



MEMORANDUM

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TO Shanghai Seer Intelligent Technology Co., Ltd.

上海仙工智能科技股份有限公司

COPY China International Capital Corporation Hong Kong Securities Limited

FROM Hogan Lovells

DATE June 15, 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 counsel to Shanghai Seer Intelligent Technology Co., Ltd. (the "**Company**") in connection with the proposed initial public offering (the "**Global Offering**") and listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEX**").
- 1.2 In light of 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 branch office 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 Company 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 Company 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"), UK Overseas Territories 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 the Chapter 4.4 Guidance.

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

- 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 Company'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 Company'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 Follow-on Questions" (the "**Export Control DD Checklist**") dated July 8, 2025, prepared by Hogan Lovells, and related e-mail correspondence. We have also reviewed the information contained in the Company's prospectus prepared in connection with the Global Offering, as that document being amended from time to time during the Global Offering (the "**Prospectus**"). We have also screened the list of customers, and suppliers during the Track Record Period provided by the Group against the denied-party lists maintained by relevant authorities in the United States ("U.S."), United Kingdom ("UK"), European Union ("EU") and the United Nations ("UN"), Entity List, Military End-User List, Denied Persons List and Unverified List maintained by BIS, and UFLPA Entity List (the "**Screening**"), and have not identified any hits other than the Relevant Entities below. The Company'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, including but not limited to sales contracts, purchase orders, payment slips and invoices, and we have reviewed those documents as part of our preparation of this memorandum. In particular, we are advised by the Company that, during the past four years ended December 31, 2025 (the "**Track Record Period**"), the Company had transactions with the following entities:
- (a) 四川大学 Sichuan University ("**Sichuan University**"); [EL 2012-09-19]
 - (b) 北京格灵深瞳信息技术股份有限公司 Beijing Geling Shentong Information Technology Co., Ltd. ("**Beijing Geling**"); [EL 2021-07-12]
 - (c) 山东航天电子技术研究所 China Academy of Space Technology 513 Research Institute ("**513 Research Institute**"); [EL 2022-08-24]
 - (d) 北京机械工业自动化研究所有限公司 Beijing Machinery Industry Automation Research Institute Co., Ltd. ("**Beijing Machinery**"); [EL 2022-12-16; SDN 2024-9-12]
 - (e) 季华实验室 Ji Hua Laboratory ("**Ji Hua Lab**"); [EL 2025-01-06]
 - (f) 电子科技大学 University of Electronic Science and Technology of China ("**UESTC**"); [EL 2012-09-19]
 - (g) 中国科学院上海应用物理研究所 Shanghai Institute of Applied Physics, Chinese Academy of Sciences ("**Shanghai Institute of Applied Physics**") [BIS Unverified List April 11, 2019]
 - (h) 西安恒达微波技术开发有限公司 Xi'an Hengda Microwave Technology Development Co., Ltd. ("**Xi'an Hengda**"); [EL May 9, 2024]
 - (i) 南京理工大学 Nanjing University of Science and Technology ("**Nanjing UST**"); [EL Dec 18, 2020]

- (j) 西安航天自动化股份有限公司 Xi'an Aerospace Automation Co., Ltd. ("**Xi'an Aerospace**"); [EL March 28, 2025]
- (k) 中国电子科技集团公司第十三研究所 China Electronics Technology Group Corporation 13th Research Institute ("**CETC 13**"); [EL August 1, 2018]
- (l) 哈尔滨工业大学 Harbin Institute of Technology ("**HIT**") [EL June 5, 2020]
- (m) 中国科学院沈阳自动化研究所 China Academy of Science-Shenyang Institute of Automation ("**Shenyang Automation**"); [EL June 28, 2020]
- (n) 同济大学 Tong Ji University ("**Tong Ji University**") [UVL April 11, 2019]
- (o) 浙江宇视科技有限公司 Zhejiang Uniview Technologies Co., Ltd. ("**Uniview**") [EL December 11, 2024]
- (p) 上海丰宝电子科技有限公司 Feng Bao Electronic Information Technology (Shanghai) Co., Ltd ("**Feng Bao**") [EL, Designation Date: 2025-10-08]

(collectively, "**Relevant Entities**")

- 1.7 As to matters of fact material to the conclusion stated herein, we have relied on the representations and statements of fact made in the documents we reviewed or made by the Company. We have not independently verified or established the facts so relied on.
 - 1.8 As of the date of this memorandum, "**Sanctioned Countries**" within the meaning of the Chapter 4.4 Guidance include: Cuba, Iran, Kherson region, North Korea, Syria, the Crimea region of Ukraine/Russia, the so-called Donetsk People's Republic ("**DPR**"), Luhansk People's Republic ("**LPR**") regions of Ukraine and Zaporizhzhia region. We note that, during the Track Record Period, the Company 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): Belarus, Turkey and Hong Kong ("**Relevant Regions**"); and (2) the Relevant Entities.
 - 1.9 This memorandum is based on the understanding and assumptions detailed herein. Hogan Lovells relies on the completeness and accuracy of the information given to it by the Company. If any of the assumptions are incorrect, or any changes occur in or correction to the information given, the Company is recommended to inform Hogan Lovells so that it can confirm the content of this analysis.
 - 1.10 This memorandum is given only with respect to International Sanctions in force up to the date of this memorandum. Hogan Lovells underlines that sanctions measures adopted by the international community remain under constant review. Therefore, the scope and application of the measures discussed below are subject to change and should be carefully monitored. We, however, have no obligation to notify any recipient or other person of any change in International Sanctions or their applications after the date of this memorandum. No opinion or/advice is expressed or implied as to the laws of any other territory, or as to matters of fact, except for International Sanctions discussed below.
2. **CONCLUSION**
- 2.1 On the basis of the information received from the Company and the Screening, and after carrying out its procedures and analysis set out below, Hogan Lovells is of the view that:

- (a) the Group did not engage in Primary Sanctioned Activity because there were no activities in a Sanctioned Country or (a) with; or (b) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target including those in the Relevant Regions and the Relevant Entities, by the Company 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 violated applicable sanctions law or regulation in the Relevant Jurisdictions;
 - (b) the Group has not engaged other business activities targeted by extra-territorial provisions of sanctions laws or regulations in the Relevant Jurisdictions. The risk is fairly low that the Group's activities with the Relevant Group has not Regions would result in the imposition of sanctions on the Relevant Persons;
 - (c) except for Beijing Machinery (which was designated after the last transactions with the Company), none of the Group's customers in the Relevant Regions has been designated as a Sanctioned Target. With respect to Beijing Machinery, as the transactions occurred and concluded prior to its SDN designation. Therefore such transactions with Beijing Machinery did not represent a violation of the applicable International Sanctions.;
 - (d) none of the Company or its subsidiaries has been designated as a Sanctioned Target, nor is it located, incorporated, organised or resident in a Sanctioned Country;
 - (e) none of the Company or its subsidiaries is 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); and
 - (f) 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 the Relevant Regions and the Relevant Entities do not violate or implicate any breaches of applicable U.S. sanctions laws and regulations.
- 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 the Chapter 4.4 Guidance.
3. The Company confirmed on behalf of the Group that there are no material changes to the business activities subsequent to the Relevant Period up to the Latest Practicable Date (i.e. June 3, 2026, as defined in the Prospectus).
4. **EXECUTIVE SUMMARY**
- 4.1 The Company is an intelligent robotics company based on robotic control systems.
- 4.2 Based on the information provided by the Company:
- (a) In relation to the Company's transactions with the Relevant Regions:
 - (i) the Company has maintained a subsidiary, Xiangong Intelligent Hong Kong Holdings Limited in Hong Kong for investment holding purpose; and
 - (ii) In 2022 and 2023, the Company has sold its self-designed and self-manufactured laser forklifts, charging stations, and Roboshop software to a non-sanctioned

customer in Belarus. The Company confirms that it has ceased all transactions with Belarus since 2024.

(b) In relation to the Company's transactions with the Relevant Entities:

(i) During the Track Record Period, the Company has sold charging stations, SRD dispatch management systems, Automated Guided Carts (激光导航拣选 AGV), warehouse management systems (WMS), Personal Digital Assistants, QR codes on the warehouse shelves (料箱货架二维码), drive wheels (驱动轮), operation panels (操作面板), light strips (灯带), reducers (减速机), motors, batteries, spinner wheels (双轮万向轮), lasers, controllers, AMB automatic transportation conveyors, signal cables, power cables, unmanned handling base (无人搬运底座), QR code recognition modules (二维码识别单位) and precision location functions for the QR codes, laser sensors (激光传感器), laser intelligent forklifts and handles (激光 SLAM 堆高式智能叉车), laser intelligent listing and transporting robot (激光 SLAM 顶升搬运机器人), twin steering wheel bodies (双舵轮车体) and associated design, planning, installation, testing and training services to the Relevant Entities domestically in Mainland China, and all transactions were denominated in RMB.

The Company confirms that none of the material, equipment, technology or software it used to produce and manufacture the products to these Relevant Entities are U.S.-origin or otherwise subject to the EAR.

(ii) Given the nature of the transactions involving the Relevant Entities stated above, including that (i) the Company was not engaged in any exports or transactions of any items subject to the EAR to the Relevant Entities; and (ii) all such transactions with the Relevant Entities were denominated in RMB and did not involve any U.S. nexus, such transactions with the Relevant Entities did not represent a breach to the U.S. sanctions applicable to the Relevant Entities.

(iii) During the Track Record Period, the Group procured chips which are classified as ECCN 5A991 from domestic Chinese suppliers ("**5A991 Chips**"). The Group has utilized the 5A991 Chips in its design and manufacturing of its core products, i.e. controllers.

As confirmed by the Company, the Group's use, sale or transfer of the 5A991 Chips did not involve any sanctioned targets, and did not involve exports or transactions to any (i) entities designated on the BIS Entity List, Denied Persons List, or Unverified List; and/or (ii) entities headquartered in, ordinarily resident in, or owned or controlled by governments of any Sanctioned Countries, as well as Russia and Belarus (these entities under (i) and (ii) are collectively referred as "**AT Restrictions Sanctioned Targets**").

(iv) During the Track Record Period, the Group sold one server (RMB 15,000) which is classified as ECCN 5A992.z.1 or z.2 to Xi'an Aerospace on November 9, 2022.

These said items controlled under ECCN 5A992.z.1¹ or z.2² are controlled for region stability reasons.

At the time of the relevant sales, such items were controlled under 5A992.c, and items controlled by 5A992.c that meet or exceed the performance parameters of ECCN 3A090 or 4A090 are controlled for regional stability reason, which applies to the People's Republic of China (China) for advanced computing and semiconductor manufacturing items. Therefore, these items are subject to a licence requirement for exports, reexports or transfers to or within China. While the Group relied on its supplier's representation that the sale to the Group complied with the applicable U.S. export control rules to sell Dell PowerEdge R740 to the Group, the Group's sale of Dell PowerEdge R740 was likely a violation of the applicable U.S. export controls.

However, as the procurement and the subsequent sale was one-off and nominal in nature and the Company confirmed that it has suspended all procurements from the said supplier as of the date of this memorandum, the risk is fairly low that the BIS would impose significant fines or pursue significant non-monetary penalties against the Company. The risk is fairly low that the Group's current business activities which could result in any apparent or material sanctions risk to the Relevant Persons.

- (c) During the Track Record Period, the Group has utilized certain items and technologies subject to the EAR in its design and production process:
 - (i) certain module which has been classified as ECCN 5A992.c, which is controlled for anti-terrorism reason
 - (ii) certain module which has been classified as ECCN 5A992.c, which is controlled for anti-terrorism reason.

4.3 As confirmed by the Group, the Company has not supplied, sold, exported or otherwise transferred (i) any product that incorporates 10% of more (by value) of U.S.-origin content, or (ii) the said EAR-controlled items to any Sanctioned Targets, including the Relevant Entities or any customers in Belarus or Turkey. As such, the mere use of these EAR-controlled items did not represent a violation of U.S. export controls. United States

- (a) On the basis of our due diligence conducted and the Company's confirmation that:
 - (i) the Company is not incorporated in, and does not have any subsidiaries incorporated in the United States. No U.S. entities were involved in the Company's activities with the Relevant Entities;
 - (ii) no U.S. persons are employed or otherwise engaged by the Company or its branch office. No U.S. persons were involved in the Company's activities with the Relevant Entities;
 - (iii) no products supplied, sold, exported or otherwise transferred by the Company incorporates 10% or more (by value) of U.S.-origin content. In fact, no products

¹ Items classified under ECCN 5A992.z.1 refer to "commodities that are described in 5A992.c and that also meet or exceed the performance parameters in 3A090.a or 4A090.a.

