



Pillsbury Winthrop Shaw Pittman LLP
1200 Seventeenth Street, NW | Washington, DC 20036 | tel 202.663.8000 | fax 202.663.8007

September 17, 2025

**ATTORNEY WORK PRODUCT
PRIVILEGED & CONFIDENTIAL**

To: Chery Automobile Co., Ltd.
No.8, Changchun Road, Economic Technology and Development Area, Wuhu,
Anhui Province, PRC

China International Capital Corporation Hong Kong Securities Limited
Huatai Financial Holdings (Hong Kong) Limited
GF Capital (Hong Kong) Limited
GF Securities (Hong Kong) Brokerage Limited
(collectively as “**Joint Sponsors**” or “**Overall Coordinators**,” as defined in the
Hong Kong Underwriting Agreement and the International Underwriting
Agreement relating to the IPO (as defined below))

Hong Kong Underwriters and International Underwriters named in the Hong Kong
Underwriting Agreement and the International Underwriting Agreement relating to
the IPO (collectively, the “**Underwriters**”)

**Re: Analysis regarding U.S. Outbound Investment Rule in Connection with Initial Public
Offering of Chery Automobile Co., Ltd.**

Ladies and Gentlemen:

We act as special legal advisor of Chery Automobile Co., Ltd., a joint stock company incorporated in the People’s Republic of China (“**PRC**”) with limited liability (the “**Company**”), as to the United States (“**U.S.**”) Outbound Investment Rule (“**OIR Legal Adviser**”) in connection with the Company’s proposed initial public offering (“**IPO**”) on The Stock Exchange of Hong Kong Limited (“**HKEX**”). We understand that the IPO will constitute the offer of up to 607,759,000 H shares of the Company, nominal value RMB 1.00 each (assuming the Over-allotment Option (as defined in the Prospectus referred to below) is not exercised) (the “**Shares**”), and listing of the Shares on the Main Board of the HKEX, the details of which are set out in the Prospectus of the Company relating to the IPO filed with the Registrar of Companies in Hong Kong on or around September 17, 2025 (the “**Prospectus**”). The Underwriters will serve as the underwriters of the IPO pursuant to the Hong Kong Underwriting Agreement and the International Underwriting Agreement by and among the Company, the Joint Sponsors, the Overall Coordinators and the

Hong Kong Underwriters and International Underwriters named therein, as the case may be. This letter is delivered to you at the request of the Company and pursuant to the request of the Joint Sponsors in accordance with the HKEX Guide for New Listing Applicants (the “**Guide**”).

As further described in this letter and subject to the assumptions, qualifications, and other limitations set forth herein, we are of the opinion that: (i) the Company is not a “*covered foreign person*”, and (ii) an investment by a “*U.S. person*” in the Shares would not be a “*covered transaction*”, each as defined under the Outbound Investment Rule (as defined below).

This letter is based on the documents, facts, and representations provided to us by the Company (“**Company Responses**”). Except as expressly described herein, we have assumed the accuracy and completeness of all documents provided to us. We note that, as OIR Legal Adviser to the Company, we do not represent the Company generally and there may be facts relating to the Company of which we have no knowledge. Our analysis is subject to change pending any new or different facts.

I. Overview of the Outbound Investment Rule

On October 28, 2024, the U.S. Department of the Treasury (“**Treasury**”) issued the *Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern* (“**Outbound Investment Rule**”), which implements Executive Order 14105, *Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern*. The Outbound Investment Rule became effective on January 2, 2025.

The Outbound Investment Rule aims to mitigate national security risks associated with investments in sensitive technologies such as semiconductors, artificial intelligence (“**AI**”), quantum computing, and supercomputing in identified “countries of concern.”

Currently, “countries of concern” under the Outbound Investment Rule are limited to the PRC, the Special Administrative Region of Hong Kong, and the Special Administrative Region of Macau.

As of January 2, 2025, “U.S. persons” are subject to certain compliance obligations when engaging in certain transactions with “covered foreign persons” from countries of concern (PRC, Hong Kong, and Macau), which may include a prohibition on the transaction or a notification requirement to the U.S. Government within 30 days of completing the transaction.

- The term “*U.S. person*”¹ means any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States (including any foreign branch of any such entity), or any person in the United States.
- A “*person of a country of concern*”² is defined to include individuals and entities with a principal place of business in, who are headquartered in, or organized under the laws of

¹ See 31 C.F.R. § 850.229.

² See 31 C.F.R. § 850.221.

