September 14, 2026

MEMORANDUM FOR LIGENT TECHNOLOGIES, INC., CITIGROUP GLOBAL MARKETS ASIA LIMITED, CITIC SECURITIES (HONG KONG) LIMITED AND CLSA LIMITED

Re: The Provisions Pertaining to U.S. Investments in Certain National Security *Technologies and Products in Countries of Concern* (the "Outbound Investment Rule" or the "Rule") and Implications for a Contemplated Global Offering and Listing on the Hong Kong Stock Exchange of Ligent Technologies, Inc.

I. Executive Summary

We are advising you in respect of issues under the Outbound Investment Rule for a proposed initial public offering of the shares of Ligent Technologies, Inc. (the "Company") and the listing of these shares on the Hong Kong Stock Exchange (the "Offering"). Citigroup Global Markets Asia Limited and CITIC Securities (Hong Kong) Limited will be acting as the joint sponsors (the "Sponsors"), and Citigroup Global Markets Asia Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited will be acting as underwriters (collectively, the "Underwriters"), for the Offering. This memorandum provides a description of due diligence performed in respect of the Outbound Investment Rule, a summary of certain aspects of the Outbound Investment Rule, focusing on how it is applicable in the context of the Offering, and an analysis of the Offering under the Outbound Investment Rule. Capitalized terms used in this memorandum but not defined herein have the meanings assigned to them in the Outbound Investment Rule.

On January 2, 2025, a U.S. outbound investment security program (the "OISP"), implemented by the U.S. Department of the Treasury ("Treasury"), became effective through the Outbound Investment Rule. The OISP imposes compliance requirements for certain transactions involving entities engaged in specified activities relating to semiconductors and microelectronics, quantum information technologies, and artificial intelligence ("AI") systems that have a connection to Countries of Concern, currently limited to the People's Republic of China, including the Special Administrative Regions of Hong Kong and Macau. The Outbound Investment Rule applies to acquisitions of an equity interest, acquisitions of contingent equity interests, conversions of contingent equity interests, and a range of similar or related commercial activities, subject to certain exceptions and exemptions. The OISP implements prohibitions for some transactions and imposes notification requirements for others, based primarily on the investee company's involvement in the specified technologies. Detailed criteria must be assessed to determine if an investment is prohibited or otherwise notifiable. The OISP does not provide a list of covered companies, but instead requires commercial actors to identify transactions that are subject to it. In determining whether a U.S. Person (within the meaning of the Rule) violated the Outbound Investment Rule, Treasury will assess whether the U.S. Person had "knowledge" of relevant facts and circumstances, which includes not only actual knowledge, but also what was substantially certain to occur and what could have been known through a "reasonable and diligent inquiry."

Based on our due diligence of the Company and our analysis, U.S. Persons investing in the Offering would not be subject to either the prohibitions or notification requirements under the Outbound Investment Rule. This conclusion is based on our findings that the Company is not a Covered Foreign Person under either of the relevant tests under the Outbound Investment Rule's definition of this term. The first test required us to analyze the activities of the Company itself (and not its subsidiaries and other affiliated entities), looking at whether it is engaged in certain activities relating to semiconductors and microelectronics, quantum information technologies, and AI systems that are defined in the Outbound Investment Rule as "Covered Activities." The Company is a Cayman holding company with no independent operations. The second test required us to analyze the Company's subsidiaries, affiliates, and other entities in which it has certain interests and their involvement in Covered Activities and apply measurements of the relevant contributions and costs associated with these entities. In conducting the analysis under this second test, we identified that neither the Company nor its subsidiaries or investee entity engaged in Covered Activities. Based on these findings, we concluded that U.S. Persons purchasing the Company's shares in the Offering, including any underwriters, will not be subject to the Outbound Investment Rule's prohibitions or its notification requirements.

In providing our analysis and arriving at the conclusions set out in this memorandum, we have considered, among other things, the responses the Company provided to our written and oral due diligence and other correspondence. Our analysis relies on the accuracy and completeness of the Company's responses to these enquiries, the other information we reviewed in the due diligence process outlined below, the accuracy of the Company's representations and compliance with the relevant covenants in the underwriting agreement, and its compliance with a use-of-proceeds covenant to be included in the underwriting agreement.

