States

- (a) Based on the due diligence conducted and the information provided by the Company on behalf of the Group to Hogan Lovells:
 - (i) Except for one U.S. subsidiary that was dissolved in December 2024, i.e., Lightelligence Inc., neither the Company nor any of its subsidiaries is incorporated in the United States. No U.S. entities were involved in the Group’s activities with Relevant Entities.
 - (ii) To the Company’s knowledge, the Group has employed thirteen (13) U.S. employees. The Company confirmed that, except for Mr. Yichen Shen (Chief Executive Officer of the Company) and Mr. Long Wang (Chief Operating Officer of the Company), no U.S. persons were involved in the Group’s activities with Relevant Entities. We are also advised by the Company that Mr. Yichen Shen and Mr. Long Wang’s involvement in projects concerning Relevant Entities is limited to authorizing the transactions by signing contracts on behalf of the Company. Such involvement does not entail any substantive release of technology or transfer of items subject to the EAR to the Relevant Entities.

- (iii) Except for the Procured Items as described in Section 3.2(h) above, no products procured by the Group were subject to the EAR.
- (iv) The Group had conducted U.S. export controls classifications over the products exported or sold to the Relevant Region and Relevant Entities, and confirms that these products are either not subject to the EAR or, to the extent they are subject to the EAR, they have not been provided to the Relevant Entities after their designations on the Entity List.
- (v) The Group has not, during the Track Record Period, undertaken, either directly or indirectly, any contract or any other activity with a counterparty, nor has it otherwise provided goods or services to any person, in Sanctioned Countries.
- (vi) Save for the transactions with Relevant Entities, no products have been exported (either directly or indirectly) to any persons or entities identified on the U.S. Department of Commerce, Bureau of Industry and Security's Entity List ("**Entity List**"), Denied Parties List, Unverified List, Military-End User List, or Military-Intelligence End User List (collectively, "**BIS Lists**").
- (vii) No Specially Designated Nationals and Blocked Persons ("**SDNs**") have been identified as being involved in the procurement or any transactions conducted by the Group during the Track Record Period.
- (viii) The Company has reviewed all transaction records since 2020 and has not identified any payments related to Sanctioned Countries during that time; and
- (ix) The Group confirmed that its activities with Relevant Entities were limited to transactions set out in Sections 3.2(b) to 3.2(g),

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

3.4 UN

- (a) Based on the due diligence conducted and the information provided by the Company on behalf of the Group to Hogan Lovells:
 - (i) the Group's activities with the Relevant Region and Relevant Entities were limited to transactions set out in Sections 3.2(a) to 3.2(g); and
 - (ii) the Company, for and on behalf of the Group, has confirmed that it does not have business dealings with parties targeted by UN sanctions,

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

3.5 European Union, UK, and UK Overseas Territories

- (a) Based on the due diligence and the information provided by the Company on behalf of the Group to Hogan Lovells, that:
- (i) neither the Company nor any of its affiliates, agents, directors, officers, or employees has or is engaged in transactions, business or financial dealings that directly or indirectly involve or benefit a person or entity listed under EU, UK or UK Overseas Territories sanctions, or has or is engaged in any other activity subject to restrictions under sectoral EU or UK sanctions;
 - (ii) the Group's activities with the Relevant Region and Relevant Entities were limited to transactions set out in Sections 3.2(a) to 3.2(d), and did not involve any products that are subject to sectoral sanctions in the EU, the UK, or UK Overseas Territories;
 - (iii) the Company has not been, directly or indirectly, involved in the export from the EU, the UK and/or UK Overseas Territories of any items listed in the EU Common Military List or the EU Dual Use list (Annex I to Regulation (EU) 2021/821), Annex I to Council Regulation 428/2009 as retained by the European Union (Withdrawal) Act 2018 ("**the UK Dual-Use Regulation**"), or any items listed under Schedule 2 or 3 of the UK Export Control Order 2008 as amended,

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

3.6 Australia

- (a) On the basis that:
- (i) Neither the Group nor any of its subsidiaries is:
 - (1) a person in Australia;
 - (2) an Australian citizen (except for one employee, Qingchuan Liu (刘青川) (Senior Manager, Principal IT Engineer), who is an Australian national), or an Australian-registered body ;
 - (3) owned or controlled by Australians or persons in Australia;
 - (4) a person using an Australian flag vessel or aircraft to transport goods or transact services subject to Australian autonomous sanctions; or
 - (5) engaged in any direct activities in Australia,

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

4. Company Background

- 4.1 The Company, Shanghai Xizhi Technology Co., Ltd. (上海曦智科技股份有限公司), is a limited liability company established under the laws of the PRC on February 27, 2018. We have relied on the Prospectus for the Group's shareholding structure immediately prior to the reorganization, immediately before the completion of the Capitalization Issue and the Global Offering, and immediately upon completion of the Capitalization Issue and the Global Offering, respectively.
- 4.2 The Company has confirmed that it is not owned 50% or more, or controlled, by one or more U.S. persons as defined under U.S. economic sanctions laws and regulations.
- 4.3 The Company has confirmed that none of its subsidiaries is a U.S., EU, UK, or Australian person. For completeness, the Company further represented that the Company used to maintain a subsidiary in the U.S. (i.e., Lightelligence Inc.), but this subsidiary was dissolved in December 2024.
- 4.4 Among the Group's employees, there are individuals from the United States and Australia. To the Company's knowledge, the Group has thirteen (13) employees (including directors and senior management) who are U.S. persons and one (1) employee who is an Australian person. Their information is as follows:

Position	Name	Nationality
Chief Executive Officer	Yichen Shen (沈亦晨)	China (with U.S. Permanent Residency)
Chief Operating Officer	Huaiyu Meng (孟怀宇)	China (with U.S. Permanent Residency)
Chief Operating Officer	Long Wang (王珑)	U.S.
Vice President of Integration	Ben Chen	U.S.
Senior Vice President of Product Strategy	Maurice Steinman	U.S.
Vice President of Photonics	Zhan Su (苏湛)	China (with U.S. Permanent Residency)
Director of Sales	Hong Lee Khem	U.S.
Director of Field Application	Lee Cheung	U.S.
Director of Photonics	Bo Peng (彭博)	China (with U.S. Permanent Residency)

Senior Manager, Principal AMS Design Engineer	Cheng-Kuang Lu	China (Taiwan Province, with U.S. Permanent Residency)
Business Manager, Corporate Operations	Clinton Hayes	U.S.
Principal Packaging Engineer	Hui Chen (陈晖)	People's Republic of China (with U.S. Permanent Residency)
Manager, Staff Software Engineer	Longwu Ou (欧龙武)	U.S.
Senior Manager, Principal IT Engineer	Qingchuan Liu (刘青川)	Australia

- 4.5 Based on the information provided by the Company, the Group has procured laboratory equipment, testing supplies, materials, and design software from U.S.-headquartered suppliers, such as Microsoft, Cadence, Formfactor, Keysight, Keithley, Golight, Thorlabs, VIAVI, and Texas Instruments. These Procured Items involve certain items controlled under the EAR and classified as EAR99, 3A991, 3A992, 3D991, and 5D992.c.
- 4.6 The Company further confirmed that the source of the ECCN information for Procured Items is the representation from the manufacturers and suppliers. The Company has provided a consolidated ECCN classification chart for the Procured Items, which was prepared and reviewed by third-party counsels retained by the Group.
- (a) For Procured Items classified as EAR99, they are eligible for export to most end users as NLR (No License Required). While there are certain countries and end users for which a license will be required to EAR99 items, the Company itself is not on any of the trade restricted party lists, thus export licences were not required in order for the Group to procure such Procured Items.
 - (b) For Procured Items classified as 3A991, they are controlled solely for anti-terrorism (AT) purposes and are eligible for export to most end users in China as NLR (No License Required). The Company itself is not on any of the trade restricted party lists, thus export licences were not required in order for the Group to procure such Procured Items.
 - (c) For Procured Items classified as 3A992, they are controlled for anti-terrorism (AT) and Regional Stability (RS) purposes and are eligible for export to most end users in China as NLR (No License Required). The Company itself is not on any of the trade restricted party lists, thus export licences were not required in order for the Group to procure such Procured Items.
 - (d) For Procured Items classified as 3D991, they are controlled solely for anti-terrorism (AT) purposes and are eligible for export to most end users in China as NLR (No License Required). The Company itself is not on any of the trade

restricted party lists, thus export licences were not required in order for the Group to procure such Procured Items.

- (e) For Procured Items classified as 5D992.c, they are controlled solely for anti-terrorism (AT) purposes and are eligible for export to most end users in China as NLR (No License Required). The Company itself is not on any of the trade restricted party lists, thus export licences were not required in order for the Group to procure such Procured Items.

4.7 Based on the information provided by the Company, for Company Items, the Group maintains four (4) Commodity Classification Automated Tracking System certificates (CCATS) issued by the BIS and an internal self-classification chart prepared by third-party counsels.

- (a) The Company provided the four (4) CCATS issued by BIS. Classification information set forth in the CCATS is:

Case Number	Date of Issuance	Commodity	ECCN
Z1618466	September 12, 2019	Linear Arithmetic Accelerator	EAR99
		Technology related to LAA	EAR99
Z1618467	September 12, 2019	Optical Processing Unit (OPU)	EAR99
		Technology related to OPU	EAR99
		Test Analog Integrated Circuit	EAR99
		Beta Digital IC	EAR99
		Technology related to Beta IC	EAR99
		Technology related to Test IC	EAR99
Z1672483	January 5, 2021	Delta Integrated Circuit	3A991.a.2
		Delta IC technology	3E991
		Tahoma Integrated Circuit	EAR99
		Tahoma IC technology	EAR99
Z1869796	December 12, 2025	PACE2 Photonic-electric Hybrid Computing Card	4A994.i
		Optical Tensor Processing Unit (OTPU)	3A991.p

		Electric Tensor Acceleration Computing Unit (ETACU)	3A991.p
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- (b) The Company also provided a self-classification chart regarding Company Items. Company Items identified as subject to the EAR are classified as EAR99, 3A991 and 4A994.
 - (c) For Company Items classified as EAR99, the Company confirmed that they are eligible for export to most end users as NLR (No License Required).
 - (d) For Company Items classified as 3A991, 3E991 and 4A994, the Company confirmed they are controlled solely for anti-terrorism (AT) purposes and are eligible for export to most end users in China as NLR (No License Required).
- 4.8 Based on the information provided by the Company, none of the products supplied, sold, exported, or transferred by the Group are controlled or otherwise restricted for transfer either directly or indirectly, from the EU (or by EU persons), including the UK, or from the UK Overseas Territories (or by UK Overseas Territories nationals).

5. **U.S. Sanctions: Economic Sanctions and Export Controls**

5.1 **U.S. Economic Sanctions**

- (a) There are two types of U.S. economic sanctions potentially applicable to the Group:
 - (i) “Primary” U.S. sanctions applicable to “U.S. persons” or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency or activities involving U.S.-origin goods, software, technology, or services even if performed by non-U.S. persons);
 - (ii) “Secondary” U.S. sanctions applied extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus;
- (b) **Primary Sanctions Applicable to U.S. Persons**
 - (i) The U.S. Treasury Department’s OFAC administers U.S. sanctions programs against targeted countries, entities, and individuals. As the economic sanctions are intended to further the foreign policy goals of the United States, they vary considerably from program to program. Likewise, OFAC has wide latitude to interpret and enforce its regulations based on the foreign policy goals of the U.S. Government.
 - (ii) When the U.S. Government imposes economic sanctions against a country, entity, or individual, U.S. law prohibits (with limited exceptions that do not apply in this case) U.S. companies or U.S. persons from engaging in any transaction with or providing almost any goods or services for the benefit of the targeted country, entity, or individual. Depending on the sanctions program and/or parties involved, U.S. law

also may require a U.S. company or a U.S. person to “block” any assets/property interests owned, controlled or held for the benefit of a Sanctioned Country, entity, or individual when such assets/property interests are in the United States or within possession or control of a U.S. person. A “blocked” asset means no transaction may be undertaken or effected with respect to the asset/property interest – no payments, benefits, provision of services, or other dealings or other type of performance (in case of contracts/agreements) – except pursuant to an authorization or license from OFAC.