Privileged and Confidential

PRC, Hong Kong, and/or Macau, as well as entities majority-owned by individuals from the above jurisdictions.

- “***Covered foreign persons***”³ are defined to include (1) a “person of a country of concern” that engages in a “covered activity” as well (2) a person that holds ownership or governance over a person identified in (1), if that person derives more than 50% of revenue, net income, capital expenditures, or operating expenses from that entity.
- The term “***covered activities***”⁴ means, in the context of a particular transaction, any activities covered by the prohibited transactions and notifiable transactions summarized in the Appendix to this letter.

II. Analysis of “covered foreign persons”

As described above, a “covered foreign person” includes (1) a “person of a country of concern” that engages in a “covered activity” as well as (2) a person that holds an ownership interest or governance rights over a person identified in (1), if that person derives more than 50% of revenue, net income, capital expenditures, or operating expenses from that entity.

For (1), since the Company is a joint stock company incorporated in the PRC with limited liability, it is a “person of a country of concern” and so is any entity in which the Company, directly or indirectly, holds at least 50% of any outstanding voting interest, voting power of the board or equity interest of such entity. Accordingly, the key issue is whether the Company engages in a “covered activity.” We discuss below each of the four categories of “covered activities” under the Outbound Investment Rule as applied to the Company.

1. Semiconductors and Microelectronics

The Outbound Investment Rule, as implemented in 31 C.F.R Part 850, states that certain activities engaged in by a “covered foreign person” can result in either a notifiable transaction or a prohibited transaction.

Prohibited transactions in the semiconductors and microelectronics sector include certain semiconductor-related activities such as (1) developing or producing electronic design automation software, (2) developing or producing (a) certain front-end semiconductor fabrication equipment, (b) equipment for volume advanced packaging, or (c) a commodity, material, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment; (3) designing an integrated circuit (“**IC**”) meeting the parameters of Export Control Classification Number 3A090, (4) fabricating certain advanced ICs (e.g., with a production technology node of 16/14 nanometers or less), or (5) packaging ICs using advanced packaging techniques.

³ See 31 C.F.R. § 850.209.

⁴ See 31 C.F.R. § 850.208.

Privileged and Confidential

Notifiable transactions in the semiconductors and microelectronics sector include covered foreign persons who either (1) design any IC, (2) fabricate any IC, or (3) package any IC.

We understand the Company's business is to design, develop, manufacture and sell a diverse and expanding portfolio of passenger vehicles, including internal combustion engines vehicles and new energy vehicles. The Company also sells engines, transmissions and automotive parts and components primarily to third-party vehicle manufacturers and (ii) spare parts and components in support of our after-sales services.

Based on the Company Responses, we understand the following:

- The Company purchases certain System-on-Chip ("SoC") and semiconductor packaging services from third-party suppliers to fulfill its chip requirements. The Company would only provide chip manufacturers with the requirements that need to be met for the whole vehicle (e.g., cockpit, control system), and the chip manufacturers will design the chips according to the Company's needs. The Company will not participate in any chip design activities. The Company confirmed that except for the two chips used in the cockpit and the intelligent driving system which are based on the 7-nanometer manufacturing technology, all other chips used in the vehicle do not have a technology node of 16/14 nanometers or less. The Company confirmed that it purchases SoCs from third-party suppliers and does not engage in the development of such SoCs.
- The Company has established a chip technology institute and engages in (i) selecting proper SoCs for Chery vehicle models, (ii) facilitating Company's business cooperation with chip suppliers, and (iii) design of vehicle controller prototypes. The Company confirmed that the above are all the activities of the chip technology institute. The Company also confirmed that the vehicle controller prototype incorporates chips but all chips are finished chip products sourced from third party chip manufacturers. Based on the Company's representations, which we have not independently verified, to our knowledge, the chip technology institute does not, and does not intend to, design, fabricate, or package any IC.
- The Company, through a wholly owned subsidiary, owns 22.5% equity interest in Zhejiang Mokoda Semiconductor Co., Ltd. ("**Mokoda**") which was established on May 31, 2024. The table below shows the relevant financial data of Mokoda as compared to the Company. We understand that according to the Company's accounting policy, "revenue" and "net income" are treated the same both at the Company level as well as at all subsidiary levels.

