



MEMORANDUM

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To PATEO CONNECT+ Technology (Shanghai)
Corporation
(博泰车联网科技(上海)股份有限公司)

FROM Hogan Lovells

DATE September 22, 2025

By Electronic Mail
Privileged and confidential

SUBJECT Preliminary Memorandum of Advice – Laws and Regulations relating to U.S.
Export Control analysis

1. INTRODUCTION AND SCOPE

- 1.1 We have acted as the U.S. export control counsel to PATEO CONNECT+ Technology (Shanghai) Corporation (the "**Company**") to provide advice on export control laws and regulations imposed by the United States ("**U.S. Export Controls**", as defined below), including the U.S. Commerce Department's Bureau of Industry and Security ("**BIS**"), applicable to business activities of the Company, its subsidiaries and consolidated affiliated entities (together, the "**Group**") in connection with the proposed initial public offering (the "**Offering**") and listing of shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "**HKEX**") of the Company.
- 1.2 This memorandum assesses the issues under the U.S. Export Controls (as defined below), including our view on whether the Company's operations are likely to be affected by the U.S. Export Controls (as defined below), including the relevant export controls on chips and/or semiconductors. In particular, the memo assesses, during the three years ended December 31, 2024 and five months ended May 31, 2025 (the "**Track Record Period**"), (i) whether the Group is a Sanctioned Target under U.S. Export Controls (as defined below); (ii) whether the Company had any operations/transactions during the Track Record Period that have violated or would violate U.S. Export Controls (as defined below) under the EAR (as defined below), including the relevant licensing requirements on certain high performance chips and on items subject to the EAR depending on the end-user and/or end-use of the items set forth in Part 744.11 (Entity List restrictions) and 744.23 (Supercomputer and Semiconductor Manufacturing End Use restrictions). For the purpose of this memorandum, "China" includes the People's Republic of China, including Hong Kong SAR and Macau SAR due to the treatment of those jurisdictions under U.S. Export Controls as described in more detail below.
- 1.3 This memorandum is provided for the purposes of the Listing only. However, our advice is applicable whether or not the Company proceeds with the Listing.

- 1.4 For the purpose of this memorandum, the following terms and expressions shall have the respective meanings set out below:

"U.S. Export Controls" means rules and regulations related to restrictions on the export, reexport or transfer (in-country) of dual-use hardware, software and/or technology administered by the United States ("U.S.") Commerce Department's Bureau of Industry and Security ("BIS").

"Relevant Jurisdiction" means United States ("U.S.").

"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 Target" means any person or entity (i) designated on BIS's Entity List, Denied Persons List, or Unverified List (the **"BIS Lists"**); (ii) that is, headquartered or ordinarily resident in, or is owned or controlled by, a government of any of the Countries/Regions subject to Comprehensive Trade Embargo (as defined below); 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).

"Countries/Regions subject to Comprehensive Trade Embargo" means Crimea region, Cuba, Iran, Luhansk People's Republic (LPR) and Donetsk People's Republic (DPR) regions, North Korea and Syria.

"EAR" means the United States Export Administration Regulations, 15 C.F.R. Parts 730-774, administered by BIS.

"Military End User" means the national armed services (army, navy, marine, air force or coast guard), as well as the national guard and national police, government intelligence or reconnaissance organizations, or any person or entity whose actions or functions are intended to support "military end uses."

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

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

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

- 1.5 This memorandum provides preliminary analysis based on the facts provided to date to assess whether the Company's operations are likely to be affected by the U.S. Export Controls, including the relevant export controls on chips and/or semiconductors. This memorandum is not intended as a full due diligence review of these issues.

- 1.6 In preparing this memorandum, Hogan Lovells reviewed the Company's responses to the *"U.S. Export Controls Follow-on Questions"* dated August 6, 2024 (the **"Export Controls**

DD Checklist"), prepared by Hogan Lovells, and related e-mail correspondence including responses to follow up questions that Hogan Lovells provided to the Company. We have also reviewed the information contained in the Company's prospectus prepared in connection with the Listing, as that document being amended from time to time during the Listing (the "**Prospectus**"). The Group's responses to the Export Controls DD Checklist have included various documents that relate to the subject matter of the Export Controls DD Checklist, and we have reviewed those documents as part of our preparation of this memorandum, including a full customer and supplier list. 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 contains any statement, in relation to U.S. Export Controls, that is untrue of a material fact, omits to state any material fact necessary in order to make the statements in the Prospectus, or in light of the circumstances under which those statements were made, misleading.