² Items classified under ECCN 5A992.z.2 refer to "commodities that are described in 5A992.c and that also meet or exceed the performance parameters in 3A090.b or 4A090.b.

were supplied, sold, exported or otherwise transferred by the Company listed on the BIS Lists (as defined as below) or SDNs (as defined as below) containing 10% or more (by value) of U.S.-origin content;

- (iv) the Company confirms that these products exported or sold to the Relevant Regions and the Relevant Entities are not subject to the EAR;
- (v) the Company has not, during the Track Record Period, undertaken, either directly or indirectly, any contract or any other activity with a counterparty, nor has otherwise provided goods or services to any person, in Sanctioned Countries;
- (vi) except for the transactions with the 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) except for Beijing Machinery (which was designated after the last transaction with the Company), no Specially Designated Nationals and Blocked Persons ("**SDNs**") have been identified as being involved in the procurement conducted by the Company during the Track Record Period. With respect to Beijing Machinery, as the transactions occurred and concluded prior to its SDN designation. Therefore such transactions with Beijing Machinery did not represent a violation of the applicable International Sanctions;
- (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 Company's activities with the Relevant Entities were limited to transactions set out in Section 4.2(b),

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 Company with the Relevant Regions and the Relevant Entities do not appear to violate or implicate any breaches of applicable U.S. sanctions laws and regulations.

4.4 UN

- (a) On the basis of our due diligence conducted and the Company's confirmation that:
 - (i) the Company's activities with the Relevant Entities and Relevant Regions were limited to transactions set out in Section 4.2(a) and Section 4.2(b); and
 - (ii) the Company has confirmed that it does not have business dealings with parties targeted by UN sanctions,

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

4.5 European Union, UK and UK Overseas Territories

- (a) On the basis of our due diligence conducted and the Company's confirmation that:
 - (i) neither the Company nor any of its affiliates, agents, directors, officers, or employees has or is engaged in transactions, business or financial dealings that

directly or indirectly involve or benefit a person or entity listed under EU, UK or UK Overseas Territories sanctions, or has or is engaged in any other activity subject to restrictions under sectoral EU or UK sanctions;

- (ii) the Company's activities with the Relevant Entities and Relevant Regions were limited to transactions set out in Sections 4.2(a) and 4.2(b), and did not involve any products that are subject to sectoral sanctions in the EU, the UK or UK Overseas Territories;
- (iii) no products supplied, sold, exported or otherwise transferred by the Company to the above entities (including the Relevant Entities) incorporates 10% or more (by value) of EU or UK-origin content;
- (iv) the Company has not been, directly or indirectly, involved in the export from the EU, the UK and/or UK Overseas Territories of any items listed in the EU Common Military List or the EU Dual Use list (Annex I to Regulation (EU) 2021/821), Annex I to Council Regulation 428/2009 as retained by the European Union (Withdrawal) Act 2018 ("**the UK Dual-Use Regulation**"), or any items listed under Schedule 2 or 3 of the UK Export Control Order 2008 as amended,

Hogan Lovells' assessment, based on a review of the declarations provided by the Company and its due diligence, 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 Company's business activities with the Relevant Entities.

4.6 **Australia**

- (a) On the basis of our due diligence and the Company's confirmation that:
 - (i) the Group is not:
 - (1) a person in Australia;
 - (2) an Australian citizen or Australian-registered body;
 - (3) owned or controlled by Australians or persons in Australia;
 - (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 Company's activities.

5. **COMPANY BACKGROUND**

- 6. Shanghai Seer Intelligent Technology Co., Ltd. is a joint stock company established in the PRC. The predecessor of the Company was established on April 22, 2020, and the Company was converted into a joint stock company on March 24, 2025. We have relied on the Prospectus for the Company'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.

6.1 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.

6.2 The Company has confirmed that except for the below entity, none of its Group companies, directors or shareholders is a U.S., EU, UK or Australian national

(a) SEER Robotics Europe GmbH, a subsidiary of the Group incorporated in Germany.

6.3 The following table sets out the information regarding the directors of Shanghai Seer Intelligent Technology Co., Ltd.:

Director	Name	Nationality
Directors	赵越 Zhao Yue	Chinese
	丁霞 Ding Xia	Chinese
	叶杨笙 Ye Yangsheng	Chinese
	王群 Wang Qun	Chinese
	程林 Cheng Lin	Canadian
	刘勇 Liu Yong	Chinese
	陈飞 Chen Fei	Chinese (Hong Kong)

6.4 Based on the confirmation provided by the Company, except for the one-off transaction described in Section 4.2(b)(iv) above and the use of 5A991 Chips described in Section 4.2(b)(iii), none of the products transported by the Company outside the U.S. are of U.S.-origin; the U.S. origin content contained in the products transported by the Company to the Relevant Entities are not export controlled and the amount of such U.S. origin content does not exceed 10% of the value of the products and do not incorporate U.S.-origin content.

6.5 The Company has confirmed that, to its best knowledge, except for the one-off transaction described in Section 4.2(b)(iii) above and the use of 5A991 Chips described in Section 4.2(b)(iii), none of the products or services supplied, sold or exported or transferred by the Group are controlled under U.S. export controls or are otherwise restricted for transfer, either directly or indirectly, from the United States (or by U.S. persons) to or for use in any third country.

6.6 Based on its best knowledge, the Company believes that none of the products supplied, sold, exported or transferred by the Company 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).

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

7.1 U.S. Economic Sanctions

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

- (i) "Primary" U.S. sanctions applicable to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency or activities involving U.S.-origin goods, software, technology or services even if performed by non-U.S. persons);
- (ii) "Secondary" U.S. sanctions applied extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus;

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

- (i) The U.S. Treasury Department's OFAC administers U.S. sanctions programs against targeted countries, entities, and individuals. As the economic sanctions are intended to further the foreign policy goals of the United States, they vary considerably from program to program. Likewise, OFAC has wide latitude to interpret and enforce its regulations based on the foreign policy goals of the U.S. Government.
- (ii) When the U.S. Government imposes economic sanctions against a country, entity, or individual, U.S. law prohibits (with limited exceptions that do not apply in this case) U.S. companies or U.S. persons from engaging in any transaction with or providing almost any goods or services for the benefit of the targeted country, entity or individual. Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" any assets/property interests owned, controlled or held for the benefit of a Sanctioned Country, entity, or individual when such assets/property interests are in the United States or within possession or control of a U.S. person. A "blocked" asset means no transaction may be undertaken or effected with respect to the asset/property interest – no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) – except pursuant to an authorization or license from OFAC.

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

- (1) In general, U.S. economic sanctions apply to "U.S. persons". The term "U.S. persons" includes:
 - (i) entities organized under U.S. Law (such as U.S. companies and their U.S. subsidiaries);
 - (ii) any U.S. company's domestic and foreign branches;
 - (iii) any individual who is a U.S. citizen or permanent resident alien ("green card" holder), regardless of his or her location in the world;
 - (iv) any individual, regardless of his or her nationality, who is physically present in the United States; and
 - (v) U.S. branches or U.S. subsidiaries of non-U.S. companies.
- (2) In the case of U.S. sanctions applicable to Iran and Cuba, primary sanctions specifically apply to all foreign subsidiaries of U.S. companies and any other entities owned or controlled by U.S. persons (such as 50/50 joint ventures, for example). See Section 218 of the Iran Threat Reduction and Syria Human Rights Act of 2012, H.R. 1905 (PL 112-158), implemented by OFAC as section 560.215 of the Iranian Transactions and Sanctions Regulations ("ITSR"), which makes parent companies liable for their

foreign subsidiaries' Iranian sanctions violations, and Section 515.329 of the Cuban Assets Control Regulations ("CACR").

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

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

- (i) Alters its operating policies or procedures, or those of a foreign affiliate, to permit a foreign affiliate to accept or perform a specific contract, engagement or transaction involving a party in or the government of Iran without the approval of the U.S. person, where such transaction previously required approval by the U.S. person and such transaction by the foreign affiliate would be prohibited by this part if performed directly by a U.S. person or from the United States;
 - (ii) Refers to a foreign person purchase orders, requests for bids, or similar business opportunities involving a party in or the government of Iran to which the U.S. person could not directly respond as a result of U.S. sanctions laws or regulations; or
 - (iii) Changes the operating policies and procedures of a particular affiliate with the specific purpose of facilitating transactions that would be prohibited by this part if performed by a U.S. person or from the United States." ITSR § 560.417.
- (iv) **Targets of Primary U.S. Sanctions Programs**
- (1) There are two types of primary U.S. sanctions programs – country-based programs (which are territorial in nature) and list-based programs (which

are not territorial in nature, as they do not apply to the entire country or all of its territory). Violations of either type of primary U.S. sanction program can result in "strict" civil liability (not a negligence standard) where fines and penalties may be imposed. In addition, willful 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, and the so-called Donetsk People's Republic ("DPR") or Luhansk People's Republic ("LPR") of Ukraine/Russia (comprehensive OFAC sanctions against Sudan were terminated as of October 12, 2017, and comprehensive OFAC sanctions against Syria were terminated as of July 1, 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, Zimbabwe), these sanctions are not territorial in nature and do not apply to the country as a whole, and

they do not target the government of such country as a whole nor all persons and entities in the country. Instead, the restrictions apply only to persons and entities that are on the SDN List, which may include some government officials or other parties designated for a variety of reasons (the restrictions also apply to entities owned, directly or indirectly, individually or in the aggregate, 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, individually or in the aggregate, by SDNs) unless authorized by OFAC. The SDN List is updated often, and is available on OFAC's website at <https://sdnsearch.ofac.treas.gov/>. Numerous vendors also provide screening solutions that can be tailored to fit a particular business' needs and IT systems.

(v) **Application to Belarus**

- (1) Currently, the U.S. government maintains targeted list-based sanctions against Belarus. These sanctions only block the property and interests in property of SDNs, as well as entities owned at 50% or greater level by SDNs. These regulations are set forth at 31 C.F.R. Part 548. For purpose of Belarus sanctions, persons and entities can be designated as SDNs for having engaged in the following activities in violation of Executive Order 13405:
 - (i) to be responsible for, or to have participated in, actions or policies that undermine democratic processes or institutions in Belarus;
 - (ii) to be responsible for, or to have participated in, human rights abuses related to political repression in Belarus;

- (iii) to be a senior-level official, a family member of such an official, or a person closely linked to such an official who is responsible for or has engaged in public corruption related to Belarus;
 - (iv) to have materially assisted, sponsored, or provided financial, material or technological support for, or goods and services in support of, any person engaged in the activities listed above.
- (2) Under Executive Order 13405, with certain exceptions, transactions by U.S. persons, or in or involving the United States, are prohibited if they involve dealing with, or involving property of, a person or entity designated as an SDN under Executive Order 13405 and appearing on the OFAC SDN List with the identifier "[BELARUS]". The property and interests in property of an entity that is 50% or more owned, directly or indirectly by a person on the OFAC SDN List is also blocked, regardless of whether the entity itself appears on the OFAC SDN List.
- (3) On August 9, 2021, President Biden issued Executive Order 14038, "Blocking Property of Additional Persons Contributing to the Situation in Belarus," which broadens the legal basis for designating parties as SDNs to include those found:
- (i) to be or have been a leader, official, senior executive officer, or member of the board of directors of: (A) an entity that has, or whose members have, engaged in any of the activities described in subsections (E)(A)-(E) below or section 1(a)(ii)(A)-(C) of Executive Order 13405; or (B) an entity whose property and interests in property are blocked pursuant to this order or Executive Order 13405;
 - (ii) to be a political subdivision, agency, or instrumentality of the Government of Belarus;
 - (iii) to be or have been a leader or official of the Government of Belarus;
 - (iv) to operate or have operated in the defense and related materiel sector, security sector, energy sector, potassium chloride (potash) sector, tobacco products sector, construction sector, or transportation sector of the economy of Belarus, or any other sector of the Belarus economy as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State;
 - (v) to be responsible for or complicit in, or to have directly or indirectly engaged or attempted to engage in, any of the following:
 - (A) actions or policies that threaten the peace, security, stability, or territorial integrity of Belarus;
 - (B) actions or policies that prohibit, limit, or penalize the exercise of human rights and fundamental freedoms (including freedoms of expression, peaceful assembly,

association, religion or belief, and movement) by individuals in Belarus, or that limit access to the Internet or print, online, or broadcast media in Belarus;

(C) electoral fraud or other actions or policies that undermined the electoral process in a Republic of Belarus election;

(D) deceptive or structured transactions or dealings to circumvent any United States sanctions by or for or on behalf of, or for the benefit of, directly or indirectly, the Government of Belarus or any person whose property and interests in property are blocked pursuant to this order or Executive Order 13405; or

(E) public corruption related to Belarus.