This memorandum has been prepared using the Company's financial statements for the year ended December 31, 2025, consistent with the Outbound Investment Rule's requirement to use the financial statements for the most recent year for which audited financial statements are available.

This memorandum is not a legal opinion and includes a combination of findings of facts (as limited by the due diligence investigations performed) and a review of applicable laws and regulations directly relevant to the questions addressed herein; it speaks as of its date, changes in facts or the law that occur after the date of this memorandum may affect the conclusions we have expressed, and we have no obligation to update it to address any such changes. This memorandum has been prepared solely for the benefit of the Company, the Sponsors and the Underwriters and is not intended to be relied upon or used by, and cannot be relied upon or used by, any third party for any purpose. We disclaim any liability (whether under statute, in contract, in equity, in tort or otherwise) to any party other than the addressees of this memorandum.

Other than to the affiliates and advisors of the addressees to which disclosure of this memorandum is explicitly permitted, and other than as required by applicable laws, regulations or regulatory, governmental or judicial authority, this memorandum may not be used by, filed with, or provided, circulated, quoted, or referred to or otherwise disclosed to any other person or entity, in whole or in part, without our express prior written consent, which may be withheld at our discretion. The disclosure of this memorandum does not constitute legal or other advice to any recipient other than the addressees. The receipt of this memorandum by a permitted recipient is without recourse to us, and we are not undertaking or assuming any duty, liability, or obligation to (or establishing any lawyer-client relationship with) any such recipient. We have considered only the interests of the addressees and not those of any other recipient or any other person or entity, which interests may be different from those of the addressees and may be affected by different legal and other considerations.

II. Due Diligence Scope

The due diligence work outlined below was conducted in support of this memorandum:

A. We communicated with the Company to brief them on the purpose, content, and implications of the Outbound Investment Rule, including in the context of the Offering;

B. We reviewed the Company's responses to a due diligence questionnaire, prepared by Latham & Watkins LLP, international counsel to the Sponsors and the Underwriters of this Offering, in connection with the Outbound Investment Rule and followed up with the Company with additional questions to the Company's responses to gather necessary operational and financial information for us to evaluate its status in the context of the Outbound Investment Rule;

C. We conducted due diligence interviews with the Company, including several rounds of follow-up enquiries. These included:

   a) follow-up teleconferences with the Company's finance team to understand its basis of consolidation and accounting treatment for its consolidated entities and unconsolidated minority-invested entities, and to collect additional data to evaluate their financial impact on the Company;

   b) follow-up teleconferences with the Company's legal team to understand its business operations, ownership structure, corporate governance and directorships; and

   c) follow-up teleconferences with the Company's business team to understand the nature and features of its products, especially the nature and feature of the Company's chips and how they should be considered under the Outbound Investment Rule;

D. We reviewed the due diligence materials the Company has provided and conducted our own media and internet searches on the Company, its business operations and products, its subsidiaries, minority-invested entities, and other associated entities, primarily in connection with its business operations (such as its products and their applications) corporate structure and other information we deemed relevant to our evaluation and assessment;

E. We communicated with Frost & Sullivan, the industry consultant engaged by the Company for this Offering, about the definition and feature of chips and how they differ from integrated circuits; and

F. We prepared the relevant disclosure to be included in the prospectus and reviewed the relevant representations and covenants from the Company to be included in the underwriting agreement on its status under the Outbound Investment Rule, the accuracy of its due diligence responses, and its use of proceeds from the Offering.

III. The Outbound Investment Rule

A. Background and Implementation

On August 9, 2023, President Biden issued an Executive Order[1] *Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern* (the "EO") to address the U.S. government's concerns on national security threats posed by the advancement by countries of concern in sensitive technologies and products critical for the military, intelligence, surveillance, or cyber-enabled capabilities of such countries. Concurrent with the EO, Treasury issued an *Advance Notice of Proposed Rulemaking* ("ANPRM") to solicit public comments and subsequently issued a *Notice of Proposed Rulemaking* ("NPRM") on June 21, 2024, which was largely aligned with the ANPRM.