- 1.7 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.
- 1.8 This memorandum is given only with respect to U.S. Export Controls in force up to the date of this memorandum. Hogan Lovells underlines that U.S. Export Controls 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 U.S. Export Controls 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 U.S. Export Controls discussed below.

2. **CONCLUSION**

- 2.1 On the basis of the information received from the Company and after carrying out its procedures and analysis set out below, Hogan Lovells is of the view that:
 - (a) During the Track Record Period, none of the Group members is a Sanctioned Target under U.S. Export Controls; and
 - (b) During the Track Record Period, the Group's activities did not involve operations/transactions that have violated or would violate the EAR's restrictions on Sanctioned Targets, certain high performance chips or the Supercomputer and Semiconductor Manufacturing End Use restrictions.
- 2.2 There is no material change to the matters set out in paragraphs 2.1 after the Track Record Period and up to the Latest Practicable Date (as defined in the Prospectus).

3. **COMPANY BACKGROUND**

- 3.1 PATEO CONNECT+ Technology (Shanghai) Corporation is a joint stock company established in the PRC with limited liability on December 2, 2021. The Group is a pioneer in China's automotive intelligence industry, distinguished as one of the few domestic providers of both smart cockpit and intelligent vehicle connectivity solutions. We have relied on the Prospectus for the Group's shareholding structure upon completion of the Listing.
- 3.2 The Company has confirmed that the items it procures from suppliers (the settlement sum of which may be settled through third party freight forwarding companies), to the extent they are subject to the EAR, are classified under the following ECCN numbers:

- (a) 3A991;
- (b) 5A002.a (procured in 2021);
- (c) 5A991;
- (d) 5A992.c; and
- (e) EAR99;

(together, the "**Procured Components**").

- 3.3 There are no U.S. persons for purposes of U.S. Export Controls in the Group, and the Company does not otherwise maintain any other subsidiaries, branches or affiliates which are either incorporated, domiciled or otherwise located in the territory of the United States.
- 3.4 The Company has confirmed that it is controlled, directly or indirectly by one or more U.S. persons as defined under U.S. economic sanctions laws and regulations.
- 3.5 The Company has confirmed that it is not owned 50% or more, or controlled, directly or indirectly by one or more EU or UK persons as defined under EU / UK economic sanctions laws and regulations.
- 3.6 The Company has confirmed that, to the best of its knowledge, none of the Group's Directors or Shareholders that own 10% or more (individually or in the aggregate) of the Company and the Group companies is a EU, UK or Australian national.
- 3.7 The following table sets out the information regarding Directors of the Company.

Director	Name	Nationality
Executive Directors	Ying Zhenkai (应臻恺)	Chinese
	Zhang Fukai (张富凯)	Chinese
	Xu Zhenhui (徐真慧)	Chinese
	Lai Weilin (赖伟林)	Chinese
	Gao Yinghui (高颖辉)	Chinese
Non-executive Directors	Ye Tian (叶天)	Chinese
	Wang Yue (王越)	Chinese
	Ma Xiaoyong (马晓咏)	Chinese
	Wang Bihui (王碧辉)	Chinese
Independent Non-executive Directors	Li Yuanpeng (李远鹏)	Chinese
	Wang Yanfeng (王延峰)	Chinese
	Pang Chunlin (庞春霖)	Chinese
	Zhang Xiaoliang (张晓亮)	Chinese