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

- (1) In general, U.S. economic sanctions apply to “U.S. persons”. The term “U.S. persons” includes:
 - (i) entities organized under U.S. Law (such as U.S. companies and their U.S. subsidiaries);
 - (ii) any U.S. company’s domestic and foreign branches;
 - (iii) any individual who is a U.S. citizen or permanent resident alien (“green card” holder), regardless of his or her location in the world;
 - (iv) any individual, regardless of his or her nationality, who is physically present in the United States; and
 - (v) U.S. branches or U.S. subsidiaries of non-U.S. companies.
- (2) In the case of U.S. sanctions applicable to Iran and Cuba, primary sanctions specifically apply to all foreign subsidiaries of U.S. companies and any other entities owned or controlled by U.S. persons (such as 50/50 joint ventures, for example). See Section 218 of the Iran Threat Reduction and Syria Human Rights Act of 2012, H.R. 1905 (PL 112-158), implemented by OFAC as section 560.215 of the Iranian Transactions and Sanctions Regulations (“**ITSR**”), which makes parent companies liable for their foreign subsidiaries’ Iranian sanctions violations, and Section 515.329 of the Cuban Assets Control Regulations (“**CACR**”).
- (3) In the case of U.S. sanctions applicable to other countries in the Relevant Region, such primary sanctions only apply to U.S. persons as defined above, not to their foreign subsidiaries or to non-U.S. companies.
- (4) In addition, primary sanctions prohibit U.S. persons, wherever located, from approving, financing, facilitating, or guaranteeing any transaction by a foreign person where the transaction by that foreign person would be prohibited if performed by a U.S. person

or within the United States. This is generally known as the “facilitation” prohibition and is a broad extension of the jurisdictional reach of U.S. sanctions applicable to U.S. persons in countries subject to comprehensive sanctions prohibitions. See, e.g., ITSR, 31 C.F.R. § 560.208. The processing of payments by U.S. banks or U.S. payment processors for Iran-related trade by non-U.S. companies would constitute “facilitation” of such trade and is prohibited.

- (5) The facilitation concept is broad. In general, a U.S. person is not permitted to facilitate in any way activities of a third party with a Sanctioned Country or a sanctioned person if the U.S. person itself could not directly engage in the underlying activity. Usually, it arises in the context of parent companies and their subsidiaries or between affiliates, where one entity is jurisdictionally required to comply but the other is not. The issue may also arise in the dealer/sub-dealer context, where the dealer is dependent on support from its supplier/partner. “Facilitation” may include the following activities:

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

- (i) Alters its operating policies or procedures, or those of a foreign affiliate, to permit a foreign affiliate to accept or perform a specific contract, engagement or transaction involving a party in or the government of Iran without the approval of the U.S. person, where such transaction previously required approval by the U.S. person and such transaction by the foreign affiliate would be prohibited by this part if performed directly by a U.S. person or from the United States;
- (ii) Refers to a foreign person’s purchase orders, requests for bids, or similar business opportunities involving a party in or the government of Iran to which the U.S. person could not directly respond as a result of U.S. sanctions laws or regulations; or
- (iii) Changes the operating policies and procedures of a particular affiliate with the specific purpose of facilitating transactions that would be prohibited by this part if performed by a U.S. person or from the United States.” ITSR § 560.417.

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

- (1) There are two types of primary U.S. sanctions programs – country-based programs (which are territorial in nature) and list-based programs (which are not territorial in nature, as they do not

apply to the entire country or all of its territory). Violations of either type of primary U.S. sanction program can result in “strict” civil liability (not a negligence standard) where fines and penalties may be imposed. In addition, wilful violations may result in criminal liability punishable by imprisonment and elevated fines.

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

1. Comprehensive sanctions programs prohibit U.S. persons from dealing in any manner with Sanctioned Countries and their governments, as well as with any persons or entities in those countries or territories. Currently, the United States maintains comprehensive sanctions against: Cuba, Iran, North Korea, the Crimea region of Ukraine/Russia, and LPR or DPR regions (comprehensive OFAC sanctions against Sudan were terminated as of October 12, 2017, comprehensive OFAC sanctions against Syria were terminated as of June 30, 2025). Generally, comprehensive country sanctions prohibit transactions with or services in, from, or benefitting the targeted country or any persons/entity in it. However, the comprehensive country sanctions may also be applicable to transactions outside the country (for example, restricting dealings in goods or services originating from a Sanctioned Country, or with persons who ordinarily reside in the Sanctioned Country).
2. Limited sanctions programs prohibit U.S. persons from participating in certain types of transactions with sanctioned countries and/or governments, such as the provision of services, financing, investments, exports, and/or imports. Prohibited activities vary from program to program, and they generally are not as broad (for example, they do not target activities with all persons or entities in that country). Currently, the U.S. government maintains limited sanctions programs in relation to countries such as Iraq and Libya, and OFAC has issued a series of general licenses authorizing numerous activities.

(ii) *List-based sanctions programs.* In addition to country-based sanctions programs, primary U.S. sanctions

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

1. terrorists and terrorist organizations;
2. narcotics traffickers;
3. persons involved in the proliferation of weapons of mass destruction;
4. persons or entities undermining democratic processes, freedom of expression, or those involved in human rights abuses or censorship activities, among other targeted activities; and
5. individuals and entities that the U.S. Government considers to be “arms” of the sanctioned governments identified above.

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

(v) **Application to Hong Kong**

(1) On July 14, 2020, the Hong Kong Autonomy Act (“**the Act**”) became law, authorizing the imposition of sanctions on certain

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

- (2) On the same day, the President issued the Executive Order on Hong Kong Normalization (“**EO 13936**”). This EO, among other actions, authorizes the imposition of sanctions on foreign persons determined to be involved in developing, adopting, and/or implementing China’s National Security Law, among other actions. The EO blocks any transactions or transfers involving any and all property and/or interests in the United States of anyone, the Secretary of State, in consultation with the Secretary of the Treasury (or vice versa):
- (i) To be or have been involved, directly or indirectly, in the coercing, arresting, detaining, or imprisoning of individuals under the authority of, or to be or have been responsible for or involved in developing, adopting, or implementing, the Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Administrative Region.
 - (ii) To be responsible for or complicit in, or to have engaged in, directly or indirectly, any of the following:
 1. Actions or policies that undermine democratic processes or institutions in Hong Kong.
 2. Actions or policies that threaten the peace, security, stability, or autonomy of Hong Kong.
 3. Censorship or other activities with respect to Hong Kong that prohibit, limit, or penalize the exercise of

freedom of expression or assembly by citizens of Hong Kong, or that limit access to free and independent print, online, or broadcast media.

4. The extrajudicial rendition, arbitrary detention, or torture of any person in Hong Kong or other gross violations of internationally recognized human rights or serious human rights abuses in Hong Kong.
- (iii) To be or have been a leader or official of:
1. An entity, including any government entity, which has engaged in, or whose members have engaged in, any of the activities described above.
 2. An entity whose property and interests in property are blocked pursuant to EO 13936.
 3. To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked by EO 13936.
 4. To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked by EO 13936.
- (iv) To be a member of the board of directors or a senior executive officer of any person whose property and interests in property are blocked by EO 13936.
- (v) Under the authority of EO 13936, OFAC has already designated as SDNs several government officials in Hong Kong, including those in top political leadership. As a result of their SDN designation, US sanctions extend to dealings with any non-listed entity in which those SDNs hold, directly or indirectly, individually or in the aggregate, a 50% or greater interest.
- (vi) On September 25, 2020, OFAC issued Frequently Asked Questions (FAQ) 840 on the effect of designating several political leaders of Hong Kong. FAQ 840 states that the designation of an official of the Government of the HKSAR does not itself block the HKSAR government or any government agency where the SDN is an official or otherwise exercises control. Accordingly, engaging in a routine interaction with an agency in which an SDN is an

official, but which does not involve the SDN directly or indirectly, is not prohibited. FAQ 840 further states that U.S. persons may enter into HKSAR government contracts signed by a non-SDN official of the HKSAR to whom the HKSAR government has delegated the authority to enter such contracts.

(vi) **Application to STIC**

- (1) STIC was designated by the BIS on the Entity List effective from December 2, 2024. Provision of items subject to the EAR without a licence from BIS to STIC is prohibited. The license application is subject to a presumption of denial.

(vii) **Application to ICRD**

- (1) ICRD was designated by the BIS on the Entity List effective from December 16, 2022. Provision of items subject to the EAR without a licence from BIS to ICRD is prohibited. The license application is subject to a presumption of denial.

(viii) **Application to Zhangjiang National Laboratory**

- (1) Zhangjiang National Laboratory was designated by the BIS on the Entity List effective from December 2, 2024. Provision of items subject to the EAR without a licence from BIS to Zhangjiang National Laboratory is prohibited. The license application is subject to a presumption of denial.

(ix) **Application to SIMIT**

- (1) SIMIT was designated by the BIS on the Entity List effective from May 9, 2024. Provision of items subject to the EAR without a licence from BIS to SIMIT is prohibited. The license application is subject to a presumption of denial.

(x) **Application to IEII**

- (1) IEII was designated by the BIS on the Entity List effective from March 25, 2025. Provision of items subject to the EAR without a licence from BIS to IEII is prohibited. The license application is subject to a presumption of denial.

(xi) **Application to the Group**

- (1) Except for one U.S. subsidiary that was dissolved in December 2024, i.e., Lightelligence Inc., neither the Company nor any of its subsidiaries is incorporated in the United States. No U.S. entities were involved in the Group's activities with Relevant Entities.

- (2) Except for the thirteen (13) employees who are U.S. persons, no other U.S. persons are employed or otherwise engaged by the Company or its Group entities. We are advised by the Company that it cannot confirm that no other employees qualify as U.S. persons, as the Company does not screen every employee for their permanent resident status and citizenship. That said, the Company confirmed that no technical work was conducted by any U.S. person with regard to transactions with any entities listed on the BIS Lists.
- (3) In addition, we are advised by the Company that, except for Mr. Yichen Shen (Chief Executive Officer of the Company) and Mr. Long Wang (Chief Operating Officer of the Company), no U.S. persons were involved in the Group's activities with Relevant Entities. We are also advised by the Company that Mr. Yichen Shen and Mr. Long Wang's involvement in projects concerning Relevant Entities is limited to authorizing transactions by signing contracts on behalf of the Company. Such involvement does not entail any substantive release of technology or transfer of items subject to the EAR to the Relevant Entities.
- (4) The Group had conducted U.S. export controls classifications to the products provided to the Relevant Region and Relevant Entities, and concluded that these items are not subject to the EAR.
- (5) The Group has not, during the Track Record Period, undertaken, either directly or indirectly, any contract or any other activity with a counterparty, nor has it otherwise provided goods or services to any person, in Sanctioned Countries.
- (6) Save for the transactions with Relevant Entities, no products have been exported (either directly or indirectly) to any persons or entities identified on the U.S. Department of Commerce, Bureau of Industry and Security's BIS Lists.
- (7) No SDNs have been identified as being involved in the procurement or any transactions conducted by the Group during the Track Record Period.
- (8) The Company has reviewed all transaction records since 2022 and has not identified any payments related to Sanctioned Countries during that time.
- (9) The Group's activities with the Relevant Region and Relevant Entities were limited to transactions set out in Sections 3.2(a) to 3.2(g).