On October 28, 2024, Treasury issued the final Outbound Investment Rule[2] implementing the EO to establish the OISP. Effective on January 2, 2025, the Outbound Investment Rule prohibits or requires notification of certain outbound investment transactions by U.S. Persons involving a Person of a Country of Concern that is directly or indirectly engaged in a Covered Activity relating to certain sensitive technologies and products in the semiconductors and microelectronics, quantum information technologies, and AI sectors.

The EO and the Outbound Investment Rule were both issued pursuant to the U.S. President's authority under the International Emergency Economic Powers Act of 1977, as amended ("IEEPA").

The 2026 National Defense Authorization Act, which includes the Comprehensive Outbound Investment National Security Act of 2025 ("COINS Act"), became law on December 18, 2025. The COINS Act codifies a new U.S. outbound investment security program, with certain changes as compared with the OISP, including an expansion of the covered sectors. The implementation of the COINS Act is subject to a rulemaking process, which is required to be completed by March 2027, and substantial uncertainty remains regarding how the new law will be implemented.

B. Overview

The Outbound Investment Rule requires U.S. Persons to notify Treasury of, or in some cases prohibits U.S. Persons from entering into, certain Covered Transactions that are specified types of outbound investments in or involving Covered Foreign Persons. The Outbound Investment Rule defines U.S. Persons broadly, to include U.S. citizens, lawful permanent residents ("green card holders"), entities organized in the United States (including any foreign branch of any such entity) and any person located in the United States. This definition covers U.S. citizens and green card holders, working abroad for non-U.S. companies, as well as non-U.S. citizens in the United States. In addition to the Rule's regulation of U.S. Persons entering into Covered Transactions, it also includes provisions that prohibit U.S. Persons from "knowingly directing" a non-U.S. Person to enter into a transaction that would be prohibited if entered into by a U.S. Person. To be subject to this obligation, the relevant U.S. Person must exercise authority over the non-U.S. Person, such as the authority of an officer, director of other

[1] Executive Order 14105 of August 9, 2023.

[2] U.S. Department of the Treasury, Outbound Investment Rulemaking, Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (October 28, 2024). 31 CFR Part 850.

executive responsibility. U.S. Persons are also required to file notifications with Treasury in respect of Notifiable Transactions entered into by non-U.S. Persons that they control, primarily in the context of parent-subsidiary-type relationships. In addition, any person who conspires to violate or causes a violation of any regulation issued pursuant to IEEPA, which includes the Outbound Investment Rule, could be subject to penalties under IEEPA.

Countries of Concern under the Outbound Investment Rule currently include only the People's Republic of China, including the Special Administrative Regions of Hong Kong and Macau. The term Person of a Country of Concern[3] refers to (1) any individual that (i) is a citizen or permanent resident of a country of concern; (ii) is not a U.S. citizen; and (iii) is not a permanent resident of the United States; (2) 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; (3) 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% 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); (4) any entity in which one or more persons of a country of concern, individually or in the aggregate, directly or indirectly (i.e., including entities that are themselves 50% or greater owned by the foregoing), holds at least 50% of any of the following interests of such entity's outstanding voting interest, voting power of the board, or equity interest; and (5) any entity in which one or more persons identified in (4), individually or in the aggregate, directly or indirectly, holds at least 50% of any of the following interests of such entity: outstanding voting interest, voting power of the board, or equity interest.

1. Prohibitions, Notification Requirements and Covered Activities

The Outbound Investment Rule's prohibitions and notification requirements are tied to certain Covered Activities, which relate to specific technologies described in the relevant definitions. The descriptions below summarize these activities.