Data in 2024	Mokoda's financial metrics⁵	Company's financial metrics	Percentage as compared to the Company's financial metrics
Revenue	RMB 7.22 million	RMB 277.129 billion	0.0026%

⁵ All USD equivalent amount under this letter is based on the exchange rate published by the U.S. Department of Treasury at <https://fiscaldata.treasury.gov/currency-exchange-rates-converter/>

Data in 2024	Mokoda's financial metrics ⁵	Company's financial metrics	Percentage as compared to the Company's financial metrics
	USD equivalent of \$1.01 million as of June 30, 2025	USD equivalent of \$38.68 billion as of June 30, 2025	
Net Income	RMB 7.22 million USD equivalent of \$1.01 million as of June 30, 2025	RMB 277.129 billion USD equivalent of \$38.68 billion as of June 30, 2025	0.0026%
Capital Expenditure	RMB 6.75 million USD equivalent of \$0.94 million as of June 30, 2025	RMB 5,469,831,633 USD equivalent of \$763,516,420.02 as of June 30, 2025	0.1234%
Operating Expense	RMB 724,000 USD equivalent of \$101,060.86 as of June 30, 2025	RMB 16.581 billion USD equivalent of \$2.31 billion as of June 30, 2025	0.0043%

- We are aware of media reports indicating that the Company has entered into strategic cooperation agreement with the Chinese Academy of Science Institute of Microelectronics (“CASIME”). The Company confirmed that such cooperation is still in the planning stage and no concrete agreement has been reached. The Company also confirmed that it has not had any exchange with CASIME nor has the Company transferred any commodities, software or technology to CASIME since December 2, 2024 when CASIME was added to the Entity List.
- There are certain Chinese language news articles indicating that the Company is developing its own chips based on a recruitment post for NPU (Neural Processing Unit) design architect allegedly by the Company. The Company stated in its answers to our questionnaire, which is a part of the Company Responses, as follows: “Some online media and social media accounts have published untrue information about ‘Chery’s self-developed chips’ without verification, which is seriously contrary to the facts and has caused trouble for us and our partners. Chery has always adhered to the strategy of ‘building a company based on technology’ and collaborated with its partners by establishing an open and innovative ecosystem. The online rumors about ‘Chery’s self-developed chips’ are groundless speculation.”

Privileged and Confidential

- In general, the Company has confirmed that it does not currently engage in, nor has any concrete plan to engage in any “covered activities” in the semiconductors and microelectronics sector.

An IC is a set of electronic circuits comprising various electronic components and their electrical interconnections. Fabrication of ICs generally means fully processing (i.e., doping, etching, metallization, and packaging) wafers into functioning chips such as logic ICs (e.g., CPUs, GPUs), memory ICs (e.g., DRAMs, NAND memory ICs), or analog or RF ICs. The emphasis of the Outbound Investment Rule is on restricting investment into PRC entities that fabricate advanced ICs, develop or produce IC design tools, or manufacture advanced packaging.

In contrast, the Company is a developer and manufacturer of intelligent automobiles. Based on the Company’s representations, which we have not independently verified, the Company does not design or fabricate any ICs, nor does it develop or produce any semiconductor manufacturing equipment. Instead, it purchases from third-party suppliers SoC and semiconductor packaging services that are used by the Company in the manufacturing of vehicles. In addition, based on our due diligence via publicly available resources, we have located no substantial evidence that indicates that the Company has engaged in any “covered activities” in the semiconductors and microelectronics sector, except in connection with its minority interest in Mokoda, an entity which comprises a nominal percentage of the Company’s overall revenue, net income, capital expenditures and operating expenses.

2. Supercomputers

Prohibited transactions in the supercomputers sector include developing, installation, sales, or production of any supercomputer 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. There is no notifiable transaction in this sector.

The Company confirmed in the Company Responses that it does not engage in the development, installation, sales or production of any supercomputer enabled by advanced integrated circuits. Also, based on our due diligence via publicly available resources, we have located no substantial evidence that indicates that the Company has engaged in any “covered activities” in the supercomputers sector.

3. Quantum Information Technologies

Prohibited transactions in the quantum information technologies sector include (i) developing a quantum computer or producing any of the critical components required to produce a quantum computer such as a dilution refrigerator or two-stage pulse tube cryocooler; (ii) developing or producing any quantum sensing platform designed for, or which the relevant covered foreign person intends to be used for, any military, government intelligence, or mass-surveillance end use; or (iii) developing or producing quantum network or quantum communication system for networking to scale up capabilities; secure communications; military, government intelligence, or mass-surveillance end use. There is no notifiable transaction in this sector.