On the basis of the foregoing and our due diligence conducted, Hogan Lovells' assessment is that the business dealings of the Group with

Relevant Region and Relevant Entities do not violate or implicate any breaches of the U.S. primary sanctions.

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

- (i) The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in certain defined activities, including:
 - (1) those who are dealing in “confiscated” property in Cuba;
 - (2) those who are engaging in certain Syria- or Iran-related activities, including certain targeted sectors of the Iranian, North Korean, Belarusian, Burmese, Russian, and Venezuelan economy;
 - (3) those who are found to “operate in” the Crimea, DPR or LPR region or in the targeted sectors of Venezuelan economy (gold, oil, financial, defense/security), Russian economy (energy, metals and mining, quantum computing, defense, technology, financial services, aerospace, marine, electronics, accounting, management consulting and trust/corporate formation sectors), North Korean economy (construction, energy, financial services, fishing, information technology, manufacturing, medical, mining, textiles, or transportation), Burmese (defense), or Belarussian economy (defense and related materiel, security, energy, potassium chloride (potash) sector, tobacco products, construction, or transportation);
 - (4) those engaging in a “significant” importation from or exportation to North Korea of any goods, services, or technology;
 - (5) those engaging in “significant” transactions with Iranian or Russian SDNs; and
 - (6) those who are engaging in the provision of “material assistance” or support to most types of SDNs (including SDNs designated under the Ukraine/Russia sanctions programs, among others).
- (ii) The Company has, for and on behalf of the Group, confirmed that based on its due diligence process, it has no dealings involving the Kherson region, Zaporizhzhia region, Crimea, DPR/LPR regions of Ukraine, Cuba, Iran, North Korea, Syria, and Venezuela or with any SDNs. For those reasons, Hogan Lovells’ assessment is that the risk of the Group or Relevant Persons facing exposure to secondary U.S. sanctions is low.

(d) **The Offering**

- (i) The Group will be required to make standard representations, warranties and covenants to the Sponsors in the Hong Kong Underwriting Agreement and International Underwriting Agreement that the proceeds of the offering will not be used in any manner that could be found to violate any International Sanctions laws or regulations, including

representing that the Group will not make any of the proceeds of the offering, directly or indirectly, available to (i) a person on the SDN List or (ii) fund any activity that is prohibited by International Sanctions laws or regulations.

- (ii) We note from the Prospectus as of April 20, 2026, under which the Group's intended uses of the proceeds of the Offering are set out in detail, and we have relied on those statements in connection with our analysis; the Group has confirmed that such statements are accurate in all respects. In those statements, the Group confirms that the proceeds will be used for:
 - (1) research and development of the Group's optical interconnect hardware and solutions;
 - (2) research and development of the Group's optical computing products;
 - (3) expansion of the Group's product development team;
 - (4) expansion of the Group's sales and marketing team; and
 - (5) the Group's working capital and general corporate purposes.
- (iii) We also note that none of the Company and its subsidiaries, their respective shareholders, directors, or officers disclosed in the Prospectus is a person or entity named on the SDN List.

5.2 U.S. Export/Re-Export Controls

- (a) Unlike U.S. economic sanctions that follow the persons or parties involved, U.S. export controls follow the product involved. Any item that is sent from the United States to a foreign destination is an export. "Items" include commodities, software, or technology, including but not limited to circuit boards, automotive parts, blueprints, design plans, retail software packages, and technical information. How an item is transported outside of the United States does not matter in determining export license requirements. For example, an item can be sent by regular mail, hand-carried on an airplane, sent via facsimile, software can be uploaded to or downloaded from an Internet site, or technology can be transmitted via e-mail or during a telephone conversation. Regardless of the method used for the transfer, the transaction is considered an export (or a re-export if such a U.S.-origin item is transferred from one foreign country to another).
- (b) The U.S. Department of Commerce, Bureau of Industry and Security controls exports and re-exports of commercial and dual-use products, software, and technology. These controls are implemented by the United States Export Administration Regulations, 15 C.F.R. Parts 730-774, administered by BIS.
- (c) The EAR applies to exports of commodities, software, and technology from the United States to foreign countries and to re-exports from one foreign country to

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

- (d) Export Control Restrictions on Export, Reexport, or Transfer of Certain High-Performance Chips or Items Destined for a Supercomputer or Semiconductor Manufacturing End Use in China.

On October 7, 2022, the BIS issued an interim final rule (“**IFR**”) amending the EAR to impose significant new restrictions intended to deny China access to certain semiconductor and advanced computing technology (including chips) and to inhibit China’s ability to manufacture those items domestically in order to protect U.S. national security and foreign policy interests. This IFR was implemented on a staggered basis – some provisions became effective on October 7, 2022, and others became effective on October 12 or October 21, 2022. The IFR implemented a number of key changes:

- (i) *Added 4 new Export Control Classification Numbers (“**ECCNs**”) to the Commerce Control List (“**CCL**”).* Three of the four new ECCNs (3A090, 3B090, and 4A090) control certain hardware, including advanced computing chips; computers, “electronic assemblies,” and “components” that contain such chips and computers; and certain advanced semiconductor manufacturing equipment. The fourth new ECCN (4D090) controls “software” “specially designed” or modified for the “development” or “production,” of computers and related equipment, “electronic assemblies,” and “components.”
- (ii) *Applied new unilateral Item-based controls for Regional Stability (“**RS**”) reasons on exports to China of certain advanced computing chips and related semiconductor manufacturing equipment.* The new RS controls apply to the four new ECCNs, five existing ECCNs, and to exports of certain technology for the “production” of certain advanced computing chips from China to any destination.
- (iii) *Imposed new end-use and end-user-based restrictions on exports, reexports, and in-country transfers of Items intended for use in semiconductor fabrication “facilities” in China and “supercomputers”*

located in or destined for China. Licenses are required for all items subject to the EAR that meet the parameters of the IFR.

- (iv) *Revised one and created two new foreign direct product (“FDP”) Rules designed to make the new Item-based and end-use controls extraterritorial.* The current Entity List FDP Rule is revised to apply to newly designated footnote 4 entities on the Entity List (“**Entity List FDP Footnote 4 Rule**”), and two new FDP Rules are added to control certain foreign-made advanced computing and “supercomputer” items, which were not subject to the EAR prior to the expansion and revision of the FDP Rules above.
 - (v) *Expanded controls on 28 pre-existing Entity List entities.* The 28 parties on the Entity List are now subject to the Entity List FDP Footnote 4 Rule.
 - (vi) *Imposed a licensing requirement on certain “support” activity provided by “U.S. persons.”* Specific activities of “U.S. persons” who ‘support’ the “development” or “production” of integrated circuits (“**ICs**”) at a semiconductor fabrication “facility” in China are prohibited without a license.
 - (vii) *Expanded scope of two ECCNs subject to Anti-Terrorism-Controls.* ECCNs 3A991 and 4A994, both controlled for anti-terrorism (“**AT**”) reasons, are expanded to add a new paragraph to each ECCN to control certain ICs and advanced computers containing those ICs, which similarly expands the scope of related U.S.-origin software and technology that may capture foreign-made items under the FDP rules.
- (e) **New End-Use and End-User-Based Controls for Semiconductor Manufacturing Items**
- (i) New Section 744.23 imposes license requirements where an exporter, reexporter, or transferor knows or has reason to know (“knowledge”, as defined in Part 772 of the EAR) that certain Items subject to the EAR are intended for a “supercomputer” end-use or are intended for semiconductor manufacturing end-uses.
 - (ii) No license exceptions are available to overcome these restrictions. License applications will be reviewed pursuant to a presumption of denial, even if the Items are otherwise also subject to licensing requirements that have a more favorable license review policy. The only exception to this license review policy is for applications related to the “development” or “production” of ICs at semiconductor fabrication “facilities” in China that meet certain criteria when those end-users in China are headquartered in the United States or in a Country Group A:5 or A:6 country (see, Supp. 1 to Part 740 of the EAR).
 - (iii) The specific provisions of section 744.23 provide that an export license is required to export, reexport, or transfer (in-country):

- (1) An IC subject to the EAR (i.e., U.S.-origin Items, Items exported from the United States, Items that are subject to the EAR due to de minimis U.S.-origin content, or foreign-made Items that are subject to any FDP Rule) and specified in ECCN 3A001 (e.g. radiation hardened integrated circuits, Monolithic Microwave ICs, analog-to-digital and digital-to-analog integrated circuits, and field programmable gate arrays), 3A991 (e.g. storage integrated circuits; field programmable gate arrays, flexible waveguide; integrated circuits having a processing performance of 8 TOPS or more), 4A994 (e.g. computers with extended operating temperature range, hybrid computers, and electronic assemblies), 5A002 (e.g. information security systems / equipment / devices / components, and information security equipment), 5A004 (e.g. information security defeating, weakening or bypassing systems, equipment and components, and cyber hacking systems, equipment and components), or 5A992 (e.g. mass market information security equipment and components, mass market cryptanalytic systems, equipment and components, and mass market cryptographic equipment and components) if there is “knowledge” the Item will be used for the “development,” “production,” “use,” operation, installation (including on-site installation), maintenance (checking), repair, overhaul or refurbishing of a “supercomputer” located in or destined to China.
- (2) A computer, “electronic assembly” or “component” subject to the EAR and specified in ECCN 4A003 (e.g. digital computers, signal processing digital computers, and vector processors digital computers), 4A004 (e.g. array processors/assemblies), 4A994, 5A002, 5A004, or 5A992 if there is “knowledge” the Item will be incorporated into or used in the “development” or “production” of any “component” or “equipment” that will be used in a “supercomputer” located in or destined to China.
- (3) Any Item subject to the EAR if there is “knowledge” that the Items will be used in the “development” or “production” of integrated circuits at a semiconductor fabrication “facility” located in China that fabricates integrated circuits meeting any of the following criteria:
 - (i) Logic ICs using a non-planar transistor architecture or with a “production” technology node of 16/14 nanometers or less;
 - (ii) NOT AND (NAND) memory ICs with 128 layers or more;
or

- (iii) Dynamic random-access memory (DRAM) ICs using a “production” technology node of 18 nanometer half-pitch or less; or

Any Item subject to the EAR and classified in any ECCN in Product Groups B, C, D, or E in Category 3 when there is “knowledge” that the Item will be used in the “development” or “production” of ICs at any semiconductor fabrication “facility” located in China, but you do not know whether such semiconductor fabrication “facility” fabricates ICs that meet any of the criteria set forth in (vi)(1) – (3) above.