Prohibited Transactions[4] refer to:

- **Semiconductors and microelectronics**: Covered Transactions related to certain electronic design automation software; certain fabrication or advanced packaging tools; the design or fabrication of certain advanced integrated circuits; advanced packaging techniques for integrated circuits; and supercomputers;

- **Quantum information technologies**: Covered Transactions related to the development of quantum computers or production of any critical components required to produce a quantum computer; the development or production of certain quantum sensing platforms; and the development or production of certain quantum networks or quantum communication systems; and

- **Certain AI systems**: Covered Transactions related to the development of any AI system designed to be exclusively used for, or intended to be used for, certain end uses; in addition, covered transactions related to the development of any AI

[3] 31 CFR §850.221.
[4] 31 CFR §850.224.

system that is trained using a quantity of computing power greater than 10ˆ25 computational operations, or trained using primarily biological sequence data and a quantity of computing power greater than 10ˆ24 computational operations.

Notifiable Transactions[5] refer to:

- **Semiconductors and microelectronics**: Covered Transactions related to the design, fabrication, or packaging of integrated circuits not otherwise covered by the Prohibited Transaction definition; and

- **Certain AI systems**: Covered Transactions related to the development of any AI system not otherwise covered by the Prohibited Transaction definition, where such AI system is designed or intended to be used for certain end uses or applications; or trained using a quantity of computing power greater than 10ˆ23 computational operations.

The Outbound Investment Rule defines AI system broadly, to include not only machine-based systems themselves, but also any data system, software, hardware, application, tool, or utility that operates using a machine-based system.

Moreover, the Outbound Investment Rule also effectively expands certain U.S. sanctions by imposing prohibitions on activities that otherwise would merely be notifiable if the relevant Person of a Country of Concern is on certain U.S. export controls or sanction lists.[6]

2. Transaction Scope

The Outbound Investment Rule applies to a broad range of commercial activities involving a Covered Foreign Person. Covered Transactions include any of the following transactions, directly or indirectly, by a U.S. Person: acquisition of equity interests, acquisitions of contingent equity interests, certain debt financing, conversion of a contingent equity interest, certain greenfield or brownfield investments, entrance into a joint venture, and certain fund investment as a limited partner or equivalent in a non-U.S. pooled investment fund.[7]

The Outbound Investment Rule provides certain exceptions for investments in certain types of transactions, including publicly traded securities, certain LP investments, derivatives, and others. To the extent a transaction would be either a prohibited transaction or a notifiable transaction if engaged by a U.S. person, if the conditions of an applicable exception are met, the transaction will not be either prohibited or notifiable.

C. Implications and Requirements Imposed on the Relevant U.S. Person under the Outbound Investment Rule

1. Prohibitions and Notification Requirements

Under the Outbound Investment Rule, a U.S. Person cannot engage in a Prohibited Transaction. A U.S. Person engaged in a Notifiable Transaction is required to submit a notification with respect to the Notifiable Transaction within 30 calendar days following completion through Treasury's Outbound Notification System online portal.[8] In addition, in

[5] 31 CFR §850.217.
[6] 31 CFR §850.224(m).
[7] 31 CFR §850.210.
[8] Outbound Notification System portal https://outbound.high.powerappsportals.us/

the case of a non-U.S. Person that engages in a transaction that would be notifiable if entered into by a U.S. Person, if that non-U.S. Person is a "controlled foreign entity" of a U.S. Person, that controlling U.S. Person is required to file a notification with Treasury.[9] These notifications must include specified information about the U.S. Person, the transaction (including why the transaction is notifiable) and the investment target. The Outbound Investment Rule gives the Treasury the discretion to request additional information be provided in respect of any filed notification.

In addition to the requirements on initial notifications, if a U.S. Person acquires actual knowledge that a previously completed transaction that would have been a Covered Transaction (whether notifiable or prohibited) if the U.S. Person had known of relevant facts or circumstances as of the completion date of the transaction, the U.S. Person must submit a notification to Treasury no later than 30 calendar days following the acquisition of such actual knowledge.[10]

2. Knowledge Standards and Reasonable Diligence

Under the Outbound Investment Rule, a U.S. Person is responsible for "knowledge" the U.S. Person had or could have had through a "reasonable and diligent inquiry."[11] Accordingly, the Outbound Investment Rule's knowledge standard includes not only actual knowledge, but also what was substantially certain to occur and what could have been known through reasonable diligence.