(vi) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any activity described above or any SDN blocked pursuant to this order; or

(vii) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, the Government of Belarus or any person whose property and interests in property are blocked pursuant to this order.

(4) OFAC has designated several new SDNs pursuant to EO 13405.

(5) BIS also imposed strict export controls on items destined for Belarus and a license is now required for: (a) any item identified in any Export Control Classification Number ("ECCN") on the Commerce Control List ("CCL") in Categories 1 through 9; (b) certain EAR99 software; (c) any item subject to U.S. law, including EAR99 food and medicine, that is destined to a military end user ("MEU") or a military-intelligence end user ("MIEU") in Belarus; (d) certain foreign-made items that are now subject to US law for purposes of export and reexport to Belarus due to the expanded application of the foreign direct product rule; and (f) "luxury goods" subject to US law as defined by BIS or any other items subject to the EAR identified in Supplements 2, 4, 5, 6, or 7 of the EAR's Part 746. BIS also imposes restrictions on U.S. person "support" to MIEUs in Belarus.

(vi) **Application to Hong Kong**

(1) On July 14, 2020, the Hong Kong Autonomy Act ("**the Act**") became law authorizing the imposition of sanctions on certain parties related to certain activities in the Hong Kong Special Administrative Region ("**HKSAR**"). The Act provides a range of sanctions available to the U.S. government to target foreign persons or foreign financial institutions determined to have engaged in "significant transactions" with certain foreign persons, such as designated senior Hong Kong or Chinese government officials or Chinese companies involved in the erosion of Hong Kong's autonomy. The Act did not designate any foreign officials; instead, the Act requires the Secretary

of State to prepare a list of foreign persons who are materially contributing, have materially contributed, or attempt to materially contribute to China's failure to meet its obligations under the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong (December 19, 1984) and the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China. If such persons are designated under the Act, then foreign financial institutions could face exposure themselves to restrictive measures if they engage in "significant" transactions with such designated persons.

- (2) On the same day, the President issued the Executive Order on Hong Kong Normalization ("**EO 13939**"). This EO, among other actions, authorizes the imposition of sanctions on foreign persons determined to be involved in developing, adopting, and/or implementing China's National Security Law, among other actions. The EO blocks any transactions or transfers involving any and all property and/or interests in the United States of anyone the Secretary of State in consultation with the Secretary of Treasury (or vice versa):
- (i) To be or have been involved, directly or indirectly, in the coercing, arresting, detaining, or imprisoning of individuals under the authority of, or to be or have been responsible for or involved in developing, adopting, or implementing, the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Administrative Region.
 - (ii) To be responsible for or complicit in, or to have engaged in, directly or indirectly, any of the following:
 1. Actions or policies that undermine democratic processes or institutions in Hong Kong.
 2. Actions or policies that threaten the peace, security, stability, or autonomy of Hong Kong.
 3. Censorship or other activities with respect to Hong Kong that prohibit, limit, or penalize the exercise of freedom of expression or assembly by citizens of Hong Kong, or that limit access to free and independent print, online, or broadcast media.
 4. The extrajudicial rendition, arbitrary detention, or torture of any person in Hong Kong or other gross violations of internationally recognized human rights or serious human rights abuse in Hong Kong.
 - (iii) To be or have been a leader or official of:
 1. An entity, including any government entity, that has engaged in, or whose members have engaged in, any of the activities described above.

2. An entity whose property and interests in property are blocked pursuant to EO 13936.
 3. To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked by EO 13936.
 4. To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked by EO 13936.
- (iv) To be a member of the board of directors or a senior executive officer of any person whose property and interests in property are blocked by EO 13936.
- (v) Under the authority of EO 13936, OFAC has already designated as SDNs several government officials in Hong Kong, including those in top political leadership. As a result of their SDN designation, US sanctions extend to dealings with any non-listed entity in which those SDNs hold, directly or indirectly, individually or in the aggregate, a 50% or greater interest.
- (vi) On September 25, 2020, OFAC issued Frequently Asked Question (FAQ) 840 on the effect of designating several political leaders of Hong Kong. FAQ 840 states that the designation of an official of the Government of the HKSAR does not itself block the HKSAR government or any government agency where the SDN is an official or otherwise exercises control. Accordingly, engaging in a routine interaction with an agency in which an SDN is an official, but which does not involve the SDN directly or indirectly, is not prohibited. FAQ 840 further states that U.S. persons may enter into HKSAR government contracts signed by a non-SDN official of the HKSAR to whom the HKSAR government has delegated the authority to enter such contracts.
- (vii) **Application to Turkey**
- (1) The United States do not maintain comprehensive sanctions against Turkey nor any sanctions that are territorial in nature and that apply to Turkey as a country. Pursuant to Executive Order 13894, OFAC maintains "Syria-related" sanctions that provide authority to designate certain parties, including officials or agencies of the Turkish government, who are found to contribute to the destabilization of situation in Syria or are involved in human rights abuses. On October 14, 2019, OFAC designated as SDNs the Turkish Ministry of National Defense and the Turkish Ministry of Energy and Natural Resources, as well as several individual Turkish government officials. At the same time, OFAC issued general license providing temporary authorization to wind-down activities with these SDNs. Before that general license expired, these Turkish government

entities and officials were removed from the SDN List so the restrictions never become effective against them in practical terms.

- (2) On December 14, 2020, the U.S. Government imposed certain sanctions on the Turkish Presidency of Defense Industries (Savunma Sanayii Başkanlığı, or SSB), a Turkish government entity but did not designate it as an SDN; its president, Dr. Ismail Demir; SSB Vice President Faruk Yigit; SSB Head of Air Defense and Space Department Serhat Genecoglu; and SSB Program Manager for Air Defense Systems Mustafa Alper Deniz pursuant to Section 231 of CAATSA. Pursuant to Section 231, the measures imposed on SSB include: a prohibition on U.S. export licenses and authorization for any goods or technology transferred to SSB; a prohibition on loans or credits by U.S. financial institutions to SSB totaling more than \$10 million in any 12-month period; a ban on U.S. Export-Import Bank assistance for exports to SSB; and a requirement for the United States to oppose loans benefitting SSB by international financial institutions. With respect to individual Turkish officials, a visa denial was imposed on Dr. Demir, Mr. Yigit, Mr. Genecoglu, and Mr. Deniz. These individuals have also been designated as SDNs and are subject to broad restrictions associated with such designation.
- (viii) **Application to Sichuan University** [EL 2012-09-19]
- (1) Sichuan University was designated by the BIS to the Entity List effective from September 19, 2012. Provision of items subject to the EAR without a licence from BIS to Sichuan University is prohibited. License application is subject to a presumption of denial.
- (ix) **Application to Beijing Geling** [EL 2021-07-12]
- (1) Beijing Geling was designated by the BIS to the Entity List effective from July 12, 2021. Provision of items subject to the EAR without a licence from BIS to Beijing Geling is prohibited. License application is subject to a presumption of denial.
- (x) **Application to 513 Research Institute** [EL 2022-08-24]
- (1) 513 Research Institute was designated by the BIS to the Entity List effective from August 24, 2022. Provision of items subject to the EAR without a licence from BIS to 513 Research Institute is prohibited. License application is subject to a presumption of denial.
- (xi) **Application to Beijing Machinery** [EL 2022-12-16; SDN 2024-9-12]
- (1) Beijing Machinery was designated by the BIS to the Entity List effective from December 16, 2022. Provision of items subject to the EAR without a licence from BIS to Beijing Machinery is prohibited. License application is subject to a presumption of denial.
 - (2) Beijing Machinery was designated by the OFAC as an SDN on September 12, 2024.
- (xii) **Application to Ji Hua Lab** [EL 2025-01-06]

- (1) Ji Hua Lab was designated by the BIS to the Entity List effective from January 6, 2025. Provision of items subject to the EAR without a licence from BIS to Ji Hua Lab is prohibited. License application is subject to a presumption of denial.
- (xiii) **Application to UESTC** [EL 2012-09-19]
- (1) UESTC was designated by the BIS to the Entity List effective from September 19, 2012. Provision of items subject to the EAR without a licence from BIS to UESTC is prohibited. License application is subject to a presumption of denial.
- (xiv) **Application to Shanghai Institute of Applied Physics** [BIS Unverified List April 11, 2019]
- (1) Shanghai Institute of Applied Physics was designated by the BIS on the Unverified List on April 11, 2019. Entities on the UVL including Shanghai Institute of Applied Physics are ineligible to receive items subject to the EAR via any license exception, meaning that exporters must apply for a specific license to conduct transactions with these parties, even if the items would normally qualify for an exception.
- (xv) **Application to Xi'an Hengda** [EL May 9, 2024]
- (1) Xi'an Hengda was designated by the BIS to the Entity List effective from May 9, 2024. Provision of items subject to the EAR without a licence from BIS to Xi'an Hengda is prohibited. License application is subject to a presumption of denial.
- (xvi) **Application to Nanjing UST** [EL Dec 18, 2020]
- (1) Nanjing UST was designated by the BIS to the Entity List effective from December 18, 2020. Provision of items subject to the EAR without a licence from BIS to Nanjing UST is prohibited. License application is subject to a presumption of denial.
- (xvii) **Application to Xi'an Aerospace** [EL March 28, 2025]
- (1) Xi'an Aerospace was designated by the BIS to the Entity List effective from March 28, 2025. Provision of items subject to the EAR without a licence from BIS to Xi'an Aerospace is prohibited. License application is subject to a presumption of denial.
- (xviii) **Application to CETC 13** [EL August 1, 2018]
- (1) CETC 13 was designated by the BIS to the Entity List effective from August 1, 2018. Provision of items subject to the EAR without a licence from BIS to CETC 13 is prohibited. License application is subject to a presumption of denial.
- (xix) **Application to HIT** [EL June 5, 2020]
- (1) HIT was designated by the BIS to the Entity List effective from June 5, 2020. Provision of items subject to the EAR without a licence from BIS to HIT is prohibited. License application is subject to a presumption of denial.

(xx) **Application to Shenyang Automation** [EL June 28, 2020]

- (1) Shenyang Automation was designated by the BIS to the Entity List effective from June 28, 2020. Provision of items subject to the EAR without a licence from BIS to Shenyang Automation is prohibited. License application is subject to a presumption of denial.

(xxi) **Application to Tong Ji University** [UVL April 11, 2019]

- (1) Tong Ji University was designated by the BIS on the Unverified List on April 11, 2019. Entities on the UVL including Tong Ji University are ineligible to receive items subject to the EAR via any license exception, meaning that exporters must apply for a specific license to conduct transactions with these parties, even if the items would normally qualify for an exception.

(xxii) **Application to Uniview** [EL December 11, 2024]

- (1) Uniview was designated by the BIS to the Entity List effective from December 11, 2024. Provision of items subject to the EAR without a licence from BIS to Uniview is prohibited. License application is subject to a presumption of denial.