- (4) Any Item subject to the EAR when there is “knowledge” that the Item will be used in the “development” or “production” in China of any “parts,” “components” or “equipment” specified under ECCNs 3B001 (e.g. epitaxial growth equipment, semiconductor device or material manufacturing equipment), 3B002 (e.g. test equipment specially designed for testing finished or unfinished semiconductor devices), 3B090 (e.g. semiconductor manufacturing deposition equipment not described in 3B001), 3B611 (e.g. test, inspection, and production commodities for military electronics), 3B991 (e.g. equipment “specially designed” for the manufacture of semiconductor devices, integrated circuits and electronic assemblies, masks, mask substrates and mask-making equipment), or 3B992 (e.g. electronic components and materials inspection or testing equipment, components and accessories).
- (f) Additionally, effective January 17, 2023, these rules were extended to encompass exports, reexports, or transfers (in-country) destined to or within Macau.
- (g) Military End Use/End User and Military-Intelligence End Use/End User Controls
 - (i) Section 744.21 of the EAR prohibits the export, reexport or transfer (in-country) of certain Items subject to the EAR (as specified in Supp. 2 to Part 744) if the party has “knowledge,” that the Item is destined for a “military end use” or a “military end user” in Burma, Cambodia, China or Venezuela. Section 744.21 also prohibits the export, reexport, or transfer (in-country) of any Item subject to the EAR if the party has “knowledge” that the Item is destined for a “military end use” or “military end user” in Russia or Belarus.
 - (ii) Section 744.22 of the EAR prohibits the export, reexport or transfer (in-country) of any Items subject to the EAR if the party has “knowledge” that the Item is intended for a “military-intelligence end use” or “military-intelligence end user” in Belarus, Burma, Cambodia, China, Russia or Venezuela, or certain specified “military intelligence end users,” of such countries, wherever located (see, 744.22(f)(2)).

- (h) On October 17, 2023, the BIS issued two interim final rules amending the EAR to impose new restrictions on the export, reexport, or transfer (in-country) of certain semiconductor and advanced computing items to China and Macau SAR as well as to destinations in Country Groups D:1, D:4 and D:5, as set forth in Part 740 of the EAR. The two interim final rules implement changes to the EAR, including:
 - (i) expanding the range of advanced chips and semiconductor manufacturing equipment subject to licensing requirements;
 - (ii) expanding the countries that are subject to licensing requirements beyond China;
 - (iii) expanding the scope of foreign-made advanced chips and items incorporating such chips that may be subject to U.S. jurisdiction pursuant to the foreign direct product rule, including based on an expanded scope of end-destinations outside China or parties to the transaction that are headquartered in a D:5 country or Macau SAR; and
 - (iv) imposing licensing requirements in certain instances on entities located worldwide that are headquartered in a D:5 country or Macau SAR.
- (i) On December 2, 2024, BIS expanded the EAR controls to cover certain foreign-produced items—specifically semiconductor manufacturing equipment (SME) and related components—when there is “knowledge” that these items will be used by or supplied to entities designated under Footnote 5 (FN5) on the Entity List. The FN5 Foreign Direct Product Rule applies if the foreign-produced item is either a direct product of specified U.S. technology or software, or contains components produced by a plant or major component of a plant that is itself a direct product of such U.S.-origin technology or software. The rule aims to impair the ability of targeted entities, particularly in China and other Country Group D:5 destinations, to produce advanced-node integrated circuits.
- (j) **Application to the Group**
 - (i) The Group had conducted U.S. export controls classifications of the products exported or sold to the Relevant Region and Relevant Entities, and confirms that these products are either not subject to the EAR or, to the extent they are subject to the EAR, they have not been provided to the Relevant Entities after their designations on the Entity List.
 - (ii) The Company confirmed that except for Mr. Yichen Shen (Chief Executive Officer of the Company) and Mr. Long Wang (Chief Operating Officer of the Company), the Company confirmed that no U.S. persons employed or otherwise engaged by the Group have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of the Company or its Group entities with Relevant Entities and the Relevant Region. We are also advised by the Company that Mr. Yichen Shen and Mr. Long Wang’s involvement in projects concerning Relevant Entities is limited

to authorizing transactions by signing contracts on behalf of the Company. Such involvement does not entail any substantive release of technology or transfer of items subject to the EAR to the Relevant Entities.

Based on the above statements, Hogan Lovells' assessment is that the business dealings of the Group with Relevant Entities do not appear to violate or implicate any breaches of the U.S. export controls.

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

- (i) The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in certain defined activities, including:
 - (1) those who are dealing in "confiscated" property in Cuba;
 - (2) those who are engaging in certain Iran-related activities, including certain targeted sectors of the Iranian, North Korean, Belarusian, Burmese, Nicaraguan, Russian, and Venezuelan economy;
 - (3) those who are found to "operate in" the Crimea or DPR/LPR regions or in the targeted sectors of Venezuelan economy (gold, oil, financial, defense/security), Nicaraguan economy (gold), Russian economy (metals and mining, quantum computing, defense, technology, maritime, aerospace, electronics, financial services, accounting, management consulting and corporate/trust formation services sectors), North Korean (construction, energy, financial services, fishing, information technology, manufacturing, medical, mining, textiles, or transportation), Burmese (defense), or Belarussian (defense and related materiel, security, energy, potassium chloride (potash) sector, tobacco products, construction, or transportation);
 - (4) those engaging in a "significant" importation from or exportation to North Korea of any goods, services, or technology;
 - (5) those engaging in "significant" transactions with Iranian or Russian SDNs; and
 - (6) those who are engaging in the provision of "material assistance" or support to most types of SDNs (including SDNs designated under the Ukraine/Russia sanctions programs, among others).
- (ii) The Company has, for and on behalf of the Group, confirmed that based on its due diligence process, it has no dealings involving Crimea, DPR/LPR, Kherson, Zaporizhzhia, Cuba, Iran, North Korea, Syria, and Venezuela or with any SDNs. The nature of the Group's business with Relevant Entities should not trigger U.S. secondary sanctions targeting certain industries. Accordingly, secondary sanctions are not likely to be triggered by the Group's business operations, based on our due diligence process, the Group's due diligence in this respect, as well as the information provided by the Group. For those reasons, Hogan

Lovells' assessment is that the risk is fairly low for the Group or Relevant Persons to face exposure to secondary U.S. sanctions.

6. **UN Sanctions**

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

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

6.3 **Application to Hong Kong**

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

6.4 **Application to STIC**

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

6.5 **Application to ICRD**

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

6.6 **Application to Zhanjiang National Laboratory**

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

6.7 **Application to SIMIT**

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

6.8 **Application to IEII**

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

6.9 **Application to 4Paradigm**

- (a) During the Track Record Period, the UN has not imposed any sanctions on 4Paradigm.

6.10 **Application to the Group**

On the basis of the Company's confirmations that:

- (a) Neither the Group nor any of its affiliates, agents, directors, officers, or employees is engaged in transactions that directly or indirectly involve or benefit a person on the sanctions list of the UN;
- (b) The Group's business dealings with Relevant Entities do not implicate the restrictive measures adopted by UN because the Group does not have any business dealings with persons on the list of persons and entities designated by the UN with whom member states of the UN are prevented from doing business with; and
- (c) all of the Company's business with Relevant Entities was in relation to the transactions set out in Sections 3.2(b) to 3.2(g), which were not conducted in relation to, or otherwise involve any export-controlled products,

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

7. **EU and UK Sanctions**

7.1 **Overview of EU Sanctions Measures**

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

- (a) Sanctions applicable in the EU stem from:
 - (i) sanctions adopted by the UN; or
 - (ii) autonomous sanctions regimes adopted by the EU without any UN action.
- (b) The EU implements sanctions measures via a unanimous decision of the Council of the European Union (the "**Council**"). Member States of the EU are then legally bound to act in conformity with the decision.

- (c) Certain sanctions, such as arms embargoes and travel bans, are implemented directly by EU Member States. Such measures only require a decision by the Council. Economic sanctions measures require separate implementing legislation in the form of a Council Regulation.
- (d) Council Regulations are directly applicable in EU Member States. However, some Member States may nevertheless enact national legislation implementing the EU sanctions measures. In addition, individual Member States are responsible for establishing measures to set and impose penalties and their implementation and enforcement, and for establishing relevant competent licensing authorities.
- (e) EU sanctions regimes are generally targeted, meaning that the relevant prohibitions or restrictions are focused on individual people or organizations, certain sectors of the target's economy, specified goods, technology, technical assistance, and wider associated services, or specific activities.
- (f) As of January 1, 2021, the UK is no longer an EU Member State. Pursuant to the terms of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (Withdrawal Agreement), EU law, including sanctions law, continued to apply to and in the UK until December 31, 2020. The UK was still an EU Member State during part of the Track Record Period, and the EU sanctions analysis fully applies thereto until December 31, 2020. For the part of the Track Record Period starting on January 1, 2021, the UK applied its own sanctions programs.

7.2 Overview of UK sanctions

- (a) Sanctions are one of the UK's tools to promote the objectives of its foreign policy, being peace, democracy, and the respect for the rule of law, human rights, and international law.
- (b) As of January 1, 2021, sanctions applicable in the UK stem from:
 - (i) Sanctions adopted by the UN; or
 - (ii) Autonomous sanctions regimes adopted by the UK; Some of which have been retained from EU legislation and have been transitioned into UK law.
- (c) UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018 ("**the UK Sanctions Act**"), which enables the transition of existing EU sanctions programs and the establishment of autonomous UK regimes. The UK Sanctions Act is implemented through regulations setting out the specific measures under each UK sanctions regime.
- (d) Specifically, Section 63(3) of the UK Sanctions Act provides that the UK may, by way of Order, extend the application of the sanctions regulations to any of the Channel Islands, the Isle of Man, and any of the British Overseas Territories.

UK sanctions measures have also been extended by the UK on a regime-by-regime basis to apply to and in the UK Overseas Territories (without requiring enactment of any further legislation by them), including the Cayman Islands as of January 1, 2021.

7.3 Application of Sanctions Measures

- (a) EU and UK sanctions measures broadly apply to: (i) any company incorporated under the laws of the EU or the UK; (ii) any EU or UK national; and (iii) any business done in whole or in part within the EU or the UK.
- (b) EU and UK sanctions measures will therefore apply to:
 - (i) the Company as a company incorporated in the Cayman Islands and any of the Group's subsidiaries or affiliates incorporated in the EU, UK, or a UK Overseas Territory;
 - (ii) any EU and UK nationals employed by or otherwise engaged on behalf of the Group, regardless of where they are located, in the EU, the UK, or in any other country;
 - (iii) any business of the Group conducted within the EU, the UK, or a UK Overseas Territory;
 - (iv) any counterparty incorporated in the EU or the UK with whom the Group does business, including, for example, suppliers, customers, distributors, agents, manufacturers, shipping agents, and freight forwarders;
 - (v) any EU or UK incorporated financial institution that the Group or any of its companies uses to provide payment processing services, trade finance services, short or long-term debt financing, or any other service; and
 - (vi) any entity incorporated in the EU or the UK, or a national of these regions who subscribes for shares in the Group.
- (c) EU and UK sanctions will not apply to:
 - (i) Non-EU and non-UK nationals in their personal capacity, including the Company's Directors (to the extent that they are not carrying out business of the Group in the territory of the EU or the UK); and
 - (ii) any company subsidiary that is not incorporated under the laws of an EU Member State or the UK, which acts in a wholly independent manner from its parent company and which does not carry out any activities in the EU or the UK.