Given this knowledge standard, the Outbound Investment Rule effectively requires a U.S. Person to conduct a "reasonable and diligent inquiry," which refers to efforts to obtain relevant information about a transaction as part of a reasonable pre-transaction due diligence process. Treasury has stated that it will consider the totality of relevant facts and circumstances in assessing whether such an inquiry has been undertaken.[12]

IV. Analysis of the Offering

A U.S. Person's direct or indirect acquisition of an equity interest in an entity that the U.S. Person knows at the time of the acquisition is a Covered Foreign Person is a Covered Transaction. Subject to certain exceptions,[13] a U.S. Person entering into a Covered Transaction implicates the Outbound Investment Rule's notification requirements and prohibitions discussed above. Given the centrality of the Company's Covered Foreign Person status in terms of the Outbound Investment Rule's application to the Offering, our analysis focuses on whether the Company is a Covered Foreign Person. If the Company is not a Covered Foreign Person, then the Offering is outside of the scope of the Outbound Investment Rule's prohibitions and notifications requirements (other than in the context of an indirect Covered Transaction discussed below).

The Outbound Investment Rule defines Covered Foreign Person under three separate limbs of the definition, two of which are potentially relevant in the context of the Offering: one

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[9] 31 CFR §850.402. Controlled Foreign Entity is defined as a non-U.S.-incorporated entity of which a U.S. Person is a parent. 31 CFR §850.206.

[10] 31 CFR §850.403.

[11] 31 CFR §850.104.

[12] Preamble to the Outbound Investment Rule.

[13] In the context of the Offering, the most relevant exception from the Outbound Investment Rule's prohibitions and notifications requirements is for investments in publicly traded securities; 31 CFR §850.501(a).

that looks directly at the activities of a Person of a County of Concern,[14] and a second that looks at particular interests (including interests in subsidiaries, VIE entities, joint ventures, and investee companies) that the relevant person has with other entities that are Persons of a Country of Concern engaged in Covered Activities.[15]

A. *The Company and the Offering in the Context of the Outbound Investment Rule*

In the context of the Offering, the Outbound Investment Rule is relevant because a U.S. Person's acquisition of an equity interest is one of the specified transactions included as a Covered Transaction if the investee company is a Covered Foreign Person. Accordingly, if the Company is a Covered Foreign Person, U.S. Person investors in the transaction would be subject to the restrictions in respect of Prohibited Transactions or the notification requirements for Notifiable Transactions, subject to the specific nature of any Covered Activities and applicable exceptions. In addition to the investors purchasing the Company's shares in the Offering, the underwriting agreement will also provide for the possibility of purchases of shares by the Underwriters and the Underwriters obtaining a "contingent equity interest" (the overallotment option) in the Issuer.

The Company is incorporated under the laws of the Cayman Islands. The Company confirmed that (i) it functions primarily as an investment holding company with no independent operations, (ii) the majority of its voting power is held by Chinese companies, and (iii) the majority of its board members are also Chinese citizens. Accordingly, we concluded that the Company is a Person of a Country of Concern under the Outbound Investment Rule. Furthermore, the Company's subsidiaries and other entities in which it has investments are also Persons of a Country of Concern.

B. *Does the Company engage in Covered Activities so that is a Covered Foreign Person? (31 CFR §805.209(a)(1))*

As explained by Treasury in the preamble to the Outbound Investment Rule, the first limb of the definition of Covered Foreign Person (31 CFR §805.209(a)(1)) is intended to provide a link between a Person of a Country of Concern (such as the Company) and Covered Activities. These include the activities such as "designs, fabricates, packages, develops and produces" that are specified under the activities included in the sections of the Outbound Investment Rule defining Notifiable and Prohibited Transactions and which constitute Covered Activities.[16] And while there are no *de minimis* exceptions for these activities, Treasury noted that the relevant activities are "narrow and precise" and that in the context of 31 CFR §850.209(a)(1) they apply directly to the relevant entity and "not to an investment target's holding companies or other members of a corporate group."[17] Accordingly, our analysis on this section focuses on the Company itself.