(xxiii) **Application to the Company**

- (1) the Company is not incorporated in, and does not have any subsidiaries incorporated in the United States. No U.S. entities were involved in the Company's activities with the Relevant Entities;
- (2) no U.S. persons are employed or otherwise engaged by the Company or its branch office. No U.S. persons were involved in the Company's activities with the Relevant Entities;
- (3) no products supplied, sold, exported or otherwise transferred by the Company incorporates 10% or more (by value) of U.S.-origin content. In fact, no products were supplied, sold, exported or otherwise transferred by the Company listed on the BIS Lists (as defined as below) or SDNs (as defined as below) containing 10% or more (by value) of U.S.-origin content;
- (4) the Company confirms that these products exported or sold to the Relevant Regions and the Relevant Entities are not subject to the EAR;
- (5) the Company has not, during the Track Record Period, undertaken, either directly or indirectly, any contract or any other activity with a counterparty, nor has otherwise provided goods or services to any person, in Sanctioned Countries;
- (6) except for the transactions with the Relevant Entities, no products have been exported (either directly or indirectly) to any persons or entities identified on the Entity List, Denied Parties List, Unverified List, Military-End User List, or Military-Intelligence End User List (collectively, "**BIS Lists**");

- (7) except for Beijing Machinery (which was designated in December 2024 after the last transaction with the Company), no SDNs have been identified as being involved in the procurement conducted by the Company during the Track Record Period. With respect to Beijing Machinery, as the transactions occurred and concluded prior to its SDN designation. Therefore such transactions with Beijing Machinery did not represent a violation of the applicable International Sanctions;
- (8) the Company has reviewed all transaction records since 2020 and has not identified any payments related to Sanctioned Countries during that time; and
- (9) the Company's activities with the Relevant Entities were limited to transactions set out in Section 4.2(b),

Hogan Lovells assessment is that the business dealings of the Company with the Relevant Entities and Relevant Regions did not represent a violation to 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 Iran-related activities, including certain targeted sectors of Iranian, North Korean, Belarussian, Burmese, Nicaraguan, Russian and Venezuelan economy;
 - (3) those who are found to "operate in" the Crimea, 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, architecture, engineering, construction, manufacturing, and transportation sectors), North Korean economy (construction, energy, financial services, fishing, information technology, manufacturing, medical, mining, textiles, or transportation), Burmese (defense and jet fuel sectors), Belarussian economy (defense and related materiel, security, energy, potassium chloride (potash) sector, tobacco products, construction, or transportation), or Nicaraguan economy (gold sector);
 - (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 confirmed that based on its review, except for its historical transactions with the Relevant Entities, it has no dealings involving Kherson region, Zaporizhzhia region, Crimea, DPR/LPR regions of Ukraine, Cuba, Iran, North Korea, Syria, and Venezuela or with any SDNs. For those reasons, Hogan Lovells' assessment is that the risk of the Company or Relevant Persons facing exposure to secondary U.S. sanctions is fairly low.

(d) **The Offering**

- (i) The Company 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 Company will not make any of the proceeds of the offering, directly or indirectly, available to (i) a person on the SDN List or (ii) fund any activity that is prohibited by International Sanctions laws or regulations.
- (ii) We note from the draft Prospectus as of June 7, 2026 under which the Company's intended uses of the proceeds of the Offering are set out in detail, and we have relied on those statements in connection with our analysis; the Company has confirmed that such statements are accurate in all respects. In those statements, the Company confirms that the proceeds will be:
 - (1) allocated to the research and development of AI technology;
 - (2) directed toward the development of embodied AI;
 - (3) allocated to enhancing the performance and the iteration of existing infrastructure and toolchain;
 - (4) allocated to the establishment of a multifunctional center that integrates research and development, operation, assembly and testing functions to strengthen the Group's capabilities to develop and scale intelligent robots for the next five years;
 - (5) used to pursue acquisition and investments opportunities across the upstream and downstream segments of the robotics value chain that may support the acquisition of advanced technologies and strengthen the Group's platform ecosystem for the next five years, particularly in areas such as sensing systems, execution systems and integration solutions; and
 - (6) used to establish a global sales system to increase market presence and support international growth over the next five years, which focus on strengthening brand recognition, expanding marketing channels and building a strong customer support network worldwide.
- (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.

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

- (a) Unlike U.S. economic sanctions that follow the persons or parties involved, U.S. export controls follow the product involved. Any item that is sent from the United States to a foreign destination is an export. "Items" include commodities, software or technology, including but not limited to circuit boards, automotive parts, blueprints, design plans, retail software packages and technical information. How an item is transported outside of the United States does not matter in determining export license requirements. For example, an item can be sent by regular mail, hand-carried on an airplane, sent via facsimile, software can be uploaded to or downloaded from an Internet site, or technology can be transmitted via e-mail or during a telephone conversation. Regardless of the method used for the transfer, the transaction is considered an export (or a re-export if such U.S.-origin item is transferred from one foreign country to another).
- (b) The U.S. Department of Commerce, Bureau of Industry and Security controls exports and re-exports of commercial and dual-use products, software and technology. These controls are implemented by the United States Export Administration Regulations, 15 C.F.R. Parts 730-774, administered by BIS.
- (c) The EAR applies to exports of commodities, software and technology from the United States to foreign countries and to re-exports from one foreign country to another. In addition, they apply to shipments from one foreign country to another of foreign-made products that incorporate more than de minimis amount of controlled U.S. origin parts, components or materials, or are the foreign direct product of certain controlled U.S. technology. The de minimis threshold varies, from 25% for most countries to less than 10% for Iran (Cuba, North Korea, and Syria also have the 10% threshold but Crimea, DPR, and LPR regions of Ukraine have the 25% threshold), and what items are considered controlled (and thus are included in the de minimis calculation) also varies. The United States has also instituted export-related restrictions for certain commercial and dual-use items subject to the EAR when destined to Russia for certain end-uses or end-users, as well as restrictive licensing policies under the U.S. International Traffic in Arms Regulations ("ITAR") for export-related transactions involving defence articles and defence services intended for end-use in Russia. The ITAR export controls are administered by the U.S. Department of State Directorate of Defense Trade Controls.

7.3 Application to Sichuan University [EL 2012-09-19]

- (a) Sichuan University was designated by the BIS to the Entity List effective from September 19, 2012. Provision of items subject to the EAR without a licence from BIS to Sichuan University is prohibited. License application is subject to a presumption of denial.

7.4 Application to Beijing Geling [EL 2021-07-12]

- (a) Beijing Geling was designated by the BIS to the Entity List effective from July 12, 2021. Provision of items subject to the EAR without a licence from BIS to Beijing Geling is prohibited. License application is subject to a presumption of denial.

7.5 Application to 513 Research Institute [EL 2022-08-24]

- (a) 513 Research Institute was designated by the BIS to the Entity List effective from August 24, 2022. Provision of items subject to the EAR without a licence from BIS to 513 Research Institute is prohibited. License application is subject to a presumption of denial.

7.6 Application to Beijing Machinery [EL 2022-12-16; SDN 2024-9-12]

- (a) Beijing Machinery was designated by the BIS to the Entity List effective from December 16, 2022. Provision of items subject to the EAR without a licence from BIS to Beijing Machinery is prohibited. License application is subject to a presumption of denial.
- (b) Beijing Machinery was designated by the OFAC as an SDN on September 12, 2024.

7.7 Application to Ji Hua Lab [EL 2025-01-06]

- (a) Ji Hua Lab was designated by the BIS to the Entity List effective from January 6, 2025. Provision of items subject to the EAR without a licence from BIS to Ji Hua Lab is prohibited. License application is subject to a presumption of denial.

7.8 Application to UESTC [EL 2012-09-19]

- (a) UESTC was designated by the BIS to the Entity List effective from September 19, 2012. Provision of items subject to the EAR without a licence from BIS to UESTC is prohibited. License application is subject to a presumption of denial.

7.9 Application to Shanghai Institute of Applied Physics [BIS Unverified List April 11, 2019]

- (a) Shanghai Institute of Applied Physics was designated by the BIS on the Unverified List on April 11, 2019. Entities on the UVL including Shanghai Institute of Applied Physics are ineligible to receive items subject to the EAR via any license exception, meaning that exporters must apply for a specific license to conduct transactions with these parties, even if the items would normally qualify for an exception.

7.10 Application to Xi'an Hengda [EL May 9, 2024]

- (a) Xi'an Hengda was designated by the BIS to the Entity List effective from May 9, 2024. Provision of items subject to the EAR without a licence from BIS to Xi'an Hengda is prohibited. License application is subject to a presumption of denial.

7.11 Application to Nanjing UST [EL Dec 18, 2020]

- (a) Nanjing UST was designated by the BIS to the Entity List effective from December 18, 2020. Provision of items subject to the EAR without a licence from BIS to Nanjing UST is prohibited. License application is subject to a presumption of denial.

7.12 Application to Xi'an Aerospace [EL March 28, 2025]

- (a) Xi'an Aerospace was designated by the BIS to the Entity List effective from March 28, 2025. Provision of items subject to the EAR without a licence from BIS to Xi'an Aerospace is prohibited. License application is subject to a presumption of denial.

7.13 Application to CETC 13 [EL August 1, 2018]

- (a) CETC 13 was designated by the BIS to the Entity List effective from August 1, 2018. Provision of items subject to the EAR without a licence from BIS to CETC 13 is prohibited. License application is subject to a presumption of denial.

7.14 Application to HIT [EL June 5, 2020]

- (a) HIT was designated by the BIS to the Entity List effective from June 5, 2020. Provision of items subject to the EAR without a licence from BIS to HIT is prohibited. License application is subject to a presumption of denial.

7.15 Application to Shenyang Automation [EL June 28, 2020]

- (a) Shenyang Automation was designated by the BIS to the Entity List effective from June 28, 2020. Provision of items subject to the EAR without a licence from BIS to Shenyang Automation is prohibited. License application is subject to a presumption of denial.

7.16 Application to Tong Ji University [UVL April 11, 2019]

- (a) Tong Ji University was designated by the BIS on the Unverified List on April 11, 2019. Entities on the UVL including Tong Ji University are ineligible to receive items subject to the EAR via any license exception, meaning that exporters must apply for a specific license to conduct transactions with these parties, even if the items would normally qualify for an exception.

7.17 Application to Uniview [EL December 11, 2024]

- (a) Uniview was designated by the BIS to the Entity List effective from December 11, 2024. Provision of items subject to the EAR without a licence from BIS to Uniview is prohibited. License application is subject to a presumption of denial.

7.18 Application to the Company

- (a) Except for the one-off transaction described in (c) below, the Company does not sell nor export U.S.-origin products or non-U.S. origin products that incorporate 10% or more of controlled U.S.-origin products, software or technology to the Relevant Entities and the Relevant Regions;
- (b) No U.S. persons employed or otherwise engaged by the Company have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of the Company or its branch office with the Relevant Entities and the Relevant Regions.
- (c) During the Track Record Period, the Group procured certain 5A991 Chips. The Group has utilized the 5A991 Chips in its design and manufacturing of its core products, i.e. controllers.

As confirmed by the Company, the Group's use, sale or transfer of the 5A991 Chips did not involve any sanctioned targets, and did not involve exports or transactions to any AT Restrictions Sanctioned Targets.
- (d) During the Track Record Period, the Company has sold one Dell PowerEdge R740 (of RMB 15,000) which are classified as ECCN 5A992.z.1 or z.2 to Xi'an Aerospace on November 9, 2022. These said items controlled under ECCN 5A992.z.1³ or z.2⁴ are controlled for region stability reasons.

At the time of the relevant sales, such items were controlled under 5A992.c, and items controlled by 5A992.c that meet or exceed the performance parameters of ECCN 3A090 or 4A090 are controlled for regional stability reason, which applies to the People's Republic of China (China) for advanced computing and semiconductor manufacturing items. Therefore, these items are subject to a licence

³ Items classified under ECCN 5A992.z.1 refer to "commodities that are described in 5A992.c and that also meet or exceed the performance parameters in 3A090.a or 4A090.a.

⁴ Items classified under ECCN 5A992.z.2 refer to "commodities that are described in 5A992.c and that also meet or exceed the performance parameters in 3A090.b or 4A090.b.

requirement for exports, reexports or transfers to or within China. While the Group relied on its supplier's representation that the sale to the Group complied with the applicable U.S. export control rules to sell Dell PowerEdge R740 to the Group, the Group's sale of Dell PowerEdge R740 are likely to represent a violation to the applicable U.S. export controls.

However, as the procurement and the subsequent sale was one-off and nominal in nature and the Company confirmed that it has suspended all procurements from the said supplier as of the date of this memorandum, the risk is fairly limited that the BIS would impose significant fines or pursue significant non-monetary penalties against the Company. The risk is fairly low that the Group's current business activities which could result in any apparent or material sanctions risk to the Relevant Persons.

Hogan Lovells assessment is that the business dealings of the Company with the Relevant Entities do not violate or implicate any breaches of the U.S. sanctions or export controls. With respect to the procurement and the subsequent one-off sale of Dell PowerEdge R740 server to Xi'an Aerospace, the risk is fairly low that (i) BIS would impose significant fines or pursue significant non-monetary penalties against the Company and (ii) the Group's current business activities which could result in any apparent or material sanctions risk to the Relevant Persons.