Based on the Company Responses, we understand that the Company had previously announced a strategy to integrate “quantum information” technologies into its V2X system. According to the Company, the announced use of “quantum information” technologies was a long-term vision unlikely to be realized in the foreseeable future, as the technology is complex and the Company lacks experience, infrastructure and expertise. It is also questionable whether the technology that the Company envisioned would constitute “quantum information” technologies under the Outbound Investment Rule. In any event, the Company has not undertaken any steps to integrate quantum information technologies into its products, nor does the Company plan to engage in any development or production of quantum computers, systems or components in the foreseeable future. In general, the Company has confirmed that the Company does not currently engage in, nor has any concrete plans to engage in, any “covered activity” in relation to quantum information technologies in the foreseeable future. Also, based on our due diligence via publicly available resources, we have located no substantial evidence that indicates that the Company has engaged in any “covered activities” in the quantum information technologies sector.

4. AI Systems

4.1 Overview

An “AI system” is defined under the Outbound Investment Rule as (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, and (b) any data system, software, hardware, application, tool, or utility that operates in whole or in part using a system described in (a).⁶

Based on U.S. Treasury’s commentary accompanying the Outbound Investment Rule, “the policy objective of the definition is to cover U.S. investment into entities that develop *AI systems* with applications that pose, or have the potential to pose, significant national security risks, without broadly capturing investments into entities that develop *AI systems* intended only for consumer applications or other civilian end uses with no potential national security consequences.”

4.2 Prohibited transactions

Prohibited transactions include (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 military end use or government intelligence or mass-surveillance end use; (2) developing 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.

Based on the Company Responses, the Company confirmed that it does not engage in any of these activities. Based on our due diligence via publicly available resources, we have located no substantial evidence that indicates that the Company has engaged in any activities covered by such prohibited transactions.

⁶ See 31 C.F.R. § 850.202.

4.3 Notifiable transactions

Notifiable transactions include developing any AI system not otherwise covered by the prohibited transaction definition, where such AI system is (1) designed to be used for any military end use or government intelligence or mass-surveillance end use; (2) intended to be used for any of the following: a. cybersecurity applications; b. digital forensics tools; c. penetration testing tools; or d. 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).

(1) Anhui Mojia Zhichuang Robot Technology Co., Ltd.

Anhui Mojia Zhichuang Robot Technology Co., Ltd. (“**Mojia**”) is a wholly owned subsidiary of the Company established on January 7, 2025. Based on the Company Responses, Mojia is developing certain human-shaped robots (Mornine) for use in showrooms to introduce and promote vehicle models. These robots embody relatively limited functions. The main function of the robots is to welcome and guide customers in 4S stores and engage in certain interactions with customers, such as taking customers to introduce corresponding models. All knowledge bases of the robot are set up in advance. The robots are unable to recommend models to a customer according to a series of conditions and requirements put forward by the customer. Mojia has another product, Mornine Argos-1 which is a robot dog used in family companion and commercial entertainment. The Company confirmed that the product is currently not used in any field rescue. The Company also confirmed that no AI system is used in this product and only reinforcement learning is used in training the gait of the product.

While we are not technical experts, the robots (i.e., Mornine) being developed by Mojia do not seem to reach a level of AI automation that allows them to make predictions, recommendations, or decisions influencing real or virtual environments for a given set of human-defined objectives, which are the key features of an “AI system” as defined under the Outbound Investment Rule. Nevertheless, since the robots are capable of responding to certain real-time requests from customers, we cannot rule out the possibility that Mojia’s activities may be considered to include the development of an AI system intended to be used for the control of robotic systems.

The table below shows the relevant financial data of Mojia as compared to the Company. Again, we understand that according to the Company’s accounting policy, “revenue” and “net income” are treated the same both at the Company level as well as at all subsidiary levels.

Data	Mojia’s financial metrics⁷	Company’s financial metrics	Percentage as compared to the Company’s financial metrics
Revenue	RMB 1,166,100	RMB 277.129 billion USD equivalent of \$38.68 billion as of June 30, 2025	Almost 0%

⁷ Since Mojia was established in January 2025, its financial data is from January to August 2025.