Based on our due diligence, including the Company's responses to the due diligence questionnaire, and our follow-up discussions with them, the Company itself is not involved in any Covered Activities. Accordingly, the Company is not a Covered Foreign Person under 31 CFR §850.209(a)(1).

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[14] 31 CFR §850.210(a)(1).
[15] 31 CFR §850.209(a)(2). The third limb, relating to the formation of joint ventures with a U.S. Person, is not relevant in the context of the Offering.
[16] 31 CFR §§850.217, 224, and 208, respectively.
[17] Preamble to the Outbound Investment Rule.

C. *Does the Company have the requisite relationships with other entities engaged in Covered Activities to be a Covered Foreign Person? (31 CFR §805.209(a)(2))*

1. Covered Foreign Person Status of Subsidiaries

In the second limb of the Covered Foreign Person definition (31 CFR §850.209(a)(2)), persons that have specified interests[18] in Persons of a Country of Concern that are engaged in Covered Activities in excess of certain financial metrics are Covered Foreign Persons. Specifically, this limb of the definition includes any person that derives or incurs, as the case may be, more than 50% of the person's revenue, net income, capital expenditures, or operating expenses, in each case on an annual basis aggregated in respect of each measure across all Persons of a Country of Concern that are engaged in Covered Activities, in which it has the Relevant Interests.[19] The calculations for these metrics must be made using audited financial statements for the most recent year.[20] Accordingly, we considered the Company's financials for the year ended December 31, 2025 for our analysis.

Based on due diligence responses from the Company, its subsidiaries are primarily engaged in the design, development and sales of a variety of optical transceivers, optical network terminals and laser chips. A laser chip is a compact device used for signal transmission by converting electrical signals into optical signals. The Outbound Investment Rule does not provide a definition of "integrated circuits" that is within the scope of the Rule's Covered Activities. However, based on the due diligence responses from the Company and our due diligence investigations, laser chips and integrated circuits have different fundamental structures. According to the Company, its laser chips are semiconductor devices that generate coherent light by converting electrical signals into light pulses. In the absence of a definition in the Outbound Investment Rule, we considered several references in considering whether the laser chips produced by the Company are integrated circuits for purposes of the definitions of Covered Activities. This includes the classifications of these items under the Export Control Classification Numbers used under the Department of Commerce's Export Control Regulations (the "EAR"). The Company advised us that these items have been assigned ECCN 6A995 (which refers to lasers under the Commerce Control List ("CCL") and includes semiconductor lasers; Category 6 of the CCL refers to sensors and lasers in general), while integrated circuits have different ECCNs (e.g., 3A001, 3A090, 3A901 and 3A991; Category 3 refers to electronics in general). While the ECCN classification for a product is not specifically referenced in terms of what an integrated circuit is for purposes of the Outbound Investment Rule, one of the Prohibited Transaction definitions[21] specifically references an ECCN (3A090.a) in reference to a performance standard that would place design of such an integrated circuit under the Prohibited Transaction category. Accordingly, we believe that the fact the Company's laser chips fall under a separate category under the CCL supports a conclusion that these chips are not "integrated circuits" for this purpose. Similarly, the World Intellectual Property Organization ("WIPO") classifies laser chips under a different category than integrated circuits. As advised by the Company's industry consultant, Frost & Sullivan, in the WIPO International

[18] These interests ("Relevant Interests") are "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 or persons" that are Covered Foreign Persons as a result of their being Persons of a Country of Concern that engages in a Covered Activity. 31 CFR §850.209(a)(2).

[19] Amounts less than US$50,000 are excluded from these calculations, but we have not relied on that exclusion for purposes of our analysis in this memorandum.

[20] 31 CFR §850.209(b).

[21] 31 CFR §850.224(c).