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

- (i) The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in certain defined activities, including:
 - (1) those who are dealing in "confiscated" property in Cuba;
 - (2) those who are engaging in certain Syria- or Iran-related activities, including certain targeted sectors of Iranian, North Korean, Belarussian, Burmese, Nicaraguan, Russian and Venezuelan economy;
 - (3) those who are found to "operate in" the Crimea or DPR/LPR regions or in the targeted sectors of Venezuelan economy (gold, oil, financial, defense/security), Nicaraguan economy (gold), Russian economy (metals and mining, quantum computing, defense, technology, maritime, aerospace, electronics, financial services, accounting, management consulting and corporate/trust formation services sectors), North Korean (construction, energy, financial services, fishing, information technology, manufacturing, medical, mining, textiles, or transportation), Burmese (defense), or Belarussian (defense and related materiel, security, energy, potassium chloride (potash) sector, tobacco products, construction, or transportation);
 - (4) those engaging in a "significant" importation from or exportation to North Korea of any goods, services, or technology;
 - (5) those engaging in "significant" transactions with Iranian or Russian SDNs; and
 - (6) those who are engaging in the provision of "material assistance" or support to most types of SDNs (including SDNs designated under the Ukraine/Russia sanctions programs, among others).
- (ii) The Company has confirmed that based on its review, 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 Company's business with the Relevant Entities should not trigger U.S. secondary sanctions targeting certain industries. Accordingly, secondary sanctions are not likely to be triggered by the Company's business operations, based on our due diligence process, the Company's review in this respect, as well as the information provided by the Company. For those reasons, Hogan Lovells' assessment is that the Company or Relevant Persons would not face exposure to secondary U.S. sanctions.

8. UN SANCTIONS

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

8.2 The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation. There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counterterrorism. 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.

8.3 **Application to Belarus**

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

8.4 **Application to Hong Kong**

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

8.5 **Application to Turkey**

(a) During the Track Record Period, the UN has not imposed any sanctions with respect to Turkey.

8.6 **Application to Sichuan University**

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

8.7 **Application to Beijing Geling**

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

8.8 **Application to 513 Research Institute**

- (a) During the Track Record Period, the UN has not imposed any sanctions on 513 Research Institute.

8.9 Application to Beijing Machinery

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

8.10 Application to Ji Hua Lab

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

8.11 Application to UESTC

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

8.12 Application to Shanghai Institute of Applied Physics

- (a) During the Track Record Period, the UN has not imposed any sanctions on Shanghai Institute of Applied Physics.

8.13 Application to Xi'an Hengda

- (a) During the Track Record Period, the UN has not imposed any sanctions on Xi'an Hengda.

8.14 Application to Nanjing UST

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

8.15 Application to Xi'an Aerospace

- (a) During the Track Record Period, the UN has not imposed any sanctions on Xi'an Aerospace.

8.16 Application to CETC 13

- (a) During the Track Record Period, the UN has not imposed any sanctions on CETC 13.

8.17 Application to HIT

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

8.18 Application to Shenyang Automation

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

8.19 Application to Tong Ji University

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

8.20 Application to Uniview

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

8.21 **Application to the Company**

On the basis of our due diligence and the Company's confirmation that:

- (a) neither the Company nor any of its affiliates, agents, directors, officers, or employees is engaged in transactions that directly or indirectly involve or benefit a person on the sanctions list of the UN;
- (b) the Company's business dealings with the Relevant Regions and the Relevant Entities do not implicate the restrictive measures adopted by UN because the Company 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 the Relevant Entities was in relation to the transactions set out in Section 4.2(b), which were not conducted in relation to, or otherwise involve any export-controlled products,

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

9. **EU AND UK SANCTIONS**

9.1 **Overview of EU Sanctions Measures**

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

- (a) Sanctions applicable in the EU stem from:
 - (i) sanctions adopted by the UN; or
 - (ii) autonomous sanctions regimes adopted by the EU without any UN action.
- (b) The EU implements sanctions measures via a unanimous decision of the Council of the European Union (the "**Council**"). Members States of the EU are then legally bound to act in conformity with the decision.
- (c) Certain sanctions, such as arms embargoes and travel bans, are implemented directly by EU Member States. Such measures only require a decision by the Council. Economic sanctions measures require separate implementing legislation in the form of a Council Regulation.
- (d) Council Regulations are directly applicable in EU Member States. However, some Member States may nevertheless enact national legislation implementing the EU sanctions measures. In addition, individual Member States are responsible for establishing measures to set and impose penalties and their implementation and enforcement, and for establishing relevant competent licensing authorities.
- (e) EU sanctions regimes are generally targeted, meaning that the relevant prohibitions or restrictions are focused on individual people or organizations, certain sectors of the target's economy, specified goods, technology, technical assistance and wider associated services, or specific activities.
- (f) As of January 1, 2021, the UK is no longer an EU Member State. Pursuant to the terms of Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland

from the European Union and the European Atomic Energy Community (Withdrawal Agreement), EU law including sanctions law continued to apply to and in the UK until December 31, 2020. The UK was still an EU Member State, and the EU sanctions analysis fully applies thereto until December 31, 2020. For the period starting on January 1, 2021, UK applied its own sanctions programs.

9.2 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.

9.3 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 Company's 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 Company regardless of where they are located, in the EU, the UK or in any other country;
 - (iii) any business of the Company conducted within the EU, the UK or a UK Overseas Territory;
 - (iv) any counterparty incorporated in the EU or the UK with whom the Company 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 Company or its branch office uses to provide payment processing services, trade finance services, short- or long-term debt financing or any other service; and

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

9.4 **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 products⁵ 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 Company'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 Company 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.

9.5 **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:

⁵ 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.

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

(b) **Application to Belarus**

- (i) The EU has imposed restrictive measures on Belarus by Council Decision 2012/642/CFSP of October 15, 2012, as last amended through Council Decision (CFSP) 2025/385 of 24 February 2025 and by Council Regulation (EC) 765/2006 of May 18, 2006, as last amended by Council Implementing Regulation (EU) 2025/631 of 27 March 2025.
- (ii) The EU restrictive measures include an arms embargo, a travel ban, a prohibition on the export of certain listed equipment that might be used for internal repression, on the provision of technical assistance related to goods listed in the EU Common Military List or to listed goods which might be used for internal repression, as well as asset-freezing measures against persons and entities responsible for serious violations of human rights or the repression of civil society and democratic opposition, as well as for the forced landing of a Ryanair flight in Minsk on May 23, 2021 endangering aviation safety and the detention of journalist Raman Pratasevich.
- (iii) In June 2021, the EU imposed comprehensive restrictions on the country, which do not apply to the activities of the Company during the Track Record Period, i.e., prior to their adoption. These restrictions include:
 - (1) Prohibition to directly or indirectly sell, supply, transfer or export equipment, technology or software intended primarily for use in the monitoring or interception of the internet and of telephone communications by or on behalf of the Belarusian authorities. Listed items not used for these uses require an export licence before they are exported to any party in Belarus or for use in Belarus. An export licence is required for the provision of technical assistance or brokering services related to listed equipment, software and technology or to the installation, provision, manufacture, maintenance and use of such listed items. An export licence is required for the provision of any telecommunication or internet monitoring or interception services of any kind to, or for the direct or indirect benefit of, the Belarusian Government, public bodies, corporations and agencies or any natural or legal person or entity acting on their behalf or at their direction.
 - (2) Prohibition to directly or indirectly sell, supply, transfer or export to anyone in Belarus dual-use goods and technologies for military end-use. Additionally, it is prohibited to sell, supply or transfer dual-use items to certain listed parties in Belarus, as well as on the provision of related technical assistance, brokering services, financing or financial assistance or other related services to listed parties. At the time of writing this update, the EU has not identified the Belarusian parties subject to this prohibition. This prohibition does not apply to the export of dual-use goods and technology or the provision of related technical or financial assistance for

the maintenance and safety of existing civil nuclear capabilities for non-military use or for a non-military end-user

- (3) Restrictions on trade in potassium chloride ('potash') and tobacco products, as follows: It is prohibited to sell, supply, transfer or export certain listed items used for the production or manufacturing of tobacco products to any person, entity or body in Belarus or for use in Belarus. Listed goods include filters, papers for cigarettes, flavours for tobacco and machinery for preparing or making up of tobacco. It is prohibited to import, purchase or transfer, directly or indirectly, certain listed products of potassium chloride and chemical or mineral fertilisers containing potassium from Belarus, regardless of their origin.
- (4) Restrictions on trade in petroleum products, as follows: It is prohibited to (a) import certain listed petroleum products originating in Belarus or exported from Belarus; (b) purchase petroleum products located in or originating in Belarus; (c) transport petroleum products originating in Belarus, or are being exported from Belarus to any other country; or (d) provide, directly or indirectly, technical assistance, brokering services, financing or financial assistance, including financial derivatives, as well as insurance and re-insurance, related to listed petroleum products. An exception is made for purchases of listed petroleum products which are required in order to meet the essential needs of the purchaser in Belarus or of humanitarian projects in Belarus.
- (5) It is prohibited to directly or indirectly purchase, sell, provide investment services for or assistance in the issuance of, or otherwise deal with transferable securities and money-market instruments with a maturity exceeding 90 days, issued after 29 June 2021 by the Belarussian government and Belarussian public bodies and entities, or Belarusbank, Belinvestbank and Belagroprombank (or any non-EU legal entity directly or indirectly owned by more than 50% by these three credit institutions or any legal entity acting on behalf of or at the direction of the above entities or bodies).

It is also prohibited to directly or indirectly make or be part of any arrangements to provide new loans or credit with a maturity exceeding 90 days, after 29 June 2021 to the Republic of Belarus, its Government, its public bodies, corporations or agencies, or Belarusbank, Belinvestbank and Belagroprombank (or any non-EU legal entity directly or indirectly owned by more than 50% by these three credit institutions or any legal entity acting on behalf of or at the direction of the above entities or bodies).

EU Member States may grant an authorisation for the purpose of providing support to the Belarussian population (humanitarian assistance, environmental projects, nuclear safety). There are exceptions concerning legitimate trade financing between the EU and third countries, as well as drawdowns or disbursements made under pre-existing contracts (i.e., contracts concluded before June 25, 2021).

- (6) It is prohibited to provide insurance and re-insurance to the Belarussian government and Belarussian public bodies and entities, while there are certain restrictions on the European Investment Bank (EIB) in relation to

projects in the public sector. The EIB will stop any disbursement or payment under any existing agreements in relation to projects in the public sector, and any existing Technical Assistance Service Contracts. Member states will also be required to take actions to limit the involvement in Belarus of multilateral development banks of which they are members.

- (iv) For the year ended December 31, 2020, EU sanctions measures targeting Belarus were extended to cover UK Overseas Territories, including the Cayman Islands, by the Belarus (Restrictive Measures) (Overseas Territories) Order 2006 and 2011, as last amended by the Belarus (Restrictive Measures) (Overseas Territories) (Amendment) Order 2011.
- (v) As of January 1, 2021, the UK replaced the EU Belarus sanctions by the Republic of Belarus (Sanctions) (EU Exit) Regulations 2019, as amended through the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 2) Regulations 2020, the Sanctions (EU Exit) (Miscellaneous Amendments) (No. 4) Regulations 2020, the Republic of Belarus (Sanctions) (EU Exit) (Amendment) (No. 2) Regulations 2021, the Republic of Belarus (Sanctions) (EU Exit) (Amendment) Regulations 2022, and the Republic of Belarus (Sanctions) (EU Exit) (Amendment) Regulations 2023. These regulations have been extended to apply to and in the UK Overseas Territories, including Cayman Islands, through the Republic of Belarus (Sanctions) (Overseas Territories) Order 2020 as amended by the Republic of Belarus (Sanctions) (Overseas Territories) (Amendment) Order 2021.

(c) **Application to Hong Kong**

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

(d) **Application to Turkey**

- (i) Turkey is not subject to comprehensive sanctions imposed by the EU. The sanctions framework for Turkey-related measures was adopted on November 11, 2019, through Council Regulation (EU) 2019/1890, as last amended by Council Implementing Regulation (EU) 2021/1960 of November 11, 2021, and Council Decision (CFSP) 2019/1894, as last amended by Council Decision (CFSP) 2021/1966 of November 11, 2021. EU sanctions on Turkey are limited to asset freezing measures and travel ban on parties in Turkey. It does not prohibit activities

with the entire country of Turkey (and everyone in it), nor does it prohibit activities with the Turkish government.