	Liu Gongshen (刘功申)	Chinese
	Xu Lili (徐黎黎)	Chinese

4. APPLICATION OF U.S. EXPORT CONTROLS

4.1 U.S. Export Controls

- (a) Unlike U.S. economic sanctions that follow the persons or parties involved, U.S. Export Controls follow the product (goods, software or technology) 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 semiconductors, 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 BIS controls exports and re-exports of commercial and dual-use items. These controls are implemented by the EAR. The EAR is not limited only to U.S.-origin items, as explained below.
- (c) The EAR applies to exports of items 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 items 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 for such foreign-made items to be subject to the EAR varies, from 25% for most countries to less than 10% for Iran (other countries/regions subject to Comprehensive Trade Embargo also have the 10% threshold), and what items are considered controlled (and thus are included in the *de minimis* calculation) also varies. The United States has also instituted export-related restrictions for certain commercial and dual-use items subject to the EAR when destined to Russia for certain end-uses or end-users, as well as restrictive licensing policies under the U.S. International Traffic in Arms Regulations ("ITAR") for export-related transactions involving defence articles and defence services intended for end-use in Russia. The ITAR export controls are administered by the U.S. Department of State Directorate of Defense Trade Controls.
- (d) Export Control Restrictions on Export, Reexport or Transfer of Certain High Performance Chips or Items Destined for a Supercomputer or Semiconductor Manufacturing End Use in China.

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

- (i) *Added 4 new Export Control Classification Numbers (“ECCNs”) to the Commerce Control List (“CCL”).* Three of the four new ECCNs (3A090, 3B090, and 4A090) control certain hardware including advanced computing chips; computers, “electronic assemblies,” and “components” that contain such chips and computers; and certain advanced semiconductor manufacturing equipment. The fourth new ECCN (4D090) controls “software” “specially designed” or modified for the “development” or “production,” of computers and related equipment, “electronic assemblies,” and “components.”
- (ii) *Applied new unilateral Item-based controls for Regional Stability (“RS”) reasons on exports to China of certain advanced computing chips and related semiconductor manufacturing equipment.* The new RS controls apply to the four new ECCNs, five existing ECCNs, and to exports of certain technology for the “production” of certain advanced computing chips from China to any destination.
- (iii) *Imposed new end-use and end-user-based restrictions on exports, reexports, and in-country transfers of Items intended for use in semiconductor fabrication “facilities” in China and “supercomputers” located in or destined for China.* Licenses are required for all items subject to the EAR that meet the parameters of the IFR.
- (iv) *Revised one and created two new foreign direct product (“FDP”) Rules designed to make the new Item-based and end-use controls extraterritorial.* The current Entity List FDP Rule is revised to apply to newly designated footnote 4 entities on the Entity List (**“Entity List FDP Footnote 4 Rule”**), and two new FDP Rules are added to control certain foreign-made advanced computing and “supercomputer” items, which were not subject to the EAR prior to the expansion and revision of the FDP Rules above.
- (v) *Expanded controls on 28 pre-existing Entity List entities.* The 28 parties on the Entity List are now subject to the Entity List FDP Footnote 4 Rule.
- (vi) *Imposed a licensing requirement on certain “support” activity provided by “U.S. persons.”* Specific activities of “U.S. persons” who ‘support’ the “development” or “production” of integrated circuits (“ICs”) at a semiconductor fabrication “facility” in China are prohibited without a license.
- (vii) *Expanded scope of two ECCNs subject to Anti-Terrorism-Controls.* ECCNs 3A991 and 4A994, both controlled for anti-terrorism (“AT”) reasons, are expanded to add a new paragraph to each ECCN to control certain ICs and advanced computers containing those ICs, which similarly expands the scope of related U.S.-origin software and technology that may capture foreign made items under the FDP rules.
- (e) **New End-Use and End-User-Based Controls for Semiconductor Manufacturing Items**
 - (i) New Section 744.23 imposes license requirements where an exporter, reexport or transferor knows or has reason to know (“knowledge”, as defined in Part 772 of the EAR) that certain Items subject to the EAR are intended for a “supercomputer” end-use or are intended for semiconductor manufacturing end-uses.
 - (ii) No license exceptions are available to overcome these restrictions. License applications will be reviewed pursuant to a presumption of denial, even if the Items are otherwise also subject to licensing requirements that

have a more favorable license review policy. The only exception to this license review policy is for applications related to the “development” or “production” of ICs at semiconductor fabrication “facilities” in China that meet certain criteria when those end-users in China are headquartered in the United States or in a Country Group A:5 or A:6 country (see, Supp. 1 to Part 740 of the EAR).