Patent Classification Publication,[22] laser chips are classified under WIPO's H01S (a subcategory under H01 (electronic elements), which includes semiconductor lasers), while integrated circuits are classified under H10 (including semiconductor devices). Based on the above, we do not consider the laser chips developed and produced by the Company to be integrated circuits as referred to in the relevant definitions of Covered Activities under the Outbound Investment Rule.

Based on the analysis above, despite the lack of clear guidance from Treasury on the definition of "integrated circuits" for purposes of the Outbound Investment Rule, we believe that the Company's operations are not Covered Activities. The integrated-circuit-related Prohibited Transactions[23] under the Outbound Investment Rule involve relatively high-end technologies, and the Company has confirmed that neither it nor any of its subsidiaries or investee entity are engaged in any Covered Activities described under Prohibited Transactions. Furthermore, based on our understanding of the Company's business and our due diligence findings, no information inconsistent with the Company's assessment was identified.

In addition to the activities discussed above, the Company also uses certain robotic systems at its production facilities to perform assembly and testing functions. The Company has clarified that these robotic systems, including the software systems controlling such robotic systems (which may be considered AI systems controlling robotic systems), are purchased from third-party suppliers and are not in-house developed, and that they do not engage in any substantial modification of these systems. The Company also clarified in its due diligence response that its subsidiaries have not developed any AI system that is intended for the control of a robotic system. The Company further confirmed that during the ordinary course of their businesses, its subsidiaries are not engaged in any activities in connection with the development of AI systems that are designed or intended to be used for certain end uses or applications or trained by using a quantity of computing power greater than 10^23 computational operations, or other activities falling within the criteria for Prohibited Transactions[24] or Notifiable Transactions.[25] Its subsidiaries use certain third-party open-source generative AI systems for internal, non-commercial purposes, such as improving office automation and efficiency. We confirmed with the Company that the use of those third-party AI systems does not include any substantive modifications of those systems.

We also considered the Company's business operations and our understanding of the Company's industry, and the nature of the activities included within the criteria for Prohibited Transactions. Through that process and based on the Company's due diligence responses, we did not identify any reason to believe that the Company's activities in this area fall within the criteria for Prohibited Transactions.

2. Covered Foreign Person Status and Financial Metric Analysis of Other Relevant Interest

In addition to its subsidiaries, the Company previously held Relevant Interests in Qingdao Xinghang Photoelectric Technology Co., Ltd. ("Qingdao Xinghang"), which would

[22] See https://ipcpub.wipo.int/?notion=scheme&version=20250101&symbol=none&menulang=en&lang=en&viewmode=f&fipcpc=no&showdeleted=yes&indexes=no&headings=yes&notes=yes&direction=o2n&initial=A&cwid=none&tree=no&searchmode=smart.
[23] 31 CRF §850.224(a)-(f).
[24] 31 CFR §850.224(j)-(k).
[25] 31 CFR §850.217(d)(1)-(2).

need to be included in the financial metric calculations under 31 CFR §850.209(a)(2) if that entity engaged in Covered Activities. Based on the Company's understanding and knowledge of the business operations of this joint venture, the Company advised that Qingdao Xinghang was in the same industry as the Company and was engaged in the development, manufacturing and sales of optical transceivers. Qingdao Xinghang's business activities did not involve any development or manufacturing of chips or any Covered Activities.

Because the Relevant Interest was not a consolidated entity of the Company, it did not contribute to the Company's revenue, and the Company did not incur any operating expenses or capital expenditures in respect of it. In June 2025, the Company disposed of its 50% equity interest and voting rights in Qingdao Xinghang and recorded gains on disposal of a joint venture which accounted for less than the relevant 50% threshold. In addition, as noted above, according to the Company, Qingdao Xinghang was not engaged in Covered Activities because its business operations focused on optical transceivers without involving any development or manufacturing activities of chips. Accordingly, the Company's Relevant Interests in Qingdao Xinghang would not result in the Company being a Covered Foreign Person under 31 CFR §850.210(a)(2).

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Cleary Gottlieb Steen & Hamilton (Hong Kong)

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