7.4 Restrictions under EU and UK Sanctions Measures

- (a) The restrictions applied under an EU or UK sanctions regime depend on the jurisdiction targeted by the regime. However, there are broadly four main offences:
- (i) making any funds or economic resources (see below) directly or indirectly available to or for the benefit of a sanctioned person or entity (a “**Designated Person**”);
 - (ii) dealing with any funds or economic resources that are owned, held, or controlled by a Designated Person;
 - (iii) exporting, selling, transferring, or making certain controlled or restricted products¹ available (either directly or indirectly) to, or for use in, a jurisdiction subject to sanctions measures (a “**Prohibited Activity**”); and
 - (iv) participating knowingly and intentionally in activities the object or effect of which is to: (i) directly or indirectly circumvent the offences listed above; or (ii) enable or facilitate the commission of the offences.
- (b) The meaning of “economic resources” is defined widely to be “assets of every kind, whether tangible or intangible, movable or immovable, which are not funds, but may be used to obtain funds, goods or services”. Therefore, the Group’s products would fall within the definition of “economic resources”.
- (c) Under EU and UK sanctions measures, there is no “blanket” ban on doing business in or with a jurisdiction targeted by sanctions measures. While it is prohibited for a person or entity to whom EU or UK sanctions apply to make any product of the Group available directly or indirectly to or for the benefit of a Designated Person, or to finance such activity, it is not generally prohibited (or otherwise restricted) for that person or entity to do business (involving non-controlled or restricted items) with a counterparty in a country subject to EU or UK sanctions that is not a Designated Person or engaged in non-Prohibited Activities.

7.5 EU and UK Sanctions: Dealing with Relevant Jurisdictions

- (a) As noted above, under EU and UK sanctions legislation, it is prohibited for any person or entity to whom EU sanctions apply to:
- (i) make any product of the Group directly or indirectly available to, or for the benefit of, a Designated Person; or
 - (ii) export, finance, or facilitate the transfer of any controlled or restricted products to a third country, including a Relevant Jurisdiction.

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

(b) **Application to Hong Kong**

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

(c) **Application to STIC**

- (i) During the Track Record Period, the EU and UK have not imposed any sanctions on STIC.

(d) **Application to ICRD**

- (i) During the Track Record Period, the EU and UK have not imposed any sanctions on ICRD.

(e) **Application to Zhangjiang National Laboratory**

- (i) During the Track Record Period, the EU and UK have not imposed any sanctions on Zhangjiang National Laboratory.

(f) **Application to SIMIT**

- (i) During the Track Record Period, the EU and UK have not imposed any sanctions on SIMIT.

(g) **Application to IEII**

- (i) During the Track Record Period, the EU and UK have not imposed any sanctions on IEII.

(h) **Application to 4Paradigm**

- (i) During the Track Record Period, the EU and UK have not imposed any sanctions on 4Paradigm.

(i) **Application to the Group**

- (i) Based on the due diligence and the information provided by the Company on behalf of the Group to Hogan Lovells, that:
- (1) the Group's activities have not identified any person specifically designated (i.e., listed/targeted) under any existing EU and UK sanctions regime;
 - (2) no EU or UK nationals, nor any wider persons resident or otherwise located in either the territories of the EU or the UK who are employed or otherwise engaged by the Group have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, or in any wider decision making capacity of the Group's activities with Relevant Entities and the Relevant Region;
 - (3) the Group's transactions did not potentially fund or facilitate sanctions-prohibited activity, nor grant any benefit towards any sanctioned person or entity;
 - (4) the Group has not exported or directly or indirectly supplied arms and related materiel, or equipment which might be used for internal repression;
 - (5) the Group has not provided technical assistance related to military activities, or to the provision, manufacture, maintenance, and use of arms and related materiel of any type;
 - (6) the Group has not provided financing or financial assistance related to any activities referred to above;

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

8. Australian Sanctions

8.1 Overview

- (a) Australia has a dual sanctions regime consisting of sanctions measures imposed by the UN, together with Australian autonomous sanctions imposed by the Australian Government as a matter of its foreign policy. Australia's dual sanctions regime is administered by the Australian Sanctions Office ("**ASO**"), the Australian Government sanctions regulator, which sits within the Department of Foreign Affairs and Trade ("**DFAT**").
- (b) The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to:
 - (i) any person in Australia;

- (ii) any Australian anywhere in the world;
 - (iii) companies incorporated overseas that are owned or controlled by Australians or persons in Australia; and/or
 - (iv) any person using an Australian flag vessel or aircraft to transport goods or transact services subject to UN sanctions.
- (c) The ASO maintains the consolidated list of all persons and entities designated for the purposes of sanctions regimes implemented under Australian sanction laws.
 - (d) A criminal offence is committed if an individual or a body corporate to whom Australian sanctions measures apply engages in conduct and the conduct contravenes a sanction law.
 - (e) The Australian autonomous sanctions regimes are primarily implemented under the *Autonomous Sanctions Act 2011* (Cth) (the “**Act**”) and the *Autonomous Sanctions Regulations 2011* (Cth) (the “**Regulations**”).
 - (f) The Act prohibits a person from engaging in conduct that is in breach of the sanctions laws.
 - (g) Part 3 of the Regulations specifies that section 15.1 of the Criminal Code (being Schedule 1 to the *Criminal Code Act 1995* (Cth) applies to a person who makes an unauthorised sanctioned supply. This has the effect of making the offence extra-territorial if the alleged offence occurs outside of Australia by a person who is an Australian citizen or a body corporate incorporated under Australian law.
 - (h) The prohibited conduct applies to conduct committed entirely inside or outside Australia if, at the time of the alleged offence, the alleged offender is an Australian citizen or a body corporate incorporated under Australian law.

8.2 **Application to Hong Kong**

- (a) During the Track Record Period, Australia has not imposed any targeted sanctions (autonomous or otherwise) in relation to Hong Kong.

8.3 **Application to STIC**

- (a) During the Track Record Period, Australia has not imposed any sanctions on STIC.

8.4 **Application to ICRD**

- (a) During the Track Record Period, Australia has not imposed any sanctions on ICRD.

8.5 **Application to Zhangjiang National Laboratory**

- (a) During the Track Record Period, Australia has not imposed any sanctions on Zhangjiang National Laboratory.

8.6 **Application to SIMIT**

- (a) During the Track Record Period, Australia has not imposed any sanctions on SIMIT.

8.7 **Application to IEII**

- (a) During the Track Record Period, Australia has not imposed any sanctions on IEII.

8.8 **Application to 4Paradigm**

- (a) During the Track Record Period, Australia has not imposed any sanctions on 4Paradigm.

8.9 **Application to the Group**

- (a) The Company has confirmed that no Australian citizens employed or otherwise engaged by the Group have been involved in any way, including in the negotiation or approval of, or with the on-going performance of, or in any wider decision making capacity, with respect to any of the Group's dealings involving Relevant Entities; and
- (b) On the basis of the Company's confirmations, neither the Group nor any of its subsidiaries is:
 - (i) a person in Australia;
 - (ii) an Australian citizen (except for one employee, Qingchuan Liu (刘青川) (Senior Manager, Principal IT Engineer), who is an Australian national) or Australian-registered body;
 - (iii) owned or controlled by Australians or persons in Australia;
 - (iv) a person using an Australian flag vessel or aircraft to transport goods or transact services subject to Australian autonomous sanctions; or
 - (v) engaged in any activities in Australia;

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

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

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

This memorandum may also be disclosed for information only to (but not relied on by) the joint sponsors, the overall coordinators, the joint bookrunners, the lead managers and the underwriters and any other capital market intermediaries of the Global Offering, other parties involved in the Global Offering, the HKEX, the Securities and Futures Commission, the Hong Kong Companies Registry, and within the period and in accordance with procedure specified in the Prospectus, available on display to the public, and is not to be used or otherwise referred to for any other purpose other than as required by laws, regulations or court order or is requested by other relevant governmental, regulatory or judicial authorities (such as seeking to establish any defense in any legal or regulatory proceeding or investigation arising out of the Offering), and such disclosure and non-reliance and the liability waiver referred to above are governed by and construed in accordance with the laws of Hong Kong.

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

* * * * *

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

A handwritten signature in blue ink, consisting of several overlapping, stylized loops and lines, positioned above a horizontal line.

Hogan Lovells



MEMORANDUM

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**Privileged and Confidential
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TO Shanghai Xizhi Technology Co., Ltd.
(上海曦智科技股份有限公司)

FROM Hogan Lovells International LLP

DATE April 20, 2026

**By Electronic Mail
Privileged and Confidential**

SUBJECT Memorandum of Advice - Analysis of Certain Implications of the U.S. Department of the Treasury's Outbound Investment Security Program

I. Executive Summary

Shanghai Xizhi Technology Co., Ltd. (上海曦智科技股份有限公司) (the "Company" or "you" and, together with its "subsidiaries,"¹ the "Group") has asked Hogan Lovells International LLP ("HLI," "we" or "us") to assist it in assessing the applicability of the Outbound Investment Security Program ("OISP") regulations, issued by the U.S. Department of the Treasury ("Treasury") on October 28, 2024 and codified in the United States Code of Federal Regulations at 31 C.F.R. part 850 (the "OISP regulations"), to the proposed initial public offering and listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Transaction"). Specifically, the Company has asked us to assess whether the Group would be considered a "Covered Foreign Person" under the OISP regulations. As summarized in this memorandum, the analysis of whether the Group would be considered a "Covered Foreign Person" hinges, in part, on whether the Group is engaged in a "Covered Activity" within the meaning of the OISP regulations.

In our examination of whether the Group should be considered to be a "Covered Foreign Person" or to engage in a "Covered Activity" under the OISP regulations, as to factual matters, we have relied on the representations and statements of fact made in the documents we reviewed or made by the Company, and assumed the accuracy and completeness of the information provided by the Company,

¹A "subsidiary" of the Company is any entity over which the Company: (i) holds, directly or indirectly, more than 50 percent of: (a) the outstanding voting interest of the entity; or (b) the voting power of the board of the entity; (ii) is the general partner, managing member, or equivalent of the entity; or (iii) is the investment advisor to any entity that is a pooled investment fund. See 31 C.F.R. §§ 850.219, 850.227 (defining "parent" and "subsidiary").

as set forth in Section II of this memorandum. Further, for purposes of this memorandum, we have not independently verified, nor do we take any responsibility for, nor are we addressing in any way, any statements of fact; any statements concerning law other than the OISP regulations; or any statements of belief attributable to the Company or the Group. This memorandum is provided in the context of the foregoing.

We note that (i) the matters discussed in this memorandum relate solely to the OISP regulations, (ii) Treasury has issued a set of Frequently Asked Questions, dated December 13, 2024, and January 17, 2025 (the "OISP FAQs"), which include, among other things, explanations and examples of defined terms, such as "engage in" and "Covered Foreign Person," which are consistent with our own reading of the plain meaning of the text of the OISP regulations, (iii) no publicly available precedent exists for application of the OISP regulations by Treasury or any court or other regulatory, judicial or other legal authority, (iv) President Donald J. Trump issued a memorandum, dated January 20, 2025, entitled "America First Trade Policy," directing the Secretary of the Treasury to determine whether Executive Order 14105 "should be modified or rescinded and replaced" and to assess whether the OISP regulations "include[] sufficient controls to address national security threats," (v) President Donald J. Trump issued a memorandum, dated February 21, 2025, entitled "America First Investment Policy," stating that the Trump Administration's review of Executive Order 14105 shall include "consider[ation of] new or expanded restrictions on United States outbound investment in the PRC in sectors such as semiconductors, artificial intelligence, quantum, biotechnology, hypersonics, aerospace, advanced manufacturing, directed energy, and other areas", and (vi) the OISP regulations are subject to change or repeal at any time and without advance notice, including by the U.S. President, Treasury, or the U.S. Congress, which has previously proposed outbound investment legislation that is, in part, inconsistent with the OISP regulations. Due to the foregoing, our advice and conclusions in this memorandum are based solely on our own reading of the plain meaning of the text of the OISP regulations and the OISP FAQs without the benefit of any judicial, regulatory, or experiential guidance as to the application of the OISP regulations with respect to the matters discussed in this memorandum, and accordingly all references herein to "as we interpret the OISP regulations" should be so understood.