- (ii) At present, there are only individuals at executive positions at the Turkish Petroleum Corporation (TPAO) who are subject to asset freezing measures pursuant to Council Implementing Regulation (EU) 2020/274 of February 27, 2020.
- (iii) As of January 1, 2021, in the UK, EU sanctions on Turkey have been replaced by the Unauthorised Drilling Activities in the Eastern Mediterranean (Sanctions) (EU Exit) Regulations 2020.

(e) **Application to Sichuan University**

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

(f) **Application to Beijing Geling**

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

(g) **Application to 513 Research Institute**

- (i) During the Track Record Period, the EU and UK have not imposed any sanctions on 513 Research Institute.

(h) **Application to Beijing Machinery**

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

(i) **Application to Ji Hua Lab**

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

(j) **Application to UESTC**

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

(k) **Application to Shanghai Institute of Applied Physics**

- (i) During the Track Record Period, the EU and UK have not imposed any sanctions on Shanghai Institute of Applied Physics.

(l) **Application to Xi'an Hengda**

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

(m) **Application to Nanjing UST**

- (i) During the Track Record Period, the EU and UK have not imposed any sanctions on Nanjing UST.
- (n) **Application to Xi'an Aerospace**
 - (i) During the Track Record Period, the EU and UK have not imposed any sanctions on Xi'an Aerospace.
- (o) **Application to CETC 13**
 - (i) During the Track Record Period, the EU and UK have not imposed any sanctions on CETC 13.
- (p) **Application to HIT**
 - (i) During the Track Record Period, the EU and UK have not imposed any sanctions on HIT.
- (q) **Application to Shenyang Automation**
 - (i) During the Track Record Period, the EU and UK have not imposed any sanctions on Shenyang Automation.
- (r) **Application to Tong Ji University**
 - (i) During the Track Record Period, the EU and UK have not imposed any sanctions on Tong Ji University.
- (s) **Application to Uniview**
 - (i) During the Track Record Period, the EU and UK have not imposed any sanctions on Uniview.
- (t) **Application to the Company**
 - (i) On the basis of our due diligence process and the Company's confirmation that:
 - (1) the Company'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 Company have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, or in any wider decision making capacity of the Company's activities with the Relevant Entities and the Relevant Regions;
 - (3) the Company's transactions did not potentially fund or facilitate sanctions-prohibited activity, nor grant any benefit towards any sanctioned person or entity;
 - (4) the Company has not exported or directly or indirectly supplied arms and related materiel, or equipment which might be used for internal repression;

- (5) the Company 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 Company has not provided financing or financial assistance related to any activities referred to above;

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

10. AUSTRALIAN SANCTIONS

10.1 Overview

- (a) Australia has a dual sanctions regime consisting of sanctions measures imposed by the UN, together with Australian autonomous sanctions imposed by the Australian Government as a matter of its foreign policy. Australia's dual sanctions regime is administered by the Australian Sanctions Office ("**ASO**"), the Australian Government sanctions regulator, which sits within the Department of Foreign Affairs and Trade ("**DFAT**").
- (b) The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to:
 - (i) any person in Australia;
 - (ii) any Australian anywhere in the world;
 - (iii) companies incorporated overseas that are owned or controlled by Australians or persons in Australia; and/or
 - (iv) any person using an Australian flag vessel or aircraft to transport goods or transact services subject to UN sanctions.
- (c) The ASO maintains the Consolidated List of all persons and entities designated for the purposes of sanctions regimes implemented under Australian sanction laws.
- (d) A criminal offence is committed if an individual or a body corporate to whom Australian sanctions measures apply, engages in conduct and the conduct contravenes a sanction law.
- (e) The Australian autonomous sanctions regimes are primarily implemented under the *Act Autonomous Sanctions 2011* (Cth) (the "**Act**") and the *Autonomous Sanctions Regulations 2011* (Cth) (the "**Regulations**").
- (f) The Act prohibits a person from engaging in conduct that is in breach of the sanctions laws.
- (g) Part 3 of the Regulations specifies that section 15.1 of the Criminal Code (being Schedule 1 to the *Criminal Code Act 1995* (Cth)) applies to a person that makes an unauthorised sanctioned supply. This has the effect of making the offence extra territorial if the alleged offence occurs outside of Australia by a person who is an Australian citizen or a body corporate incorporated under Australian law.
- (h) The prohibited conduct applies to conduct committed entirely inside or outside Australia if at the time of the alleged offence, the alleged offender is an Australian citizen or a body corporate incorporated under Australian law.

10.2 Application to Belarus

(a) Australia has not imposed any targeted autonomous sanctions in relation to Belarus.

10.3 Application to Hong Kong

(a) Australia has not imposed any targeted autonomous sanctions in relation to Hong Kong.

10.4 Application to Turkey

(a) Australia has not imposed any targeted autonomous sanctions in relation to Turkey

10.5 Application to Sichuan University

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

10.6 Application to Beijing Geling

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

10.7 Application to 513 Research Institute

(a) During the Track Record Period, Australia has not imposed any sanctions on 513 Research Institute.

10.8 Application to Beijing Machinery

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

10.9 Application to Ji Hua Lab

(a) During the Track Record Period, Australia has not imposed any sanctions on Ji Hua Lab.

10.10 Application to UESTC

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

10.11 Application to Shanghai Institute of Applied Physics

(a) During the Track Record Period, Australia has not imposed any sanctions on Shanghai Institute of Applied Physics.

10.12 Application to Xi'an Hengda

(a) During the Track Record Period, Australia has not imposed any sanctions on Xi'an Hengda.

10.13 Application to Nanjing UST

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

10.14 Application to Xi'an Aerospace

(a) During the Track Record Period, the UN has not imposed any sanctions on Xi'an Aerospace.

10.15 Application to CETC 13

- (a) During the Track Record Period, Australia has not imposed any sanctions on CETC 13.

10.16 Application to HIT

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

10.17 Application to Shenyang Automation

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

10.18 Application to Tong Ji University

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

10.19 Application to Uniview

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

10.20 Application to the Company

- (a) The Company has confirmed that no Australian citizens employed or otherwise engaged by the Company 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 Company's dealings involving the Relevant Entities; and
- (b) On the basis of the Company's confirmation, neither the Company nor its branch office is:
 - (i) a person in Australia;
 - (ii) an Australian citizen or Australian-registered body;
 - (iii) owned or controlled by Australians or persons in Australia;
 - (iv) a person using an Australian flag vessel or aircraft to transport goods or transact services subject to Australian autonomous sanctions; or
 - (v) engaged in any activities in Australia;

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

* * * * *

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

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

This memorandum may also be disclosed for information only to (but not relied on by) the Sole Sponsor and its affiliates, the underwriter(s) and their respective affiliates, 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, the CSRC or any other competent regulatory authorities, or as required by law or regulation, or in connection with legal proceedings in relation to the Global Offering, and within the period and in accordance with procedure specified in the Prospectus, available on display to the public and such disclosure and non-reliance and the liability waiver referred to above are governed by and construed in accordance with the laws of Hong Kong.

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

* * * * *

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

Hogan Lovells.

Hogan Lovells



MEMORANDUM

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**Privileged and Confidential
Attorney-Client Communication**

TO Shanghai Seer Intelligent Technology Co.,
Ltd.

COPY China International Capital Corporation
Hong Kong Securities Limited

FROM Hogan Lovells International LLP

DATE June 15, 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 Seer Intelligent Technology Co., Ltd. (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.

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").

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, we have relied on and assumed the accuracy and completeness of the information provided by the Company or the Group, 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; any legal conclusions; 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, January 17, 2025 and December 23, 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”, (vi) President Donald J. Trump signed into law the National Defense Authorization Act for Fiscal Year 2026 (“NDAA”) dated December 18, 2025, which includes The Comprehensive Outbound Investment National Security Act of 2025 (the “**COINS Act**”) , thereby expanding the scope of technologies covered under the OISP regulations and granting statutory authority of the OISP regulations, 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 below, all 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, **we are of the view that the Group is likely 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(d)(2)(iv).²

² The activity set out in 31 C.F.R. § 850.217(d)(2)(iv) refers to “Develops any AI system that is not described in § 850.224(j) or (k) and that is [i]ntended by the covered foreign person or joint venture to be used for [t]he control of robotic systems.”

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 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:

- (a) The Company is a limited company incorporated in the People's Republic of China.
- (b) 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**").
- (c) 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.
- (d) The Group designs and develops AI system within the meaning of 31 C.F.R. § 850.202³ to be applied in the control of robotic systems of intelligent robots.
- (e) The Group does not:
 - (1) Develop⁴ or produce⁵ electronic design automation software for the design of integrated circuits or advanced packaging;
 - (2) Design, fabricate, or package any integrated circuits not described in § 850.204 (c) to (e);

³ 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."

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.

(3) Develop or produce:

(i) 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);

(ii) Equipment for performing volume advanced packaging; or

(iii) Commodity, material, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment;

(4) Design 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;

(5) Fabricate⁶:

(i) 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;

(ii) NAND memory integrated circuits with 128 layers or more;

(iii) DRAM integrated circuits using a technology node of 18 nanometer half-pitch or less;

(iv) Integrated circuits manufactured from a gallium-based compound semiconductor;

(v) Integrated circuits using graphene transistors or carbon nanotubes;

(vi) integrated circuits designed for operation at or below 4.5 Kelvin;

(6) Package integrated circuits using advanced packaging techniques;

(7) 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; or

(8) Develop or produce any quantum computer (or any components for the production of a quantum computer), quantum sensing platform, quantum network or quantum communication

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

system.⁷

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.⁸ 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 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.⁹ 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

⁷ The information in subsections II(e), II(f), and II(g) is relevant to whether the Group is engaged in “Covered Activities” referred to in the definition of “Notifiable Transaction” as set out in 31 C.F.R. § 850.217(a)-(c). *See also* 31 C.F.R. § 850.224(a)-(e) (definition of “Prohibited Transaction”), note 2 above, and subsection IV.A.2 below.

⁸ *See* 88 Fed. Reg. 54867 (Aug. 11, 2023).

⁹ *See* 89 Fed. Reg. 90398 (Nov. 15, 2024) (codified at 31 C.F.R. part 850).

branch of any such entity, or any person in the United States”¹⁰;

- 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 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;¹¹
- a “Covered Foreign Person” is:
 - 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:

¹⁰ 31 C.F.R. § 850.229.

¹¹ 31 C.F.R. § 850.221.

(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;¹²

- a “Covered Activity” is any of the activities referred to in the definitions of “Notifiable Transaction” or “Prohibited Transaction”;¹³
- a “Notifiable Transaction” includes certain covered transactions involving a “Covered Foreign Person” engaged in “Covered Activities” in the AI sector; including certain activities not described in the “Prohibited Transaction” definition and the development of “any AI system” that is
 - (1) 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);
 - (2) intended by the covered foreign person or joint venture to be used for any of the following:
 - (i) Cybersecurity applications;
 - (ii) Digital forensics tools;
 - (iii) Penetration testing tools; or
 - (iv) The control of robotic systems; or
 - (3) Trained using a quantity of computing power greater than 10^{23} computational operations (e.g., integer or floating-point operations);¹⁴
- a “Prohibited Transaction” includes:
 - (a) certain covered transactions involving a Covered Foreign Person engaged in certain activities in the semiconductors and microelectronics, quantum information

¹² 31 C.F.R. § 850.209.

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

¹⁴ 31 C.F.R. § 850.217(d).

technologies, and AI sectors,¹⁵ 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
 - 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

¹⁵ 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).

(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 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

The Company has confirmed and certified to HLI that the Group does not:

a) Develop or design any AI system that is designed to be exclusively used for, or which the relevant covered foreign person intends to be used for, any:

- 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
- 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);

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

b) Develop any AI system that is trained using a quantity of computing power greater than:

- 10^{25} computational operations (*e.g.*, integer or floating-point operations); or
- 10^{24} computational operations (*e.g.*, integer or floating-point operations) using primarily biological sequence data;

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

c) The Group engages in developing an AI system within the meaning of 31 C.F.R. § 850.202, and the said AI system is intended to be used for the control of robotic systems. However, the Company confirmed on behalf of the Group that the said AI system is not:-

- 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);

The Company confirmed, on behalf of the Group, the Company’s customers included certain entities that have been designated on the Entity List and/or the Unverified List, the said AI system is not designed for and will not be used for any military end-use, government intelligence, or mass-surveillance end use.