(iii) The specific provisions of section 744.23 provide that an export license is required to export, reexport, or transfer (in country):

- (1) An IC subject to the EAR (i.e., U.S.-origin Items, Items exported from the United States, Items that are subject to the EAR due to de minimis U.S.-origin content, or foreign-made Items that are subject to any FDP Rule) and specified in ECCN 3A001 (e.g. radiation hardened integrated circuits, Monolithic Microwave ICs, analog-to-digital and digital-to-analog integrated circuits, and field programmable gate arrays), 3A991 (e.g. storage integrated circuits; field programmable gate arrays, flexible waveguide; integrated circuits having a processing performance of 8 TOPS or more), 4A994 (e.g. computers with extended operating temperature range, hybrid computers, and electronic assemblies), 5A002 (e.g. information security systems / equipment / devices / components, and information security equipment), 5A004 (e.g. information security defeating, weakening or bypassing systems, equipment and components, and cyber hacking systems, equipment and components), or 5A992 (e.g. mass market information security equipment and components, mass market cryptanalytic systems, equipment and components, and mass market cryptographic equipment and components) if there is “knowledge” the Item will be used for the “development,” “production,” “use,” operation, installation (including on-site installation), maintenance (checking), repair, overhaul or refurbishing of a “supercomputer” located in or destined to China.
- (2) A computer, “electronic assembly” or “component” subject to the EAR and specified in ECCN 4A003 (e.g. digital computers, signal processing digital computers, and vector processors digital computers), 4A004 (e.g. array processors/assemblies), 4A994, 5A002, 5A004, or 5A992 if there is “knowledge” the Item will be incorporated into or used in the “development” or “production” of any “component” or “equipment” that will be used in a “supercomputer” located in or destined to China.
- (3) Any Item subject to the EAR if there is “knowledge” the Items will be used in the “development” or “production” of integrated circuits at a semiconductor fabrication “facility” located in China that fabricates integrated circuits meeting any of the following criteria:
 - (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; or
 - (C) Dynamic random-access memory (DRAM) ICs using a “production” technology node of 18 nanometer half-pitch or less; or

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

- (4) Any Item subject to the EAR when there is “knowledge” that the Item will be used in the “development” or “production” in China of any “parts,” “components” or “equipment” specified under ECCNs 3B001 (e.g. epitaxial growth equipment, semiconductor device or material manufacturing equipment), 3B002 (e.g. test equipment specially designed for testing finished or unfinished semiconductor devices), 3B090 (e.g. semiconductor manufacturing deposition equipment not described in 3B001), 3B611 (e.g. test, inspection, and production commodities for military electronics), 3B991 (e.g. equipment “specially designed” for the manufacture of semiconductor devices, integrated circuits and electronic assemblies, masks, mask substrates and mask-making equipment), or 3B992 (e.g. electronic components and materials inspection or testing equipment, components and accessories).
- (f) Additionally, effective January 17, 2023 these rules were extended to encompass exports, reexports or transfers (in-country) destined to or within Macau.
- (g) On August 9, 2023, the Biden Administration issued the Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern (“**Reverse CFIUS EO**”) granting the U.S. government the authority to establish and enforce an outbound investment screening regime (hereinafter, “**Outbound Investment Program**”) that will be administered by the U.S. Department of the Treasury in consultation with other agencies, including the U.S. Department of Commerce. The Outbound Investment Program, pursuant to forthcoming implementing regulations, will (1) require U.S. persons to notify the Department of the Treasury of certain transactions and (2) prohibit U.S. persons from engaging in other transactions, in both cases related to certain Chinese parties that are engaged in subsets of three advanced technology sectors: (a) semiconductors and microelectronics; (b) quantum information technologies and (c) certain artificial intelligence (“**AI**”) systems. In particular, the outbound investment program will be focused on investments that could result in the advancement of sensitive technologies critical to China’s military modernization. Alongside the Reverse CFIUS EO, the Department of the Treasury issued an Advance Notice of Proposed Rulemaking (“**ANPRM**”), which details the intended scope of the outbound investment program and solicits input from the public in order to engage stakeholder participation in the rulemaking process.
 - (i) The Outbound Investment Program will cover U.S. persons that engage in transactions involving certain foreign persons from a “country of concern” (defined below) that are engaged in certain advanced technology sectors. The Reverse CFIUS EO defines U.S. persons as “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 branches of any such entity, and any person in the United States.”
 - (ii) The Reverse CFIUS EO identifies China (including Hong Kong SAR and Macau SAR) as the “country of concern” that will be subject to the regulations, once issued.