	USD equivalent of \$162,772.19 as of June 30, 2025		
Net Income	RMB 1,166,100 USD equivalent of \$162,772.19 as of June 30, 2025	RMB 277.129 billion USD equivalent of \$38.68 billion as of June 30, 2025	Almost 0%
Capital Expenditure	RMB100 million USD equivalent of \$13.96 million as of June 30, 2025	RMB 5,469,831,633 USD equivalent of \$763,516,420.02 as of June 30, 2025	1.8282%
Operating Expense	RMB 4.18 million USD equivalent of \$0.58 million as of June 30, 2025	RMB 16.581 billion USD equivalent of \$2.31 billion as of June 30, 2025	0.025%

Based on the above, even if Mojia’s activities were considered to be a “covered activity”, the Company would not become a “covered foreign person” since Mojia only comprises a nominal percentage of the Company’s overall revenue, net income, capital expenditures and operating expenses.

(2) Lionbutterfly

Wuhu Lion Automobile Technology Co., Ltd. (“**Lion Auto**”) is a subsidiary of the Company in which the Company owns an approximately 53.4% equity interest through indirect ownership. The stated business goal of Lion Auto is to realize the digital and intelligent layout in the whole life cycle of the Company’s products, including R&D, manufacturing, marketing and user services.

Based on the Company Responses, Lion Auto is developing an AI large language model, Lionbutterfly, which is developed based on the open-source Transform framework. The Company states that Lion Auto has completed filing of the AI model and its algorithms with the Cybersecurity Administration of China as required by the *Interim Administrative Measures for Generative Artificial Intelligence Service* and the *Regulations on the Administration of Algorithm Recommendations for Internet Information Services*, and has installed it in the vehicles. The Company’s Responses indicate that the model focuses on the following intelligent application scenarios based on vehicle data:

- **In-vehicle intelligent service:** Provide professional automotive knowledge Q&A services, which can answer users’ questions about vehicle use, repair and maintenance, etc. At the same time, it supports users to intelligently control the vehicle, such as windows, seats, ambient lights, etc., to improve the convenience and comfort of car owners.

Privileged and Confidential

- **Vehicle safety services:** Provide vehicle usage, vehicle failure inquiries, and auxiliary positioning of vehicle problems.
- **Car log record:** Provide vehicle usage log according to weather, destination, car usage habits, etc. to form a car brain diary.

Based on the above, it is possible that Lion Auto's activities would be captured as an AI system intended to be used for the control of robotic systems.

The Company confirms that Lionbutterfly was trained with a computing power of 4243.2TFLOPS, equal to 4.2432×10^{15} computational operations, well below the threshold of 10^{23} computational operations under the notifiable transactions category.

The table below shows the relevant financial data of Lion Auto as compared to the Company. We understand that according to the Company's accounting policy, "revenue" and "net income" are treated the same both at the Company level as well as at all subsidiary levels.

Data in 2024	Lion Auto's financial metrics	Company's financial metrics	Percentage as compared to the Company's financial metrics
Revenue	RMB586 million USD equivalent of \$81.8 million as of June 30, 2025	RMB 277.129 billion USD equivalent of \$38.68 billion as of June 30, 2025	0.2114%
Net Income	RMB586 million USD equivalent of \$81.8 million as of June 30, 2025	RMB 277.129 billion USD equivalent of \$38.68 billion as of June 30, 2025	0.2114%
Capital Expenditure	RMB107 million USD equivalent of \$14.94 million as of June 30, 2025	RMB 5,469,831,633 USD equivalent of \$763,516,420.02 as of June 30, 2025	1.9561%
Operating Expense	RMB10 million USD equivalent of \$1.4 million as of June 30, 2025	RMB 16.581 billion USD equivalent of \$2.31 billion as of June 30, 2025	0.0603%

Privileged and Confidential

Based on the above, even if Lion Auto's activities are considered to be a "covered activity", the Company would not become a "covered foreign person" since Lion Auto only comprises a nominal percentage of the Company's overall revenue, net income, capital expenditures and operating expenses.

(3) Dazhuo Intelligent Technology Co., Ltd.

Dazhuo Intelligent Technology Co., Ltd. ("**Dazhuo**") is a subsidiary of the Company in which the Company owns an 80% equity interest. Based on the Company's response to the Questionnaires, the Company's intelligent driving business is primarily being carried out by Dazhuo. Dazhuo has developed an intelligent driving system based on Transformer + BEV + OCC technology, which can achieve "L2+" functions (i.e., high-speed pilot assisted driving function). The Company confirmed that such intelligent driving system contains an "AI system" developed by Dazhuo that includes prediction and recommendation engines. We understand Dazhuo's AI system is intended to be used for automotive application. While the term "robotic systems" is not defined and there is little public guidance from the Treasury Department, we believe it is reasonable to conclude that an intelligent driving system for passenger vehicles is not for the "control of robotic systems." However, given the lack of clear interpretative guidance, it is possible that Dazhuo's activities would be considered to include the development of an AI system for the control of robotic systems.