As more fully discussed herein, based on the information provided and certified by the Company to HLI and set forth in Section II of this memorandum below, all facts of which we have assumed to be accurate and complete for purposes of this memorandum without independent investigation or inquiry, as we interpret the OISP regulations, as of the date of this memorandum, it appears that the Group is a "Covered Foreign Person" under the OISP regulations, because the information provided by the Company indicates that the Group comprises "Persons of a Country of Concern," that are engaged in "Covered Activities," including activities referred to in the definition of "Notifiable Transactions" as set out in 31 C.F.R. § 850.217(a).²

II. Background Regarding the Group and its Current Products

For purposes of preparing this memorandum, we posed to the Company a number of written questions focused on the Group's activities in the context of the OISP regulations. The Company responded to these questions. Based on the Company's responses to our questions, we sought confirmation or

² The activities set out in 31 C.F.R. § 850.217(a) is "(a) Design[ing] any integrated circuit that is not described in § 850.224(c)."

clarification from the Company of certain points related to the Group's activities, and the Company provided such confirmation and clarification.

The Company has informed and certified to HLI as follows, and we have assumed, for purposes of this memorandum, that the following information is accurate and complete, without independent investigation or inquiry by us:

1. The Company is a limited company incorporated and headquartered in the People's Republic of China.³
2. Other than with respect to the Company's subsidiaries, the Company does not, directly or indirectly, hold a board seat on, a voting or equity interest in, or any contractual power to direct or cause the direction of the management or policies of any person in which the Company, on an annual basis (i) derives more than 50 percent of its revenue individually, or as aggregated across all such persons; (ii) derives more than 50 percent of its net income individually, or as aggregated across all such persons; (iii) incurs more than 50 percent of its capital expenditure individually, or as aggregated across all such persons; or (iv) incurs more than 50 percent of its operating expenses individually, or as aggregated across all such persons (the preceding clauses (i)-(iv) are referred to herein collectively as the "**Financial Metrics**").
3. None of the Company's subsidiaries derives or incurs more than 50 percent of any of its Financial Metrics from any person, individually, or as aggregated across all such persons, other than persons that constitute subsidiaries of the Company.
4. The Group designs integrated circuits that are classified by the Bureau of Industry and Security ("BIS") under export control classification number ("ECCN") EAR99, 3A991, and 4A994, including:
 - a. Test Analog Integrated Circuit classified as EAR99;
 - b. Beta Digital Integrated Circuit classified as EAR99;
 - c. Delta Integrated Circuit, a type of electro-optical integrated circuit being developed as a proof of concept device to demonstrate the potential for photonic integrated circuits to surpass traditional electronic architecture, classified as 3A991.a.2;
 - d. Tahoma Integrated Circuit, a type of electro-optical integrated circuit for optimization that uses linear intensive algorithms, classified as EAR99.
 - e. The PACE2, an electronic assembly comprised of an Optical Tensor Processing Unit (OTPU), an Electric Tensor Acceleration Computing Unit (ETACU), and two lasers, that is able to perform nonlinear computations and simple vector to matrix multiplication. The PACE2 assembly is classified as 4A994, its OTPU as 3A991, and its ETACU as 3A991.

5. The Group does not:

³ [Note to the Company: Based on the current corporate registry, Mr. Yichen Shen, who qualifies as a "U.S. Person," is listed as a shareholder of the Company. In accordance with the regulations under the OISP framework, if Mr. Shen, or any other U.S. shareholder, intend to increase their equity stake or make additional investments to the Company, such actions may be subject to applicable rules and requirements under the OISP framework.]

- a. Develop⁴ or produce⁵ electronic design automation software for the design of integrated circuits or advanced packaging;
- b. Develop or produce any:
 - (1) Front-end semiconductor fabrication equipment designed for performing the volume fabrication of integrated circuits, including equipment used in the production stages from a blank wafer or substrate to a completed wafer or substrate (*i.e.*, the integrated circuits are processed, but they are still on the wafer or substrate);
 - (2) Equipment for performing volume advanced packaging; or
 - (3) Commodity, material, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment;
- c. Design any integrated circuits that meet or exceed the performance parameters in the Export Administration Regulations' Commerce Control List export control classification number ("ECCN") 3A090.a, or integrated circuits designed for operation at or below 4.5 Kelvin;
- d. Fabricate any of the following⁶:
 - (1) Logic integrated circuits using a non-planar transistor architecture or with a production technology node of 16/14 nanometers or less, including fully depleted silicon-on-insulator ("FDSOI") integrated circuits;
 - (2) NOT-AND (NAND) memory integrated circuits with 128 layers or more;
 - (3) Dynamic random-access memory (DRAM) integrated circuits using a technology node of 18 nanometer half-pitch or less;
 - (4) Integrated circuits manufactured from a gallium-based compound semiconductor;
 - (5) Integrated circuits using graphene transistors or carbon nanotubes;
 - (6) integrated circuits designed for operation at or below 4.5 Kelvin;
- e. Package integrated circuits using advanced packaging techniques;
- f. Develop, install, sell, or produce supercomputers enabled by advanced integrated circuits that can provide a theoretical compute capacity of 100 or more double-precision (64-bit)

⁴ "Develop" means to engage in any stages prior to serial production, such as design or substantive modification, design research, design analyses, design concepts, assembly and testing of prototypes, pilot production schemes, design data, process of transforming design data into a product, configuration design, integration design, and layouts.

⁵ "Produce" means to engage in any of the post-development stages of realizing the relevant technology or product, such as engineering, manufacture, integration, assembly, inspection, testing, and quality assurance.

⁶ "Fabricate" means to form devices such as transistors, poly capacitors, non-metal resistors, and diodes on a wafer of semiconductor material.

petaflops or 200 or more single-precision (32-bit) petaflops of processing power within a 41,600 cubic foot or smaller envelope;

- g. Fabricate or package any integrated circuit that is not described in d., and e. above;
- h. Develop a quantum computer⁷ or produces any of the critical components required to produce a quantum computer, such as a dilution refrigerator or two-stage pulse tube cryocooler;
- i. Develop or produce any quantum sensing platform designed for, or which the relevant covered foreign person intends to be used for, any military, government intelligence, or mass-surveillance end use;
- j. Develop or produce any quantum network or quantum communication system designed for, or which the relevant covered foreign person intends to be used for:
 - (1) Networking to scale up the capabilities of quantum computers, such as for the purposes of breaking or compromising encryption;
 - (2) Secure communications, such as quantum key distribution, or
 - (3) Any other application that has any military, government intelligence, or mass-surveillance end use;
- k. Develop any “AI system” within the meaning of 31 C.F.R. § 850.202.⁸

III. OISP Background

President Biden issued Executive Order 14105 of August 9, 2023, “Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern” (the “Order”), which declared a national emergency to address the threat to the United States posed by countries of concern that seek to develop and exploit sensitive technologies or products critical for military, intelligence, surveillance, or cyber-enabled capabilities.⁹ The Order directs the Secretary of the Treasury to establish a program to prohibit, or require notification of, certain types of outbound investments by U.S. persons into (i) certain entities located in or subject to the jurisdiction of a country of concern and (ii) certain other entities owned by persons of a country of concern, involved in activities related to specific categories of advanced technologies and products. The Order identifies three categories of national security technologies and products for the program: (1) semiconductors and microelectronics, (2) quantum information technologies, and (3) artificial intelligence (“AI”). In an annex

⁷ “Quantum computer” means a computer that performs computations that harness the collective properties of quantum states, such as superposition, interference, or entanglement.

⁸ AI system under 31 C.F.R. § 850.202 means “(a) a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments—*i.e.*, a system that:

(1) Uses data inputs to perceive real and virtual environments;
 (2) Abstracts such perceptions into models through automated or algorithmic statistical analysis; and
 (3) Uses model inference to make a classification, prediction, recommendation, or decision.

(b) Any data system, software, hardware, application, tool, or utility that operates in whole or in part using a system described in paragraph (a) of this section.”

⁹ See 88 Fed. Reg. 54867 (Aug. 11, 2023).

to the Order, President Biden identified the People's Republic of China, along with the Special Administrative Regions of Hong Kong and Macau (collectively, "China"), as a country of concern.

On October 28, 2024, Treasury issued a final rule to implement the Order, setting forth the OISP regulations.¹⁰ The OISP regulations, which went into effect as of January 2, 2025, among other things:

- Prohibit "U.S. Persons" from engaging in certain transactions with "Covered Foreign Persons";
- Require "U.S. Persons" to notify Treasury of certain transactions with "Covered Foreign Persons";
- Require "U.S. Persons" to take all reasonable steps to prohibit and prevent their controlled foreign entities from engaging in certain transactions;
- Require "U.S. Persons" to notify Treasury of certain transactions of their controlled foreign entities; and
- Prohibit "U.S. Persons" from knowingly directing a foreign person to engage in certain transactions.

Whether a transaction falls within the scope of the OISP regulations turns, in part, on the parties to the transaction, the ownership and control of such parties, and whether the activities in which the relevant person of a country of concern or relevant joint venture is engaged are "Covered Activities." Certain defined terms in the OISP regulations are set forth below:

- A "U.S. Person" is "any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States, including any foreign branch of any such entity, or any person in the United States"¹¹;
- A "Person of a Country of Concern" is:
 - (a) any individual that:
 - (1) is a citizen or permanent resident of a country of concern;
 - (2) is not a U.S. citizen; and
 - (3) is not a permanent resident of the United States;
 - (b) an entity with a principal place of business in, headquartered in, or incorporated in or otherwise organized under the laws of, a country of concern;
 - (c) the government of a country of concern, including any political subdivision, political party, agency, or instrumentality thereof; any person acting for or on behalf of the government of a country of concern; or any entity with respect to which the government

¹⁰ See 89 Fed. Reg. 90398 (Nov. 15, 2024) (codified at 31 C.F.R. part 850).

¹¹ 31 C.F.R. § 850.229.

of a country of concern holds individually or in the aggregate, directly or indirectly, 50 percent or more of the entity's outstanding voting interest, voting power of the board, or equity interest, or otherwise possesses the power to direct or cause the direction of the management and policies of such entity (whether through the ownership of voting securities, by contract, or otherwise);

(d) any entity in which one or more persons identified in the preceding paragraphs (a), (b), or (c) of this section, individually or in the aggregate, directly or indirectly, holds at least 50 percent of any of the following interests of such entity: outstanding voting interest, voting power of the board, or equity interest; or

(e) any entity in which one or more persons identified in the preceding paragraph (d) of this section, individually or in the aggregate, directly or indirectly, holds at least 50 percent of any of the following interests of such entity: outstanding voting interest, voting power of the board, or equity interest;¹²

- A "Covered Foreign Person" is:

(a) a "Person of a Country of Concern" that engages in a "Covered Activity"; or

(b) a person that directly or indirectly holds a board seat on, a voting or equity interest (other than through securities or interests that would satisfy the conditions in § 850.501(a) if held by a U.S. person) in, or any contractual power to direct or cause the direction of the management or policies of any "Person of a Country of Concern" engaged in a "Covered Activity" from or through which it:

(1) derives more than 50 percent of its revenue individually, or as aggregated across such persons from each of which it derives at least \$50,000 (or equivalent) of its revenue, on an annual basis;

(2) derives more than 50 percent of its net income individually, or as aggregated across such persons from each of which it derives at least \$50,000 (or equivalent) of its net income, on an annual basis;

(3) incurs more than 50 percent of its capital expenditure individually, or as aggregated across such persons from each of which it incurs at least \$50,000 (or equivalent) of its capital expenditure, on an annual basis; or

(4) incurs more than 50 percent of its operating expenses individually, or as aggregated across such persons from each of which it incurs at least \$50,000 (or equivalent) of its operating expenses, on an annual basis;¹³

- A "Covered Activity" is any of the activities referred to in the definitions of "Notifiable Transaction" or "Prohibited Transaction";¹⁴

¹² 31 C.F.R. § 850.221.