- (iii) The Department of the Treasury anticipates that the Outbound Investment Program will cover investments involving certain persons engaged in “covered national security technologies and products”, which relate to three categories of advanced technologies: (1) semiconductors and microelectronics, (2) quantum information technologies, and (3) certain AI systems. As discussed in further detail below, Treasury is considering imposing outright prohibitions on U.S. investments in certain of these sectors, whereas it is considering notification requirements in others. Per the ANPRM, there are elements of these three categories of advanced technologies that would fall into so-called “notifiable transactions” and elements that would fall into so-called “prohibited transactions.”
- (iv) According to the ANPRM, Treasury anticipates focusing the outbound investment program on certain types of transactions that could convey intangible benefits to “covered foreign persons,” including:
 - (1) acquisitions of equity interests (e.g., via mergers and acquisitions, private equity, venture capital, and other arrangements);
 - (2) greenfield investments;
 - (3) joint ventures; and
 - (4) certain debt financing transactions that are convertible to equity.
- (v) The Department of the Treasury is not proposing that the program apply retroactively; thus the program will likely apply to new investments — not to existing investments. Treasury notes, however, that it may nonetheless request information about transactions that were completed or agreed to after the effective date of the Reverse CFIUS EO for the purposes of informing the development and implementation of the outbound investment program.
- (vi) On June 21, 2024, the Department of the Treasury issued a proposed rule to implement the Reverse CFIUS EO (“**NPRM**”). In line with the ANPRM, the proposed regulations are anticipated to impact US persons investing in specified sectors in “countries of concern,” which are anticipated to include the People’s Republic of China, Hong Kong, and Macau. Specifically, the regulations will prohibit certain transactions seen as presenting a “particularly acute” national security threat, while other transactions will require notification to the Department of the Treasury within 30 days of the completion date. US persons with “knowledge” of the relevant facts and circumstances related to a transaction will be obligated to comply with these regulations, and penalties for violations could include civil and criminal penalties, as set forth in the International Emergency Economic Powers Act. Pursuant to the Annex of the Covered Activities Involving National Security Technologies and Products of NPRM, prohibited transaction include fabrication of any IC that meets any of the following criteria: (1) Logic ICs 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) ICs; (2) NOT-AND (NAND) memory ICs with 128 layers or more; (3) Dynamic random-access memory (DRAM) ICs using a technology node of 18 nanometer half-pitch or less; (4) ICs manufactured from a gallium-based compound semiconductor; (5) ICs using graphene transistors or carbon nanotubes; or (6) ICs designed for operation at or below 4.5 Kelvin.

(h) Military End Use/End User and Military-Intelligence End Use/End User Controls

