



MEMORANDUM

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TO **Deepexi Technology Co., Ltd.**

北京滴普科技有限公司

FROM Hogan Lovells

DATE **October 17, 2025**

Privileged and Confidential

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

1. Introduction and Scope

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

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

- 1.3 This memorandum is provided for the purposes of the Global Offering only. However, our advice is applicable whether or not the Company proceeds with the Global Offering.
- 1.4 For the purpose of this memorandum and consistent with the Chapter 4.4 Guidance, the following terms and expressions shall have the respective meanings set out below:

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

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

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

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

"Sanctioned Activity" means Primary Sanctioned Activity and Secondary Sanctionable Activity.

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

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

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

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

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

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

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

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

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

- 1.5 This memorandum provides preliminary analysis in accordance with the Chapter 4.4 Guidance based on the facts provided to date to assess the Group's compliance with the International Sanctions and, where appropriate, sets forth certain recommendations in regard to Sanctioned Activities. This memorandum is not intended as a full due diligence review of these issues, nor is it intended to provide any assessment of the Group's existing policies or wider procedures implemented to manage its compliance with rules and regulations related to the International Sanctions and U.S. export control.

1.6 In preparing this memorandum, Hogan Lovells reviewed the Company's responses to the "*International Sanctions Due Diligence Checklist*" (the "**Sanctions DD Checklist**") and "*Export Control Follow-on Questions*" (the "**Export Control DD Checklist**") dated March 14, 2025, prepared by Hogan Lovells, and related e-mail correspondence. We have also reviewed the information contained in the Company's prospectus prepared in connection with the Global Offering, as that document being amended from time to time during the Global Offering (the "**Prospectus**"). The Group's responses to the Sanctions DD Checklist and Export Control DD Checklist have included various documents that relate to the subject matter of the Sanctions DD Checklist and Export Control DD Checklist, and we have reviewed those documents as part of our preparation of this memorandum. In particular, we are advised by the Company that, during three years ended December 31, 2024 and six months ended June 30, 2025 (the "**Track Record Period**"), the Group had transactions with the following entities:

- (a) CAST Xi'an Spaceflight Engine Factory (西安航天发动机有限公司) ("**CAST Xi'an**");
- (b) Shenzhen Intellifusion Technologies Co., Ltd. (深圳云天励飞技术股份有限公司) ("**Shenzhen Intellifusion**");
- (c) Beijing Transemic Information Technology Ltd. (北京天圣华信息技术有限责任公司) ("**Beijing Transemic**");
- (d) Beijing Corilead Technology Co., Ltd. (北京凯锐远景科技有限公司) ("**Beijing Corilead**")¹;
- (e) Inspur Communications Information System Co., Ltd. (浪潮通信信息系统有限公司) ("**Inspur Communications**")²;
- (f) China National Offshore Oil Corporation Ltd. (中国海洋石油集团) ("**CNOOC**");
- (g) CNOOC Information Technology (中海油信息科技有限公司) ("**CNOOC Information**")³;
- (h) Huawei Technologies Co., Ltd. (华为技术有限公司) ("**Huawei Technologies**");

¹ Beijing Corilead is 100% owned by Beijing Transemic. Beijing Corilead is not itself designated as a Sanctioned Target, and the export controls restrictions apply to Beijing Transemic are not applicable to Beijing Corilead as a matter of fact. For this memorandum, Beijing Corilead is included as a Sanctioned Target out of prudence.

² Inspur Communications is 100% owned by Inspur Group Co., Ltd.. Inspur Communications is not itself designated as a Sanctioned Target, and the export controls and investment restrictions apply to Inspur Communications are not applicable to Inspur Communications as a matter of fact. For this memorandum, Inspur Communications is included as a Sanctioned Target out of prudence.

³ CNOOC Information is owned 50% or more by CNOOC. CNOOC Information is not itself designated as a Sanctioned Target, and the export controls and investment restrictions apply to CNOOC are not applicable to CNOOC Information as a matter of fact. For this memorandum, CNOOC Information is included as a Sanctioned Target out of prudence.

- (i) Huawei Software Technologies Co., Ltd. (华为软件技术有限公司) ("**Huawei Software**");
- (j) Huawei Cloud Computing Technology (华为云计算技术有限公司) ("**Huawei Cloud**"); and
- (k) Chinese Academy of Sciences Shenyang Institute of Automation (中国科学院沈阳自动化研究所) ("**Shenyang Automation**").

1.7 As to matters of fact material to the conclusion stated herein, we have relied on the representations and statements of fact made in the documents we reviewed or made by the Group. We have not independently verified or established the facts so relied on.

1.8 As of the date of this memorandum, "**Sanctioned Countries**" within the meaning of the Chapter 4.4 Guidance include: Cuba, Iran, Kherson region, North Korea, Syria, the Crimea region of Ukraine/Russia, the so-called Donetsk People's Republic ("**DPR**"), Luhansk People's Republic ("**LPR**") regions of Ukraine and Zaporizhzhia region. We note that, during the Track Record Period, the Group had transactions with (1) the following countries or territories for which Relevant Jurisdictions maintain various forms of sanctions programs in place (albeit not a "general and comprehensive export, import, financial or investment embargo" within the meaning of the Chapter 4.4 Guidance): Hong Kong SAR ("**Relevant Region**"); and (2) the following Sanctioned Targets: (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation.