The table below shows the relevant financial data of Dazhuo as compared to the Company. We understand that according to the Company's accounting policy, "revenue" and "net income" are treated the same both at the Company level as well as at all subsidiary levels.

Data in 2024	Dazhuo's data	Company's data	Percentage as compared to the Company's data
Revenue	RMB 134,428,568.75 USD equivalent of \$ 18,764,456.83 as of June 30, 2025	RMB 277.129 billion USD equivalent of \$38.68 billion as of June 30, 2025	0.0485%
Net Income	RMB 134,428,568.75 USD equivalent of \$ 18,764,456.83 as of June 30, 2025	RMB 277.129 billion USD equivalent of \$38.68 billion as of June 30, 2025	0.0485%
Capital Expenditure	RMB 300 million USD equivalent of \$41.88 million as of June 30, 2025	RMB 5,469,831,633 USD equivalent of \$763,516,420.02 as of June 30, 2025	5.48%

Operating Expense	RMB 397,426,834.56 USD equivalent of \$55,475,549.21 as of June 30, 2025	RMB 16.581 billion USD equivalent of \$2.31 billion as of June 30, 2025	2.3969%
-------------------	--	---	---------

Based on the above, even if Dazhuo is determined to be engaged a “covered activity”, the Company would not be considered a “covered foreign person” since Dazhuo only comprises a small percentage of the Company’s overall revenue, net income, capital expenditures and operating expenses.

Based on the Company’s response to the Questionnaire and our due diligence via publicly available resources, we are not aware of any other entities in which the Company holds an equity interest, voting interest or board seat that engage in “covered activities” in the AI sector.

5. Conclusion

In light of the foregoing, the Company is not a “covered foreign person” under the first prong of the definition.

As described above, activities of some of the Company’s subsidiaries (i.e., Mokoda, Mojia, Lion Auto and Dazhuo) may be deemed to engage in “covered activities” under the Outbound Investment Rule. However, the percentage of the aggregated revenue, net income, capital expenditure and operating expenses of these subsidiaries as compared to that of the Company is minimal and well below 50%. As such, the Company would not become a “covered foreign person” due to the activities of these subsidiaries. In addition, the Company has also confirmed that there are no entities outside the Group that the Company, directly or indirectly, holds a board seat on, an equity or voting interest in, or any contractual power to direct the management thereof that are engaged in or potentially engaged in covered activities, from which the Company, in aggregate derives more than 50% of its revenue or net income or incurs more than 50% of its capital expenditure or operating expenses.

This means that the Company is not a “covered foreign person” pursuant to 31 C.F.R. § 850.209(a)(2).

III. Analysis of “covered transaction” in case of U.S. person’s investment in the Shares

A “covered transaction”⁸ means a U.S. person’s direct or indirect:

- 1) Acquisition of an equity interest or contingent equity interest in a person that the U.S. person knows at the time of the acquisition is a covered foreign person;

⁸ See 31 C.F.R. § 850.210.

Privileged and Confidential

- 2) Provision of a loan or a similar debt financing arrangement to a person that the U.S. person knows at the time of the provision is a covered foreign person, where such debt financing affords or will afford the U.S. person an interest in profits of the covered foreign person, the right to appoint members of the board of directors (or equivalent) of the covered foreign person, or other comparable financial or governance rights characteristic of an equity investment but not typical of a loan;
- 3) Conversion of a contingent equity interest into an equity interest in a person that the U.S. person knows at the time of the conversion is a covered foreign person, where the contingent equity interest was acquired by the U.S. person on or after January 2, 2025;
- 4) Acquisition, leasing, or other development of operations, land, property, or other assets in a country of concern that the U.S. person knows at the time of such acquisition, leasing, or other development will result in, or that the U.S. person plans to result in:
 - (i) the establishment of a covered foreign person; or
 - (ii) the engagement of a person of a country of concern in a covered activity;
- 5) Entrance into a joint venture, wherever located, that is formed with a person of a country of concern, and that the subject U.S. person knows at the time of entrance into the joint venture that the joint venture will engage, or plans to engage, in a covered activity; OR
- 6) Acquisition of a limited partner or equivalent interest in a venture capital fund, private equity fund, fund of funds, or other pooled investment fund (in each case where the fund is not a U.S. person) that a U.S. person knows at the time of the acquisition likely will invest in a person of a country of concern that is in the semiconductors and microelectronics, quantum information technologies, or artificial intelligence sectors, and such fund undertakes a transaction that would be a covered transaction if undertaken by a U.S. person.