- (i) Section 744.21 of the EAR prohibits the export, reexport or transfer (in-country) of certain Items subject to the EAR (as specified in Supp. 2 to Party 744) if the party has “knowledge,” that the Item is destined for a “military end use” or a “military end user” in Burma, Cambodia, China or Venezuela. Section 744.21 also prohibits the export, reexport, or transfer (in-country) of any Item subject to the EAR if the party has “knowledge,” that the Item is destined for a “military end use” or “military end user” in Russia or Belarus.
 - (ii) Section 744.22 of the EAR prohibits the export, reexport or transfer (in-country) of any Items subject to the EAR if the party has “knowledge” that the Item is intended for a “military-intelligence end use” or “military-intelligence end user” in Belarus, Burma, Cambodia, China, Russia or Venezuela, or certain specified “military intelligence end users,” of such countries, wherever located (see, 744.22(f)(2)).
- (i) On October 17, 2023, the BIS issued two interim final rules amending the EAR to impose new restrictions on the export, reexport or transfer (in-country) of certain semiconductor and advanced computing items to China and Macau SAR as well as to destinations in Country Groups D:1, D:4 and D:5, as set forth in Part 740 of the EAR. The two interim final rules implement changes to the EAR, including:
- (i) expanding the range of advanced chips and semiconductor manufacturing equipment subject to licensing requirements;
 - (ii) expanding the countries that are subject to licensing requirements beyond China;
 - (iii) expanding the scope of foreign-made advanced chips and items incorporating such chips that may be subject to U.S. jurisdiction pursuant to the foreign direct product rule, including based on an expanded scope of end-destinations outside China or parties to the transaction that are headquartered in a D:5 country or Macau SAR; and
 - (iv) imposing licensing requirements in certain instances on entities located worldwide that are headquartered in a D:5 country or Macau SAR.

4.2 Application to the Group

- (a) Based on the confirmation from the Company and our due diligence, during the Track Record Period, the Group procured components subject to the EAR that are classified under the following ECCN numbers (other than item classified as EAR99):-
 - (i) 3A991;
 - (ii) 5A002.a (procured in 2021);
 - (iii) 5A991; and
 - (iv) 5A992.c.
- (b) Neither the Company, nor any of its affiliates designed, produced or procured any Items, including IC, computers or electronic assemblies, Procured Components, that are specified in or meet the performance threshold parameters set forth under ECCN 3A090 or 4A090 of the CCL.
- (c) The Procured Components, that are classified under ECCN 3A991, 5A991, and 5A992 are only controlled for anti-terrorism reasons, and do not fall within other highly controlled ECCNs on the CCL that require a license for their export, reexport,

or transfer (in-country) to Mainland China, Hong Kong SAR, or Macau SAR, unless the end user(s) are (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 Countries/Regions subject to Comprehensive Trade Embargo, as well as Russia and Belarus (these entities under (i) and (ii) are collectively referred as **"AT Restrictions Sanctioned Targets"**).

- (d) The Procured Components, that are classified under ECCN 5A002.a fall within an export license requirement to export, reexport, or transfer (in country) to China (including the Company) pursuant to the New End-Use and End-User-Based Controls for Semiconductor Manufacturing Items as set out under Section 4.1(e) above. These components that are currently classified under ECCN 5A002.z (properly classified under ECCN 5A002.a at the time of procurement), based on the incorporation of integrated circuits meeting the performance parameters of 3A090.a currently fall within an export license requirement to export, reexport, or transfer (in country) to China, among other countries, pursuant to section 742.6(a)(6) of the EAR as well as to any company, wherever located, that is headquartered in, or whose ultimate parent is headquartered in, China, among other countries, pursuant to section 744.23 of the EAR as set out above. In 2021 (prior to the issuance of the New End-Use and End-User-Based Controls for Semiconductor Manufacturing Items), they were properly classified under ECCN 5A002.a at the time of procurement and generally eligible for export, reexport or transfer (in country) to China pursuant to License Exception ENC in section 740.17 of the EAR. Therefore, the relevant export controls applicable to items classified under ECCN 5A002.z pursuant to the U.S. Chip Export Restrictions were not implicated by the Group procurement of these items in 2021. Items classified under ECCN 5A002.a are subject to export controls as encryption items currently, and when the Group made such procurements in 2021. Therefore the procurements by the Group were authorised by License Exception ENC set out in section 740.17 of the EAR subject to reporting requirements on the supplier of the Group in accordance with section 740.17(e)(3) of the EAR.
- (e) To the Company's knowledge, none of the Procured Components are produced at facilities that manufacture integrated circuits meeting the specifications nor are the chips for prohibited end-uses set forth in Section 4.1.
- (f) To the Company's knowledge, the Group did not export, reexport or otherwise provide semiconductor manufacturing hardware, software or technology issues that would meet the technical specifications in ECCNs 3B001.a.4, c, d, f.1.b, k to p; 3B002.b and c, 3D001, 3D002 or 3E001 of the CCL.
- (g) The Procured Components (other than the ECCN 5A002.a items) are subject to control solely under the EAR for anti-terrorism reasons and thus only subject to a license requirement for export, reexports or transfers(in-country) involving AT Restrictions Sanctioned Targets or restricted under the Section 4.1 if intended for use in China for certain prohibited end-uses as set out in Section 4.1 above.
- (h) The Group had transactions with the following entities:
 - (i) Huawei Technologies Co., Ltd. (华为技术有限公司) ("**Huawei Technologies**"), which was designated by BIS on the Entity List effective from May 21, 2019. Provision of items subject to the EAR without a licence from BIS to Huawei Technologies is prohibited and license applications are subject to a presumption of denial;
 - (ii) Huawei Cloud Computing Technology (华为云计算技术有限公司) ("**Huawei Cloud**"), which was designated by BIS on the Entity List effective