¹³ 31 C.F.R. § 850.209.

¹⁴ 31 C.F.R. § 850.208; *see also* 31 C.F.R. §§ 850.217, 850.224.

- A “Notifiable Transaction” includes certain covered transactions involving a “Covered Foreign Person” engaged in “Covered Activities” in the semiconductors and microelectronics and AI sectors, including certain activities not described in the “Prohibited Transaction” definition and the development of “any AI system” that is
 - (a) designed to be used for any military end use (e.g., for weapons targeting, target identification, combat simulation, military vehicle or weapons control, military decision-making, weapons design (including chemical, biological, radiological, or nuclear weapons), or combat system logistics and maintenance); or government intelligence or mass-surveillance end use (e.g., through incorporation of features such as mining text, audio, or video; image recognition; location tracking; or surreptitious listening devices);
 - (b) intended by the covered foreign person or joint venture to be used for any of the following:
 - (1) Cybersecurity applications;
 - (2) Digital forensics tools;
 - (3) Penetration testing tools; or
 - (4) The control of robotic systems; or
 - (c) Trained using a quantity of computing power greater than 10^{23} computational operations (e.g., integer or floating-point operations);¹⁵
- A “Prohibited Transaction” includes:
 - (a) Certain covered transactions involving a Covered Foreign Person engaged in certain activities in the semiconductors and microelectronics, quantum information technologies, and AI sectors,¹⁶ including, of relevance for our analysis of the AI sector, the following “Covered Activities”:
 - (1) Developing any AI system that is designed to be exclusively used for, or which the relevant covered foreign person intends to be used for, any:
 - a. Military end use (e.g., for weapons targeting, target identification, combat simulation, military vehicle or weapon control, military decision-making, weapons design (including chemical, biological, radiological, or nuclear weapons), or combat system logistics and maintenance); or

¹⁵ 31 C.F.R. § 850.217(d).

¹⁶ 31 C.F.R. § 850.224. The OISP regulations also include several excepted transactions, pursuant to which a transaction engaged in by a U.S. person that would otherwise constitute a “notifiable transaction” or a “prohibited transaction” is neither a “notifiable transaction” nor a “prohibited transaction” if the conditions set forth in 31 C.F.R. § 850.501 are met. One such excepted transaction is a transaction that otherwise would constitute a “notifiable transaction” or a “prohibited transaction” and that (i) involves a U.S. person’s investment in any “publicly traded security, with ‘security’ as defined in section 3(a)(10) of the Securities Exchange Act of 1934, as amended, at 15 U.S.C. § 78c(a)(10) . . . and that trades on a securities exchange or through the method of trading that is commonly referred to as ‘over-the-counter’ in any jurisdiction” and (ii) does not afford the U.S. person rights beyond standard minority shareholder protections as set forth more fully in the OISP regulations. See 31 C.F.R. § 850.501(a)(1)(i), (2).

- b. Government intelligence or mass-surveillance end use (e.g., through incorporation of features such as mining text, audio, or video; image recognition; location tracking; or surreptitious listening devices);
- (2) Developing any AI system that is trained using a quantity of computing power greater than:
- a. 10^{25} computational operations (e.g., integer or floating-point operations); or
 - b. 10^{24} computational operations (e.g., integer or floating-point operations) using primarily biological sequence data;

(b) certain covered transactions involving a “Covered Foreign Person” that is engaged in a “Covered Activity” and that is:

- (1) included on the Bureau of Industry and Security’s (“BIS”) Entity List or Military End User List (15 C.F.R. part 744, supplement nos. 4 and 7);
- (2) a “Military Intelligence End-User,” as defined by BIS (15 C.F.R. § 744.22(f)(2));
- (3) included on the U.S. Department of the Treasury’s list of Specially Designated Nationals and Blocked Persons List (the “SDN List”), or is 50% or majority owned by individuals or entities on the SDN List;
- (4) included on the U.S. Department of the Treasury’s list of Non-SDN Chinese Military-Industrial Complex Companies; or
- (5) designated as a foreign terrorist organization by the Secretary of State under 8 U.S.C. § 1189.

IV. Analysis

In our examination of whether the Group should be considered as a “Covered Foreign Person,” we assessed both of the following elements of the “Covered Foreign Person” definition in 31 C.F.R. § 850.209 based on the information provided and certified to us by the Company, as set forth in Section II above, without independent investigation or inquiry by us:

- Whether the Group is a “Person of a Country of Concern” that engages in a “Covered Activity”; and
- Whether the Company, directly or indirectly, holds a board seat on, a voting or equity interest in, or any contractual power to direct or cause the direction of the management or policies of any “person of a country of concern” that engages in a “Covered Activity” and from or through which the Company, on an annual basis:

- derives more than 50 percent of its revenue individually, or as aggregated across all such persons;
- derives more than 50 percent of its net income individually, or as aggregated across all such persons;
- incurs more than 50 percent of its capital expenditure individually, or as aggregated across all such persons; or
- incurs more than 50 percent of its operating expenses individually, or as aggregated across all such persons.

A. "Covered Foreign Person" Analysis

1. "Person of a Country of Concern" Assessment

The Company should be considered a "Person of a Country of Concern" because (i) it has confirmed that it is headquartered in China and (ii) the Order designates China as a country of concern. If the Company is considered a "Person of a Country of Concern," then its "subsidiaries" should also be considered "Persons of a Country of Concern" because (i) based on the definitions of "parent" and "subsidiary" in the OISP regulations, the Company directly or indirectly holds at least 50 percent of the equity interests of its subsidiaries and (ii) the definition of "Person of a Country of Concern" in the OISP regulations includes any entity in which one or more entities with a principal place of business in, headquartered in, or incorporated in or otherwise organized under the laws of, a country of concern, individually or in the aggregate, directly or indirectly, holds at least 50 percent of any of the following interests of such entity: outstanding voting interest, voting power of the board, or equity interest.

2. "Covered Activities" Assessment

With respect to the semiconductors and microelectronics sector, the Company has confirmed and certified to HLI that:

- (a) The Group does not engage in either: (i) developing any "AI systems" within the meaning of 31 C.F.R. § 850.202; or (ii) developing, producing, installing, or selling any "supercomputer," quantum computer (or any components for the production of a quantum computer), quantum sensing platform, quantum network or quantum communication system. Therefore, the Group does not engage in any "Prohibited Transaction" described in 31 C.F.R. § 850.224(g)-(k), as well as "Notifiable Transaction" set out in 31 C.F.R. § 850.217(d).
- (b) The Group engages in the design of certain integrated circuits that are classified by the BIS under export control classification number ("ECCN") EAR99, 3A991, and 4A994, including:
 - Test Analog Integrated Circuit classified as EAR99;
 - Beta Digital Integrated Circuit classified as EAR99;

- Delta Integrated Circuit, a type of electro-optical integrated circuit being developed as a proof of concept device to demonstrate the potential for photonic integrated circuits to surpass traditional electronic architecture, classified as 3A991.a.2;
- Tahoma Integrated Circuit, a type of electro-optical integrated circuit for optimization that uses linear intensive algorithms, classified as EAR99.
- The PACE2, an electronic assembly comprised of an OTPU, an ETACU, and two lasers, that is able to perform nonlinear computations and simple vector to matrix multiplication. The PACE2 assembly is classified as ECCN 4A994, its OTPU as ECCN 3A991, and its ETACU as ECCN 3A991.

(c) Thus, the Group does engage in the design of certain integrated circuits. However, the Group does not:

- Develop or produce electronic design automation software for the design of integrated circuits or advanced packaging.

Therefore, the Group does not appear to be engaged in any "Prohibited Transaction" described in 31 C.F.R. § 850.224(a).

- Develop or produce any:
 - Front-end semiconductor fabrication equipment designed for performing the volume fabrication of integrated circuits, including equipment used in the production stages from a blank wafer or substrate to a completed wafer or substrate (*i.e.*, the integrated circuits are processed but they are still on the wafer or substrate);
 - Equipment for performing volume "advanced packaging"; or
 - Commodity, material, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment.

Therefore, the Group does not appear to be engaged in any "Prohibited Transaction" described in 31 C.F.R. § 850.224(b).

- Design integrated circuits that meet or exceed the performance parameters in ECCN 3A090.a, or integrated circuits designed for operation at or below 4.5 Kelvin.

Therefore, the Group does not appear to be engaged in any "Prohibited Transaction" described in 31 C.F.R. § 850.224(c), but it does appear to be engaged in "Covered Activities" falling within the definition of "Notifiable Transaction" set out in 31 C.F.R. § 850.217(a) (*i.e.*, "Design[ing] any integrated circuit that is not described in § 850.224(c)").

- Fabricate any of the following:
 - Logic integrated circuits using a non-planar transistor architecture or with a production technology node of 16/14 nanometers or less, including FDSOI integrated circuits;

- NAND memory integrated circuits with 128 layers or more;
- DRAM integrated circuits using a technology node of 18 nanometer half-pitch or less;
- Integrated circuits manufactured from a gallium-based compound semiconductor;
- Integrated circuits using graphene transistors or carbon nanotubes; or
- Integrated circuits designed for operation at or below 4.5 Kelvin.

Therefore, the Group does not appear to be engaged in any "Prohibited Transaction" described in 31 C.F.R. § 850.224(d).

Further, as the Company confirmed that it does not engage in any fabrication activities, it does appear to be engaged in "Covered Activities" falling within the definition of "Notifiable Transaction" set out in 31 C.F.R. § 850.217(b) (i.e., "Fabricat[ing] any integrated circuit that is not described in § 850.224(d)"), either.

- Package integrated circuits using advanced packaging techniques

Therefore, the Group does not appear to be engaged in any "Prohibited Transaction" described in 31 C.F.R. § 850.224(e).

Further, as the Company confirmed that it does not engage in any packaging activities, it does appear to be engaged in "Covered Activities" falling within the definition of "Notifiable Transaction" set out in 31 C.F.R. § 850.217(c) (i.e., "Packag[ing] any integrated circuit that is not described in § 850.224(e)"), either.

- Develop, install, sell, or produce supercomputers enabled by advanced integrated circuits that can provide a theoretical compute capacity of 100 or more double-precision (64-bit) petaflops or 200 or more single-precision (32-bit) petaflops of processing power within a 41,600 cubic foot or smaller envelope.

Therefore, the Group does not appear to be engaged in any "Prohibited Transaction" described in 31 C.F.R. § 850.224(f).

(d) None of the Group is:

- Included on BIS's Entity List or Military End User List (15 C.F.R. part 744, supplement nos. 4 and 7).

Therefore, the Group does not appear to be engaged in any "Prohibited Transaction" described in 31 C.F.R. § 850.224(m)(1) or (2).

- A "Military Intelligence End-User," as defined by BIS (15 C.F.R. § 744.22(f)(2)).

Therefore, the Group does not appear to be engaged in any “Prohibited Transaction” described in 31 C.F.R. § 850.224(m)(3).

- Included on the U.S. Department of the Treasury’s list of SDN List, or is 50% or majority owned by individuals or entities on the SDN List.