- b. intended by the covered foreign person or joint venture to be used for any of the following:

- (i) Cybersecurity applications;

- (ii) Digital forensics tools;
- (iii) Penetration testing tools; or
- c. Trained using a quantity of computing power greater than 10^{23} computational operations (e.g., integer or floating-point operations).

None of the Group is:

- (i) 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);
- (ii) 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);
- (iii) 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);
- (iv) 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); or
- (v) 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 AI systems sectors that fall within the definition of "Prohibited Transaction" set out in 31 C.F.R. § 850.224(f)-(k), 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 which is described in 31 C.F.R. § 850.224(j) or (k), and does not engage in 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. The Company has also confirmed and certified to HLI that the Group does not engage in activities in the semiconductor and microelectronics sector set forth in the description of "Prohibited Transaction" in Section III above.¹⁶

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.

¹⁶ See subsection II(g) above.

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 quantum information technologies and AI systems sectors):

(a) Develops any AI system that is not described in § 850.224(j) or (k) and that is:

(1) Designed¹⁷ 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);

(2) Intended by the covered foreign person or joint venture to be used for any of the following:

(i) Cybersecurity applications;

(ii) Digital forensics tools;

(iii) Penetration testing tools; or

(iv) The control of robotic systems; or

(3) Trained using a quantity of computing power greater than 10^{23} computational operations (e.g., integer or floating-point operations).

As indicated above, the Company has confirmed and certified to HLI that the AI system the Group developed and designed is

- (i) not trained using a quantity of computing power greater than 10^{23} computational operations (e.g., integer or floating-point operations);
- (ii) not designed to be exclusively used for, or which the relevant covered foreign person intends to be used for, any (1) 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

¹⁷ The Final Rule does not adopt a specific definition for “design,” since the specific applications of “design” may vary through their usage in the regulatory text depending on the relevant technology. We note the following discussions in the Supplementary Information to the Final Rule:

The Treasury Department notes that the plain English meaning of “design” should apply, including but not limited to the process of conceiving, defining, or planning a system for a specific function or end use, such as laying out elements, interfaces, and other characteristics in accordance with identified requirements or architecture. In essence, sections 850.217(d) and 850.224(j) in the Final Rule retain the use of “design” and “exclusive design” as an end-use threshold for identifying certain *notifiable* and *prohibited transactions*, respectively, that involve *AI systems*. The Treasury Department recognizes that while design intent may not always be easy to ascertain, especially in early-stage startup companies, the assessment of the investor is based on information available at the time of the transaction, consistent with the knowledge standard described at § 850.104. **The Treasury Department further notes that assessing a given AI system for “design” or “exclusive design” may involve considering an AI developer’s source of funding, customer base, nature and extent of model customization, performance indicators from testing and evaluation, and relevant training data, among other factors.**

- maintenance); or (2) government intelligence or mass-surveillance end use (e.g., through incorporation of features such as mining text, audio, or video; image recognition; location tracking;
- (iii) not intended by the Company or joint venture to be used for (1) cybersecurity applications; (2) digital forensic tools; (3) penetration testing tools; but
 - (iv) intended by the Company to be used for the control of robotic systems, as the AI system developed by the Group is used in its self-developed robotic systems for intelligent robots.

We are of the view that the Group is likely engaged in “Covered Activities” described in § 850.217(d)(2)(iv) 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 likely engaged in “Covered Activities,” the Group is a “Covered Foreign Person” as defined in the OISP regulations because the Group satisfies both prongs of “Person of a Country of Concern” and “Covered Activities” assessment.

The Company confirmed on behalf of the Group that there are no material changes to the business activities subsequent to the Relevant Period up to the Latest Practicable Date (i.e. June 3, 2026, as defined in the Prospectus).

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”. U.S. persons may be required to submit a notification to the Treasury Department with respect to their direct or indirect investment in the Company, subject to certain exceptions.

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 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 the Sole Sponsor, China International Capital Corporation Hong Kong Securities Limited in its capacity as the Sole Sponsor of 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 and (ii) where the disclosure of this legal memorandum is required by law or regulation or the regulatory authorities, 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, or in connection with legal proceedings in relation to the Global Offering.

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 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, (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, (IV)

President Donald J. Trump signed into law the National Defense Authorization Act for Fiscal Year 2026 dated December 18, 2025, which includes The Comprehensive Outbound Investment National Security Act of 2025, thereby expanding the scope of technologies covered under the OISP regulations and granting statutory authority of 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.


Hogan Lovells



MEMORANDUM

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TO Shanghai Seer Intelligent Technology Co., Ltd.
上海仙工智能科技有限公司

COPY China International Capital Corporation Hong Kong
Securities Limited

FROM Hogan Lovells

DATE June 15, 2026

*By Electronic Mail
Privileged and confidential*

SUBJECT Preliminary Memorandum of Advice – U.S. Tariff analysis

1. INTRODUCTION AND SCOPE

- 1.1 We have acted as the U.S. tariff counsel to Shanghai Seer Intelligent Technology Co., Ltd. (上海仙工智能科技有限公司) (the "**Company**") to provide advice on the impact of the tariff regulations of the U.S. set forth in the Section 301 of the Trade Act of 1974 (the "**Section 301 Tariffs**") on the Company, its subsidiaries and consolidated affiliated entities (together, the "**Group**") in connection with the proposed initial public offering (the "**Offering**") and listing (the "**Listing**") of shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**HKEX**") of the Company. This memorandum assesses the Section 301 Tariff applicable to the Group's products in detailed below. This memorandum is provided for the purposes of the Offering and the Listing only. However, our advice is applicable whether or not the Company proceeds with the Listing.
- 1.2 This memorandum provides preliminary analysis based on the facts provided to date to assess whether the Company's operations are likely to be affected by the U.S. Tariffs. This memorandum is not intended as a full due diligence review of these issues.
- 1.3 In preparing this memorandum, Hogan Lovells reviewed and relied on the list of products the Group sold, with the respective first six digits of the Chinese HS Codes in relation to each product when exporting from the PRC, as set out in paragraph 3.3 below. Hogan Lovells have assumed that the fix six digits of the HTS Codes of the products under the Harmonized Tariff Schedule of the United States ("**U.S. HTS Code**") are the same as these of the Chinese HS Codes
- 1.4 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. Based on the foregoing, nothing has come to our attention that has caused us to believe that the prospectus ("**Prospectus**"), preliminary offering circular ("**Preliminary Offering Circular**") and final offering circular ("**Final Offering Circular**") of the Company in connection with the Offering and the Listing contains any statement,

in relation to U.S. tariffs, that is untrue of a material fact, omits to state any material fact necessary in order to make the statements in the Prospectus, Preliminary Offering Circular and Final Offering Circular, or in light of the circumstances under which those statements were made, misleading.

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

1.6 This memorandum is given only with respect to the Section 301 Tariffs in force up to the date of this memorandum. Hogan Lovells underlines that the Section 301 Tariffs 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 Section 301 Tariff 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 the Section 301 Tariffs 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, given the Group's export to the United States remain at a negligible level and such sales to the U.S.-based customers were on FCA Hong Kong terms, the U.S. tariffs have no material impact to the Group's business operation.

3. COMPANY BACKGROUND

3.1 Shanghai Seer Intelligent Technology Co., Ltd. was a limited liability company established under the laws of the PRC in April 2020, and was later converted into a joint stock limited company on March 24, 2025. The Group is an intelligent robotics company based on robotic control systems. We have relied on the Prospectus for the Group's shareholding structure upon completion of the Listing.

3.2 The Company on behalf of the Group confirms to us that both they and their customs clearance agents do not possess the respective U.S. HTS Code of the products. They have however provided the list of products the Group sold with the respective Chinese HS Codes. As confirmed by the Company and consistent with our understanding, the first six digits of each product's HS Codes should correspond and match the U.S. HTS Codes.

3.3 In preparing this memorandum, Hogan Lovells reviewed and relied on the list of products the Group sold, with the respective first six digits of the Chinese HS Codes in relation to each product when exporting from the PRC. Hogan Lovells have assumed that the fix six digits of the U.S. HTS Codes are the same as these of the Chinese HS Codes.

- (a) 3926.90 (Elastic bands made wholly of plastics) [9903.88.15 or 9903.88.03]
- (b) 4817.30 (Boxes, pouches, wallets and writing compendiums, of paper or paperboard, containing an assortment of paper stationery) [9903.88.03]
- (c) 4911.10.10 (Trade advertising material, commercial catalogs and the like) [9903.88.15]
- (d) 8206.00 (Tools of two or more of headings 8202 to 8205, put up in sets for retail sale [9903.88.03]
- (e) 8427.10 (Self-propelled trucks powered by an electric motor) [9903.88.01]
- (f) 8427.20 (Other self-propelled trucks) [9903.88.01]
- (g) 8428.39.00 (Others) [9903.88.01]
- (h) 8428.70.00 (Industrial robots) [9903.88.01]

- (i) 8428.90 (Other machinery) [9903.88.01]
- (j) 8471.90.00 (Automatic data processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data, not elsewhere specified or included); [9903.88.03]
- (k) 8479.90 (Machines and mechanical appliances having individual functions, not specified or included elsewhere in this chapter; parts thereof: Parts) [9903.88.01 or 9903.88.15]
- (l) 8483.40 (Speed changers) [9903.88.01 or 9903.88.03]
- (m) 8483.50 (Flywheels and pulleys, including pulley blocks) [9903.88.01 or 9903.88.03]
- (n) 8501.31 (Other DC motors; DC generators, other than photovoltaic generators: Of an output not exceeding 750 W) [9903.88.01 or 9903.88.02]
- (o) 8501.32 (Generators of an output exceeding 750 W but not exceeding 75 kW) [9903.88.01 or 9903.88.02]
- (p) 8504.40 (Static converters) [9903.88.01 or 9903.88.03]
- (q) 8504.40 (Static converters) [9903.88.01 or 9903.88.03]
- (r) 8518.21.00 (Single loudspeakers, mounted in their enclosures [9903.88.15]
- (s) 8525.89 [9903.88.01 or 9903.88.03 or 9903.88.15]
- (t) 8531.80 [9903.88.15]
- (u) 8531.80 [9903.88.15]
- (v) 8537.10 [9903.88.01, 02, or 03]
- (w) 8537.10 [9903.88.01, 02, or 03]
- (x) 8539.51 [9903.88.03]
- (y) 8544.20 [9903.88.03]
- (z) 8544.42 [9903.88.03]
- (aa) 9031.49 [9903.88.01]
- (bb) 9032.89 [9903.88.01]

4. U.S. SECTION 301 TARIFFS

U.S. Section 301 Tariffs as applicable to China (including Hong Kong and Macau)

- 4.1 On August 24, 2017, the Office of the United States Trade Representative (“USTR”) initiated an investigation into certain acts, policies, and practices of the Government of China related to technology transfer, intellectual property, and innovation under section 301 of the Trade Act of 1974 (the “**Trade Act**”), as amended. In a notice published on April 6, 2018, the USTR determined that acts, policies, and practices of the Government of China related to technology transfer, intellectual property, and innovation were unreasonable or discriminatory, and burdened or restricted U.S. commerce, and thus were actionable under section 301(b) of the Trade Act.
- 4.2 Following a notice and comment process on the proposed action to be taken in the investigation, the USTR took two actions under section 301 of the Trade Act: the July 6, 2018, action, covering an approximate annual trade value of \$34 billion, and the August 23, 2018, action, covering an approximate annual trade value of \$16 billion. These actions subsequently were modified by

imposing additional duties on supplemental lists of products, as well as by the temporary removal of duties on certain products through product exclusions.