Notwithstanding the above, a transaction is not a “covered transaction” if it is an excepted transaction as set forth in 31 C.F.R. § 850.501.

Pursuant to 31 C.F.R. §850.501, an excepted transaction includes an investment by a U.S. person in any publicly traded “security,” defined in section 3(a)(10) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), at 15 U.S.C. 78c(a)(10), and denominated in any currency, as a security that trades on a securities exchange or through the method of trading commonly referred to as “over-the-counter,” in any jurisdiction.

“H Share(s)” as defined under the Prospectus refers to “ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which will be subscribed for and traded in HK dollars and listed on the Stock Exchange.” We understand that the Shares subscribed by investors (including U.S. investors) in the Offering are not yet publicly traded on the HKEX. The Treasury commented that a U.S. person’s acquisition of equity that is not yet publicly traded for purposes of facilitating the IPO, such as a purchase with the intent to create a market for the security or to resell the security on a secondary market (e.g., as part of an underwriting arrangement), would not fall under this exception and would be a “covered transaction.” Therefore, an investment by a U.S. person in any Shares that are not yet publicly traded on the HKEX would

not qualify as an excepted transaction to the “covered transaction”. However, since the Company does not constitute a “covered foreign person” as analyzed in the preceding paragraph, such a transaction by a U.S. person would not constitute a “covered transaction” because the U.S. person knows that the Company is not a “covered foreign person” at the time of the investment.

The Shares constitute “securities” as defined under the Exchange Act. When the Shares become publicly traded on the HKEX, an investment by a U.S. person in the Company’s publicly traded Shares would be an excepted transaction pursuant to 31 C.F.R. §850.501 and therefore would also not constitute a “covered transaction” under the Outbound Investment Rule.

IV. Assumptions, Qualifications and Disclosure

1. We have assumed (a) the accuracy and completeness of all certificates, agreements, documents, records and other materials submitted to us; (b) the authenticity of original certificates, agreements, documents, records and other materials submitted to us; (c) the conformity with the originals of any copies submitted to us; (d) the genuineness of all signatures; and (e) the legal capacity of all natural persons. In addition, in rendering our opinions, we have (a) relied, with respect to the Company’s representations, factual matters, statements and conclusions, on certificates, notifications and statements, whether written or oral, of individuals identified to us as officers and representatives of the Company and on the confirmations made by the Company in the underlying documents and (b) reviewed originals, or copies of such agreements, documents and records as we have considered relevant and necessary as a basis for our opinions, and (c) conducted certain due diligence activities as described herein.
2. This letter is solely on the topic of the U.S. Outbound Investment Rule and its impact on the IPO and does not address any other U.S. trade regulatory issues with respect to Company’s business activities.
3. This letter is based solely on the documents and facts and representations provided to us by the Company. We note that, as OIR Legal Adviser to the Company, we do not represent it generally and there may be facts relating to the Company of which we have no knowledge. Our analysis is subject to change pending any new or different facts.
4. Whenever we qualify a statement in this letter with the words “to our knowledge,” “we are not aware” or similar wording, it indicates that in the course of our representation of the Company as OIR Legal Adviser in connection with the IPO, no information that would give us current actual knowledge of the inaccuracy of such statement has come to the attention of the lawyers in this firm who have rendered legal services in connection such representation. Please be advised that only Jenny Sheng, Jack Ko, Matthew Rabinowitz, Roya Motazedí and Chunbin Xu have been so involved. We have not made any independent investigation to determine the accuracy of any such statement, except as expressly described herein, and any limited inquiry undertaken by us during the preparation of this letter should not be regarded as such an investigation. No inference as to our knowledge of any matters bearing on the accuracy of such statement should be drawn from our representation of the Company in other matters in which such lawyers are not involved.