from May 21, 2019. Provision of items subject to the EAR without a licence from BIS to Huawei Cloud is prohibited and license applications are subject to a presumption of denial; and

- (iii) Shanghai Micro Electronics Equipment (Group) Co., Ltd. (上海微电子装备(集团)股份有限公司) (“**SMEE**”), which was designated by BIS on the Entity List effective from December 16, 2022. Provision of items subject to the EAR without a licence from BIS to SMEE is prohibited and license applications are subject to a presumption of denial,

collectively as the “**Relevant Entities**”.

- (i) In relation to the Group’s transactions with Huawei Technologies, based on the information provided by the Company:

- (i) During the Track Record Period, the Company provided assembly services to Huawei Technologies domestically in China, transactions were denominated in RMB and did not involve exports or transactions outside the Chinese border. For the Group to provide the assembly services, Huawei Technologies provided raw materials and accessories to the Company and none of the raw materials and accessories are subject to the EAR. The Company then delivered the finished products to Huawei Technologies after assembly which also were not subject to the EAR.

- (ii) During the Track Record Period, the Company procured an automotive patent license from Huawei Technologies for in-house product development, the patent license fee was denominated in RMB. This procurement did not involve exports or transactions of items subject to the EAR. Huawei Technologies provided its automotive patent registered in China, the Company then used the patent to complete product development, and Group products developed using the patent were then delivered to car manufacturer’s customers in China.

- (iii) During the Track Record Period, the Company provided product development services to Huawei Technologies, transactions were performed domestically in China, denominated in RMB and did not involve exports or transactions of any items subject to the EAR.

- (j) In relation to the Group’s transactions with Huawei Cloud, based on the information provided by the Company:

- (i) During the Track Record Period, the Group, through an operating subsidiary based in Shanghai (上海博泰悦臻网络技术服务有限公司) entered into a framework agreement to act as an agent of Huawei Cloud to sell the cloud services provided by Huawei Cloud to OEM customers for agency fee. During the Track Record Period, no revenue was generated under the framework agreement and the transaction did not involve any exports or other transactions of any items subject to the EAR.

- (k) In relation to the Group’s transactions with SMEE, based on the information provided by the Company:

- (i) During the Track Record Period, the Company established a joint venture with SMEE and seven other parties. The Company holds 17.6471% share of the joint venture. SMEE holds 17.6471% share of the joint venture. The remaining seven parties hold 17.6471%, 17.6471%, 5.8824%, 5.8824%, 5.8824%, 5.8824% and 5.8824% share of the joint venture, respectively. The joint venture is primarily engaged in manpower outsourcing for Huawei

to develop prototype parts targeting the domestic car manufacturers market, and is not considered as part of the Group. The Group was not engaged in any exports or transactions of any items subject to the EAR concerning the joint venture.