- 4.3 On June 20, 2018, the USTR issued a Notice of Action and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation ("**June 20 Notice of Action**"). Pursuant to the June 20 Notice of Action, products set out in the Annex A of such notice, including products classified under the U.S. HTS Codes 8428.90.03; 8479.90.95; 8483.40.10; 8483.40.30; 8483.40.80; 8483.40.90; 8483.50.90; 8483.50.60; 8501.31.20; 8501.31.50; 8501.31.60; 8501.32.45; 8501.32.55; 8504.40.40; 8525.89.10; 8525.89.20; 8537.10.60; 8537.10.80; 9031.49.10; 9031.49.40; 9031.49.70; 9031.49.90; 9032.89.20; 9032.89.40; 9032.89.60 (to which 9903.88.01 applies) are subject an additional *ad valorem* 25% tariff, effective from July 6, 2018.
- 4.4 On August 16, 2018, the USTR issued a Notice of Action and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation ("**August 16 Notice of Action**"). Pursuant to the August 16 Notice of Action, subchapter III of chapter 99 of the HTSUS is modified by Annex A of this notice. Products of China that are provided for in new HTSUS heading 9903.88.02 which applies to 8501.31.81; 8501.31.40; 8501.32,20; 8501.32.61; 8537.10.30 are subject to an additional *ad valorem* duty of 25 percent.
- 4.5 On September 21, 2018, the USTR issued a Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation ("**September 21 Notice of Modification**") to modify the prior action in imposing additional duties on certain products of China. Pursuant to the September 21 Notice of Modification, an additional tariff will be increased to a 25% tariff, effective from January 1, 2019, for products set out in Annex A of such notice.
- 4.6 On May 9, 2019, the USTR issued a Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation ("**May 9 Notice of Modification**") to modify the prior action in imposing additional duties on certain products of China. Pursuant to the May 9 Notice of Modification, additional tariff will be increased from 10% to 25% for products which fall under the scope of 9903.88.03 and 9903.88.04 (under the applicable subchapter III of chapter 99), including products classified under the U.S. HTS Codes 3926.90.30; 3926.90.45; 3926.90.55; 3926.90.56; 3926.90.57; 3926.90.59; 3926.90.60; 3926.90.83; 3926.90.87; 3926.90.94; 3926.90.96; 4817.30.00; 8206.00.00; 8471.90.00; 8483.40.50; 8483.40.70; 8483.50.40; 8504.40.60; 8504.40.70; 8504.40.85; 8504.40.95; 8525.89.30; 8525.89.50; 8537.10.91; 8539.51.00; 8544.20.00; 8544.42.10; 8544.42.20; 8544.42.90 are subject an additional *ad valorem* 25% tariff, effective from May 10, 2019.
- 4.7 On August 20, 2019, the USTR issued a Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation ("**August 20 Notice of Modification**") to modify the prior action in imposing additional duties on certain products of China. Pursuant to the August 20 Notice of Modification, additional tariff will be increased to a 15% tariff, effective from September 1, 2019, for products set out in the Annex A of such notice, including products classified under the U.S. HTS Code 8518.21.00; 8525.89.40; 8531.80.90; 8479.90.41; 8479.90.45; 8479.90.55; 8479.90.65; 8479.90.75; 8479.90.85 (to which 9903.88.15 applies) became subject an additional *ad valorem* 15% tariff, effective from September 1, 2019.
- 4.8 On January 22, 2020, the USTR issued a Notice of Modification of Section 301 Action: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation ("**January 22 Notice of Modification**") to modify the prior action in imposing additional duties on certain products of China. Pursuant to the January 22 Notice of Modification, the tariff applicable to products set out in the Annex A of the August 20 Notice of Modification will be modified from 15% to 7.5%, including products classified under the U.S. HTS Codes 8518.21.00; 8525.89.40; 8531.80.90; 8479.90.41; 8479.90.45; 8479.90.55; 8479.90.65; 8479.90.75; 8479.90.85 (to which 9903.88.15 applies), effective from February 14, 2020.

- 4.9 On May 5, 2022, the USTR announced that under section 307(c)(2) of the Trade Act, the July 6, 2018, and August 23, 2018, actions, as modified, were subject to possible termination on their respective four-year anniversary dates and of the opportunity for representatives of domestic industries that benefit from the trade actions to request continuation of the actions during the last 60 days of such four-year periods.
- 4.10 On September 8, 2022, the USTR announced that the July 6, 2018 and the August 23, 2018 actions, as modified, would remain in effect because at least one representative of a domestic industry that benefits from each action submitted to the U.S. Trade Representative a request for continuation of the actions. The notice also announced that in accordance with section 307(c)(3) of the Trade Act, the USTR would conduct a review of the July 6, 2018, and the August 23, 2018 actions, as modified. Based on the review report findings, the USTR recommended to the U.S. President to maintain the section 301 tariffs on the covered products. To further encourage China to eliminate the investigated acts, policies, and practices, the U.S. Trade Representative also recommended enhancing the effectiveness of the tariff actions by adding or increasing section 301 tariffs on certain products in strategic sectors, including sectors targeted by China for dominance, or sectors where the United States recently made significant domestic investments. On May 14, 2024, taking into consideration the USTR's findings in the review report and recommendations, the President Biden issued a Memorandum that directed the USTR to “maintain, as appropriate and consistent with this memorandum, the ad valorem rates of duty and lists of products subject to the [actions] taken under the section 301 investigation” and “[t]o further encourage China to eliminate the acts, policies, and practices at issue, and to counteract the burden or restriction of these acts, policies, and practices, the Trade Representative shall modify the [actions taken in the investigation] to increase section 301 ad valorem rates of duty” for certain specified products of China. On May 28, 2024, the USTR issued a Federal Register notice with proposed modifications, including an increase of section 301 duties on 382 U.S. HTS subheadings and 5 statistical reporting numbers of the U.S. HTS, with an approximate annual trade value of \$18 billion.
- 4.11 On September 18, 2024, the USTR issued a Notice of Modification: China's Acts, Policies and Practices Related to Technology Transfer, Intellectual Property and Innovation (“September 18 Notice of Modification”) to modify the actions being taken in the USTR investigation by imposing additional section 301 duties or increasing the rate of existing section 301 duties, on certain products of China in strategic sectors. The United States International Trade Commission had issued a guidance, titled China Tariffs (last updated on September 27, 2024) to provide guidance on additional tariffs on certain products of China and the respective U.S. HTS Code in subchapter III of chapter 99, in particular with respect to those products to which 9903.91.01, 9903.91.02, 9903.91.03, and 9903.92.10 apply.

5. **OTHER TARIFFS**

- 5.1 In April 2025, the U.S. government adopted a two-tier tariff structure: (i) a universal 10% baseline tariff on all imports to the U.S. (including those from China) and individualized reciprocal higher tariffs on imports from certain countries and regions, including China, the European Union, and Japan.
- 5.2 On April 10, 2025, the U.S. government suspended reciprocal tariffs for all countries and regions, except China, for a period of 90 days.
- 5.3 On May 12, 2025, China and the U.S. agreed to a temporary de-escalation of bilateral tariffs. The U.S. reduced additional tariffs on the majority of Chinese exports from 145% to 30%, while China lowered its additional tariffs on U.S. goods from 125% to 10%. Other planned tariff increases have been temporarily suspended.
- 5.4 On June 10 and 11, 2025, the U.S. government reaffirmed that tariffs on Chinese imports would remain at a combined rate of 55%, comprising three existing components: a 25% Section 301 tariff imposed since 2018, a 20% tariff introduced in February 2025, and a 10% reciprocal tariff imposed on April 2, 2025. These tariffs are on a going-forward basis and would not be charged to previously imported goods.

6. APPLICATION OF THE GROUP

(a) Based on the confirmation from the Company and our due diligence, during the Track Record Period (as defined in the Prospectus), the Group did export the following products into the United States:

- i. With respect to the products manufactured by the Group's Mainland Chinese factories and exported to the U.S., all such sales (except for one as described in Section ii) were on either CIF (Cost, Insurance and Freight), EXW (Ex Works), or FOB Shanghai to U.S.-based customers, meaning that under such terms the U.S.-based customers, instead of the Group, are solely responsible for customs duties, levies and tariffs).

For the years ended December 31, 2022, 2023, 2024 and 2025, the Group's sales of goods manufactured by the Mainland Chinese factories to U.S.-based customers amounted to less than 5% of the Group's overall revenues for those years.

- ii. The Group has conducted one historical sale on DDP (Delivered Duty Paid) terms. The sales involved one item classified under HTS Code 8427.10.8095 (to which an additional 25% Section 301 Tariff applies in addition to the MFN rate) and one item classified under HTS Code 8504.40.9580 (to which an additional 25% Section 301 Tariff applies in addition to the MFN rate) to a U.S.-based customer in February 2025, totaling US\$8,865.00. With respect to this sale, the Company was recorded as importer of record and paid a total U.S. tariff of US\$3,135.46.

(b) As of the date of this memorandum, Group's products classified under the U.S. HTS Code

- (i) Goods imported from China to the U.S. classified as HTS Code 8518.21.00; 8525.89.40; 8531.80.90; 8479.90.41; 8479.90.45; 8479.90.55; 8479.90.65; 8479.90.75; 8479.90.85 are subject to an additional 7.5% Section 301 Tariff (in addition to any of the applicable most favored nation rate and reciprocal tariff rate); and
- (ii) Goods imported from China to the U.S. classified as HTS Codes 8501.31.81; 8501.31.40; 8501.32.20; 8501.32.61; 8537.10.30; 3926.90.30; 3926.90.45; 3926.90.55; 3926.90.56; 3926.90.57; 3926.90.59; 3926.90.60; 3926.90.83; 3926.90.87; 3926.90.94; 3926.90.96; 4817.30.00; 8206.00.00; 8471.90.00; 8483.40.50; 8483.40.70; 8483.50.40; 8504.40.60; 8504.40.70; 8504.40.85; 8504.40.95; 8525.89.30; 8525.89.50; 8537.10.91; 8539.51.00; 8544.20.00; 8544.42.10; 8544.42.20; 8544.42.90; 8428.90.03; 8479.90.95; 8483.40.10; 8483.40.30; 8483.40.80; 8483.40.90; 8483.50.90; 8483.50.60; 8501.31.20; 8501.31.50; 8501.31.60; 8501.32.45; 8501.32.55; 8504.40.40; 8525.89.10; 8525.89.20; 8537.10.60; 8537.10.80; 9031.49.10; 9031.49.40; 9031.49.70; 9031.49.90; 9032.89.20; 9032.89.40; 9032.89.60 are subject to an additional 25% Section 301 Tariff (in addition to any of the applicable most favored nation rate and reciprocal tariff rate);

Hogan Lovells' assessment is that given (i) except for one sale, the Group's exports to the United States are on CIF, EXW or FOB Shanghai terms and immaterial (i.e., less than 5% of the Group's overall revenue for the years ended December 31, 2022, 2023, 2024 and 2025), (ii) the tariffs on these exports have already been addressed and paid by the U.S.-based customers, and (iii) the Group does not plan to expand its U.S. exports and sales, U.S. tariffs are unlikely to have a material impact on the Group's business operations.

The Company confirmed on behalf of the Group that there are no material changes to the business activities subsequent to the Relevant Period up to the Latest Practicable Date (i.e. June 3, 2026, as defined in the Prospectus).

* * * * *

The conclusion stated in this memorandum is not binding on the U.S. Trade Representative, the U.S. Customs and Border Patrol, or on any other regulatory or judicial authority, which have substantial discretion in determining whether to investigate particular transactions or relationships or to pursue export controls or other enforcement. Accordingly, there can be no assurances any such authority will not ultimately pursue implement duties on the Company's products 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; provided, however, that we shall not have any liability (whether under statute, in contract, in equity, in tort or otherwise) to the addressees 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 Sole Sponsor or the Underwriters of the Offering; provided, further, that nothing in these terms regarding the receipt and use of this memorandum shall limit our liability to the Sole Sponsor or the Underwriters of the Offering for any loss due to our fraud, bad faith, gross negligence or willful default.

This memorandum may also be disclosed for information only to (but not relied on by) the Sole Sponsor, the Underwriters, their respective legal advisors and affiliates, the HKEX, the Securities and Futures Commission of Hong Kong, the China Securities Regulatory Commission, any Relevant Persons authorized by the Company and within the period and in accordance with procedure specified in the Prospectus, available for inspection to the public and such disclosure and non-reliance and the liability waiver referred to above are governed by and construed in accordance with the laws of England and Wales.

Save as the above, no recipient may disclose this memorandum to any other person or quote or refer to it in any public document or file it with any person, without our prior written consent in each specific case. This memorandum may, however, be disclosed by the addressees hereof to the extent required by law, regulation or any governmental or competent regulatory authority or reasonably necessary in asserting any defense to actual or threatened court proceedings relating to the Offering; provided that no such party to whom this memorandum is disclosed may rely upon it without our express written consent.

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


Hogan Lovells