Therefore, the Group does not appear to be engaged in any “Prohibited Transaction” described in 31 C.F.R. § 850.224(m)(4).

- Included on the U.S. Department of the Treasury’s NS-CMIC List.

Therefore, the Group does not appear to be engaged in any “Prohibited Transaction” described in 31 C.F.R. § 850.224(m)(5).

- Designated as a foreign terrorist organization by the Secretary of State under 8 U.S.C. § 1189

Therefore, the Group does not appear to be engaged in any “Prohibited Transaction” described in 31 C.F.R. § 850.224(m)(6).

With respect to the activities related to semiconductors and microelectronics, the quantum information technologies and AI systems sectors that fall within the definition of “Prohibited Transaction” set out in 31 C.F.R. § 850.224(f)-(k) or that fall within the definition of “Notifiable Transaction” set out in 31 C.F.R. § 850.217(d), the Company has confirmed and certified to HLI that the Group does not engage in developing any “AI system” within the meaning of 31 C.F.R. § 850.202, and does not engage in developing, producing, installing, or selling any supercomputer and microelectronics, quantum computer (or any components for the production of a quantum computer), quantum sensing platform, quantum network or quantum communication system. The Company has also confirmed and certified to HLI that the Group does not engage in **activities** in the semiconductors and microelectronics sector set forth in the description of “Prohibited Transaction” in Section III above.

Based on the information above that the Company has confirmed and certified to HLI, the Group is not engaged in any “Covered Activities” falling within the definition of “Prohibited Transaction” in the OISP regulations. We therefore consider whether, based on the information confirmed and certified to HLI, the Group is engaged in “Covered Activities” in the semiconductors and microelectronics sector and falling within the definition of “Notifiable Transaction” in 31 C.F.R. § 850.217 of the OISP regulations.

As set out in 31 C.F.R. § 850.217, a “Covered Activity” within the “Notifiable Transaction” definition is an activity in which the relevant “Covered Foreign Person” (for the semiconductors and microelectronics sector):

(a) Designs any integrated circuit that is not described in § 850.224(c) of the “Prohibited Transaction” definition;

(b) Fabricates any integrated circuit that is not described in § 850.224(d) of the “Prohibited Transaction” definition; or

(c) Packages any integrated circuit that is not described in § 850.224(e) of the “Prohibited Transaction” definition.

As indicated above, the Company has confirmed and certified to HLI that the Group does not design, fabricate, or package any integrated circuit described in § 850.224(c), (d), or (e). However, because the Company has confirmed and certified to HLI that the Group designs other types of integrated circuits that are not described in § 850.224(c), it appears that the Group is engaged in “Covered Activities” described in § 850.217(a) of the definition of “Notifiable Transaction.”

Because the Company has confirmed and certified to HLI information indicating that the Group is a “Person of a Country of Concern” and the Group is engaged in “Covered Activities,” it appears that the Group is a “Covered Foreign Person” as defined in the OISP regulations.

This analysis is based on the information provided and certified to HLI by the Company describing the Group’s activities. There is no assurance that the Group’s activities or the applicable OISP regulations will not evolve in a manner that changes the analysis or the conclusion with regard to whether the Group would satisfy any element of the “Covered Foreign Person” definition.

B. Assessment of “Covered Foreign Persons” for the Group’s Related Entities

The Company has confirmed and certified to HLI that, other than the Company’s subsidiaries (that are covered under the analysis of the first element of the “Covered Foreign Person” definition for the Group above), the Company does not, directly or indirectly, hold a board seat on, a voting or equity interest in, or any contractual power to direct or cause the direction of the management or policies of any person in which the Company, on an annual basis derives or incurs more than 50 percent of its Financial Metrics. Moreover, the Company has confirmed and certified to HLI that none of the Company’s subsidiaries derives or incurs more than 50 percent of any of its Financial Metrics from any person, individually, or as aggregated across all such persons, other than persons that constitute subsidiaries of the Company. Because, other than the Company’s subsidiaries, the Company does not derive or incur the Financial Metrics from any entity other than its subsidiaries, no entities with a relationship to the Company other than the Group (i.e., the Company or its subsidiaries) would meet the definition of “Covered Foreign Person.”

V. Scope and Use of this Memorandum

This memorandum has been prepared by HLI as counsel to, and based on the directions of, the Company for the information of the Company only and for the sole purpose of assisting the Company in determining whether the Group should be considered a “Covered Foreign Person” under the OISP regulations. We have prepared this memorandum upon the express understanding that it will be used only for that purpose and not as a recommendation or inducement to any person or entity to enter into the proposed initial public offering and listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Transaction”) or any other transaction.

This memorandum should not be treated as a substitute for, and does not itself constitute, a warranty, indemnity, or other protection customary for any transaction. It does not purport to describe all of the advice and other matters we have discussed with the Company regarding the OISP regulations or the Transaction. The analysis, views, and conclusions contained herein are based solely on information provided and certified to us by the Company, which information we have assumed, without

independent investigation or inquiry, to be accurate and complete in all respects. We make no representation or warranty regarding the completeness or sufficiency of this memorandum, or the scope or procedures it describes, for any other purpose.

This memorandum is only intended for the benefit of the Company; provided, however, that we shall not have any liability (whether under statute, in contract, in equity, in tort or otherwise) to the Company with respect to, or resulting from, this memorandum (or anything contained in or omitted from this memorandum) or the furnishing of this memorandum to the Company; provided, further, that nothing in these terms regarding the receipt and use of this memorandum by the Company shall limit our liability to the Company for any loss due to our fraud, bad faith, gross negligence, or willful default.

Except as hereafter expressly agreed in writing by HLI, no person or entity is entitled to rely upon or use this memorandum or any matter to which it refers for any purpose other than the Company, for the purpose stated above.

The contents of this memorandum are confidential and may not be used by, filed with, or provided, circulated, quoted, or referred to or otherwise disclosed to any other person or entity (including, without limitation, any governmental authority), in whole or in part, without our express prior written consent, which may be withheld at our discretion.

Notwithstanding the immediately preceding paragraph, at your request we hereby agree that the Company may furnish a copy of this memorandum to China International Capital Corporation Limited and Haitong International Capital Limited in their capacities as, as the case may be, the joint sponsor, overall coordinators, joint global coordinators, joint bookrunners, joint lead managers of the Transaction and other underwriters in connection with the Transaction ("Recipient"), for purposes of information only and on the condition and understanding that:

(A) the disclosure of this memorandum to Recipient is permitted, and shall be made, for the sole purpose of enabling Recipient to be informed that advice on the matters discussed herein has been received by the Company, solely in order to facilitate Recipient's independent review and analysis, including, as appropriate, with the advice of Recipient's own counsel, of such matters, but not for purposes of reliance thereon or as advice to Recipient by HLI; and that Recipient is obtaining, and will rely solely on, its own independent judgment and the advice of its own counsel with regard to the matters discussed in this memorandum and shall not use this memorandum for any purpose other than as expressly permitted above in this clause (A) nor claim or assert that Recipient or its counsel or any other advisor or representative has relied or is entitled to rely on this memorandum;

(B) the disclosure of this memorandum to Recipient as permitted above shall not constitute legal or other advice or an opinion to Recipient, the receipt and use of this memorandum by Recipient shall be without recourse to us, and in authorizing the Company to provide a copy or other disclosure of this memorandum to Recipient we are not undertaking or assuming any duty, liability or obligation to (or establishing any lawyer-client relationship with) Recipient, it being understood that we have acted as counsel only to the Company and have considered only the interests of the Company and not those of Recipient or any other person or entity, which interests may well be different from those of the Company and may be affected by different legal and other considerations; and

(C) by receiving a copy or other disclosure of this memorandum, Recipient shall be deemed to have agreed (1) to keep this memorandum and the contents hereof confidential and not to provide copies of or disclose this memorandum or any of its contents to any other person, or entity (including, without limitation, any governmental authority) or quote or refer to it in any public document or file it with any person or entity and (2) to accept and comply with the terms of this Section V, except that the contents of this legal memorandum in connection with the Company's proposed listing. Where the disclosure of this legal memorandum is required by the applicable laws and regulations or court order or is requested by other relevant governmental, regulatory or judicial authorities (such as seeking to establish any defense in any legal or regulatory proceeding or investigation arising out of the Transaction), including but not limited to, the Stock Exchange of Hong Kong Limited, the Securities and Futures Commission, the Companies Registry, and the China Securities Regulatory Commission.

This memorandum speaks only as of the date set forth on the first page hereof, and we have no responsibility or obligation to update this memorandum, to consider its applicability or correctness to any person or entity (including Recipient) other than the Company for the purpose set forth in the first paragraph of this Section V, or to investigate, report or take into account any changes in law, regulations, facts or other developments of which we may become aware, or to inform the Company (or any other person or entity) if any of the statements, views or conclusions contained herein should subsequently be modified or become incorrect. Restriction of outbound investments is a rapidly evolving and unpredictable area of law and regulation in the United States, particularly with the recent change in the U.S. presidential administration, and, as noted above, the OISP regulations are subject to change or repeal at any time and without advance notice, including by the U.S. President, Treasury, or the U.S. Congress, which has previously proposed outbound investment legislation that is, in part, inconsistent with the OISP regulations.

We also note that any analysis of OISP regulatory matters is highly fact-specific, and therefore any inaccuracy, omission, or change in the facts and circumstances described in or assumed for purposes of this memorandum could materially affect or invalidate the analysis, views, or conclusions expressed herein. The analysis in this memorandum is based on the information provided by the Company describing the Group's existing products and operations. There is no assurance that the Group's activities or the applicable regulations will not evolve in a manner that changes the analysis or the conclusion with regard to whether the Group would satisfy the definition of a "Covered Foreign Person" and/or engage in a "Covered Activity."

The conclusions expressed herein are based solely on our own reading of the plain meaning of the text of the OISP regulations, which have not been applied by Treasury or any court or other regulatory, judicial or other legal authority; and we assume no liability based on any conclusion or holding of any such authority that is inconsistent with our interpretation and conclusion. Moreover, we note that (i) Treasury has issued the OISP FAQs, which include, among other things, explanations and examples of defined terms, such as "engage in" and "Covered Foreign Person," but which are consistent with our own reading of the plain meaning of the text of the OISP regulations, (ii) because the OISP regulations have been effective only since January 2, 2025, no precedent exists for Treasury's application of the OISP regulations, and (iii) President Trump has issued memoranda entitled "America First Trade Policy" and "America First Investment Policy" stating that the Trump Administration would be considering revisions to the OISP regulations.

We offer no advice in this memorandum as to any statutes, rules, regulations, or decisional law other than the OISP regulations and subject to the exclusions and limitations in this memorandum (and, in particular, we offer no advice as to any effect that such other statutes, rules, regulations, or decisional law may have on the advice provided herein). For the avoidance of doubt and without limiting the foregoing, we offer no advice in this memorandum as to statutes, treaties, rules, regulations, or decisional law relating to securities, antitrust and unfair competition, intellectual property, trade regulation, export controls, economic sanctions, inbound or outbound investment controls (except for the OISP regulations), foreign corrupt practices, national security, terrorism, emergencies, money laundering, antifraud, racketeering, criminal or civil forfeiture or other criminal acts including mail and wire fraud, energy, public utilities, communications, transportation, banking, or taxation.

The term "this memorandum" as used in this Section V includes the contents of this memorandum and any other information that we may provide orally or in writing (including by email) relating to the matters addressed in this memorandum; and the terms of this Section V shall apply to any such other information provided by us.

* * *

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

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned above a horizontal line.

Hogan Lovells International LLP