- (l) Given the nature of the transactions involving the Relevant Entities stated above, including that the Group was not engaged in any exports or transactions of any items subject to the EAR to the Relevant Entities, export restrictions applicable to each Relevant Entities being designated on the Entity List maintained by the BIS were not implicated.
- (m) The Company has reviewed the counterparties of the Group during the Track Record Period, and has not identified any activities with Sanctioned Target other than those with the Relevant Entities stated above.
- (n) The Company has reviewed all transaction records during the Track Record Period, and has not identified any activities in or with, nor any payments or receipts related to, Countries/Regions subject to Comprehensive Trade Embargo during that time.
- (o) None of the Group's Items met the end-use or end-user scopes of the FDP Rules issued pursuant to the IFR, or otherwise met the FDP Rules set forth in the EAR, and thus would not subject to U.S. Export Controls pursuant to the EAR's FDP Rules.
- (p) None of the members of the Group is a Sanctioned Target.
- (q) To the Company's knowledge, none of the customers of the Company was determined to be a "military end user" or "military intelligence end user" nor utilizing the Company's Items for a "military end use" or "military intelligence end use."
- (r) To the Company's knowledge, neither the Company, nor any of its affiliates exported, reexported or otherwise provided Items that may be used in the development or production of any part, component or equipment that will be used in a "supercomputer"¹ located in or destined to Mainland China, Hong Kong SAR or Macau SAR or in the design, development, production, operation, installation, maintenance (checking), repair, overhaul or refurbishing of, a "supercomputer" located in or destined to Mainland China, Hong Kong SAR or Macau SAR.
- (s) Neither the Company, nor any of its affiliates provided Items, including but not limited to tooling, molds, design software, design drawings, to entities for use in the development or production of ICs.

Hogan Lovells' assessment is that the Group did not engage in any operations/transactions involving restrictions on (i) AT Restrictions Sanctioned Targets, or (ii) certain high performance chips or the Supercomputer and Semiconductor Manufacturing End Use restrictions in the EAR (procurements of items classified under ECCN 5A002.a were in

¹ Supercomputer is defined as, "A computing "system" having a collective maximum theoretical compute capacity of 100 or more double-precision (64-bit) petaflops or 200 or more single-precision (32-bit) petaflops within a 41,600 ft³ or smaller envelope.

Note 1 to "Supercomputer": The 41,600 ft³ envelope corresponds, for example, to a 4x4x6.5ft rack size and therefore 6,400 ft² of floor space. The envelope may include empty floor space between racks as well as adjacent floors for multi-floor systems.

Note 2 to "Supercomputer": Typically, a 'supercomputer' is a high-performance multi-rack system having thousands of closely coupled compute cores connected in parallel with networking technology and having a high peak power capacity requiring cooling elements. They are used for computationally intensive tasks including scientific and engineering work. Supercomputers may include shared memory, distributed memory, or a combination of both."

2021, prior to the issuance of the New End-Use and End-User-Based Controls for Semiconductor Manufacturing Items). Given (i) the nature of the transactions involving the Relevant Entities stated above did not involve any items subject to the EAR to the Relevant Entities; and (ii) the nature of the Procured Components procured and products of the Group, as well as their intended end-use, based on the Group's current business activities, the likelihood of U.S. Export Controls to have a material impact on the Company or result in violations of the EAR is remote.

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The conclusion stated in this memorandum is not binding on the U.S. Department of Commerce, 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 that BIS, 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.

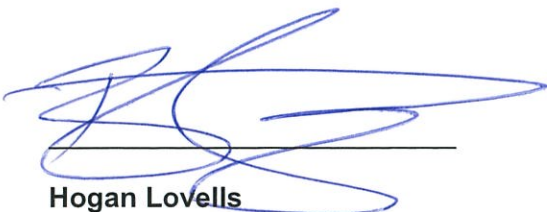
This memorandum is only intended for the benefit of the person(s) to whom it is addressed, including the Joint Sponsors and the Underwriter(s) of the Offering; provided, however, that we shall not have any liability (whether under statute, in contract, in equity, in tort or otherwise) to the Joint Sponsors or the Underwriters of the Offering 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 Joint Sponsors 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 Joint Sponsors or the Underwriters of the Offering for any loss due to our fraud, bad faith, gross negligence or wilful default.

This memorandum may also be disclosed for information only to (but not relied on by) the Sponsors, the Underwriters, their legal advisors, the HKEX, the Securities and Futures Commission of Hong Kong, the China Securities Regulatory Commission, any Relevant Persons authorised 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