Privileged and Confidential

5. We express no opinion as to the law of any jurisdiction other than the federal law of the United States of America, and have addressed only such laws that a lawyer exercising customary professional diligence would reasonably be expected to recognize as being relevant to the U.S. Outbound Investment Rule. This letter speaks only as of the date hereof. We have no responsibility or obligation to update this letter or to take into account changes in law or facts or any other development of which we may later become aware. To the extent that any of the materials referred to herein are not governed by the federal law of the United States of America or the law of any State within the United States of America, our opinion thereon is based solely on the plain meaning of their language without regard to any interpretation or construction that might be indicated by the laws governing those materials.
6. This letter is delivered by us as OIR Legal Adviser to the Company only to you solely for your benefit in connection with the IPO and may not be used, circulated, furnished, quoted or otherwise referred to or relied upon for any other purpose or by any other person or entity (including by any person or entity that acquires any of the shares being sold in the IPO from any of the Underwriters) for any purpose without our prior written consent, except that:
 - This letter may be disclosed by an addressee on a non-reliance basis:
 - to the legal counsels for the Joint Sponsors and Overall Coordinators;
 - to the Company's affiliates and its and their officers, employees, auditors, insurers, reinsurers and professional advisers in connection with the IPO;
 - where required or requested by any court of competent jurisdiction or any governmental, tax, supervisory or regulatory authority (including the HKEX and the Securities and Futures Commission of Hong Kong);
 - in connection with any actual or potential dispute or claim or investigation to which it is a party or which it is involved in relating to the transactions contemplated by the documents reviewed; and
 - to the extent required by law or regulation.

Very truly yours,

Pillsbury Winthrop Shaw Pittman LLP

Pillsbury Winthrop Shaw Pittman LLP

Appendix – Summary of Prohibited Transactions and Notifiable Transactions

Sector	Prohibited Transactions	Notifiable Transactions
Semiconductors and microelectronics	<p>(1) Develops or produces any electronic design automation software for the design of integrated circuit(s) (IC(s)) or advanced packaging;</p> <p>(2) Develops or produces any:</p> <ul style="list-style-type: none">a. Front-end semiconductor fabrication equipment designed for performing the volume fabrication of ICs;b. Equipment for performing volume advanced packaging; orc. Commodity, material, software, or technology designed exclusively for use in or with extreme ultraviolet lithography fabrication equipment. <p>(3) Designs any IC that meets or exceeds the performance parameters in Export Control Classification Number 3A090.a, or ICs designed for operation at or below 4.5 Kelvin;</p> <p>(4) Fabricates any of the following:</p> <ul style="list-style-type: none">a. Logic ICs using a non-planar transistor architecture or with a production technology node of 16/14 nanometers or less;b. NOT-AND (NAND) memory ICs with 128 layers or more;c. Dynamic random-access memory (DRAM) ICs using a technology node of 18 nanometer half-pitch or less;d. Integrated circuits manufactured from a gallium-based compound semiconductor;e. Integrated circuits using graphene transistors or carbon nanotubes; or	Designing, fabricating, or packaging any IC not covered by the prohibited transactions.

Sector	Prohibited Transactions	Notifiable Transactions
	<p>f. Integrated circuits designed for operation at or below 4.5 Kelvin; or</p> <p>(5) Packages any IC using advanced packaging techniques.</p>	
Supercomputers	Develops, installs, sells, or produces any supercomputer enabled by advanced ICs 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.	None
Quantum information technologies	<p>Develops a quantum computer or produces any of the critical components required to produce a quantum computer such as a dilution refrigerator or two-stage pulse tube cryocooler;</p> <p>Develops or produces any quantum sensing platform designed for, or which the relevant covered foreign person intends to be used for, any military, government intelligence, or mass-surveillance end use; or</p> <p>Develops or produces quantum network or quantum communication system for networking to scale up capabilities; secure communications; military, government intelligence, or mass-surveillance end use.</p>	None
Artificial Intelligence (AI)	<p>Develops any AI system that is designed to be <i>exclusively used for</i>, or which the relevant covered foreign person intends to be used for, any:</p> <p>(1) Military end use; or</p> <p>(2) Government intelligence or mass-surveillance end use;</p> <p>Develops any AI system that is trained using a quantity of computing power greater than:</p>	<p>Develops any AI system not otherwise covered by the prohibited transaction definition, where such AI system is:</p> <p>(1) Designed to be used for any military end use or government intelligence or mass-surveillance end use;</p> <p>(2) Intended to be used for any of the following:</p>

Sector	Prohibited Transactions	Notifiable Transactions
	(1) 10^{25} computational operations (e.g., integer or floating-point operations); or (2) 10^{24} computational operations (e.g., integer or floating-point operations) using primarily biological sequence data.	a. cybersecurity applications; b. digital forensics tools; c. penetration testing tools; or d. 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).