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

1.10 This memorandum is given only with respect to International Sanctions in force up to the date of this memorandum. Hogan Lovells underlines that sanctions measures adopted by the international community remain under constant review. Therefore, the scope and application of the measures discussed below are subject to change and should be carefully monitored. We, however, have no obligation to notify any recipient or other person of any change in International Sanctions or their applications after the date of this memorandum. No opinion or advice is expressed or implied as to the laws of any other territory, or as to matters of fact, except for International Sanctions discussed below.

2. **CONCLUSION**

2.1 On the basis of the information received from the Company and after carrying out its procedures and analysis set out below, Hogan Lovells is of the view that:

- (a) During the Track Record Period, the Group did not engage in Primary Sanctioned Activity because there were no activities in a Sanctioned Country or

(i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target, by the Company and its subsidiaries incorporated or located in a Relevant Jurisdiction (if applicable) or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation. As such, the Group would not appear to have violated applicable sanctions law or regulation in the Relevant Jurisdictions that could result in any material sanctions risk to the Relevant Persons, and, in assessing the materiality, we have taken into account the likelihood of the imposition of potential sanctions and the severity of the potential sanctions;

- (b) The Group did not engage during the Track Record Period in Secondary Sanctionable Activity because there were no activities targeted by extra-territorial provisions of sanctions law or regulation in the Relevant Jurisdictions. As such, the risk is fairly low that the Group's activities would result in the imposition of sanctions on the Relevant Persons;
- (c) Certain transactions discussed more in details under paragraphs 3.2(a)(i)(4)3.2(a)(i)(2) are potential violations of the applicable U.S. export controls; however, considering the nature of the transactions discussed below and the insignificant revenue contribution to the Group's overall business (i.e. totalling roughly RMB 6,172,000), the risk is fairly low that BIS would impose material fines or pursue significant non-monetary penalties against the Company based on the Group's current business activities (including such transactions discussed in details under paragraphs 3.2(a)(i)(4)3.2(a)(i)(2) which could result in any apparent or material sanctions risk to Relevant Persons. In the event that the BIS impose fines against the said violations, the potential civil monetary penalty for each of the violation as specified under the Export Control Reform Act (2018) would be: (i) up to US\$375,000 per violation; or (ii) twice the value of the underlying transaction, whichever is greater.
- (d) For certain transactions discussed more in details under paragraph 3.2(a) below, the Group has agreed to (i) not conduct any transaction with any SDN and not sell to any other entity subject to international sanctions or export controls in which the transaction would subject the Company to the risk of violating applicable sanction and export control laws; (ii) consult appropriate international sanctions legal advisors to determine whether any proposed transaction in which the Company believes involve risks of sanction and export control violations pursuant to its internal control measures and sanction policies, involves item, technology or material subject to the U.S. export controls; and (iii) destroy the existing Huawei Ascend 910B chips that have been procured and current in its possession.

Subject to the strict compliance of the above measures and the internal control measures (which are drafted by Hogan Lovells and to be implemented by the Group), these measures can effectively and adequately mitigate or minimize the compliance risks associated with sanctions and export controls.

- (e) None of the Group's customers in the Relevant Region has been designated as a Sanctioned Target;
- (f) None of the Group entities has been designated as a Sanctioned Target, nor is it located, incorporated, organised or resident in a Sanctioned Country; and
- (g) The Group is not a Sanctioned Trader because it did not derive a material portion of its revenue (10% or more) during the Track Record Period from business activities with Sanctioned Country entities or persons or with Sanctioned Targets (in fact, no such revenue derived from business activities with Sanctioned Country entities or persons or with Sanctioned Targets was identified).

2.2 As no material sanctions risks appear to be present, the Company and/or its shareholders are not required to make undertakings pursuant to the Chapter 4.4 Guidance.

3. EXECUTIVE SUMMARY

3.1 The Group specializes in delivering cutting-edge AI solutions, empowering enterprises to integrate their data, decisions and operations efficiently at scale.

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

- (a) The business model of the Group focuses on the sales of self-developed software based on open source codes. Among the Group's business lines, only the FastAGI business line involves the sale of hardware and the procurement of hardware from third-parties.

- (i) With respect to its FastAGI business line,

- (1) The Group has entered into two transactions with three different domestic Chinese suppliers. These suppliers sold two types of Nvidia products to the Group, i.e. 5880 Ada Generation Graphics Cards (procured on November 12 and 14, 2024, classified as ECCN 4A994.L, for on-sale) and two Inspur NF5688M6 NvLink AI Servers incorporated with A800 Active Graphic Cards (procured on April 27, 2023, for internal use) which are subject to the EAR. The Group relied on the suppliers' representations that these sales complied with the applicable U.S. export control rules to sell such hardware to the Group. The purchase of these items were denominated in RMB and the payments and deliveries were all concluded within Mainland China, and do not otherwise have any U.S. nexus.

The Group has incorporated the 5880 Ada Generation Graphics Cards together with its self-developed software (which is based solely on self-developed software and open source codes), and on-sold to a single domestic Chinese non-sanctioned end customer. These subsequent sales were also denominated in RMB and the payments and deliveries were all concluded within

Mainland China, and do not otherwise have any U.S. nexus. ECCN 4A994.L is only controlled for anti-terrorism reasons and thus only subject to a license requirement for export, reexports or transfers(in-country) involving (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**”) or restricted under the Section 5.2if intended for use in China for certain prohibited end-uses as set out in Section 5.2below.

The two Inspur NF5688M6 NvLink AI Servers incorporated with A800 Active Graphic Cards procured was solely used by the Group for training its own self-developed LLM. The Group received confirmation from the suppliers that that they have complied with the applicable U.S. export control rules to sell such hardware to the Group.

- (2) The Group has entered into two transactions with two domestic Chinese suppliers. These suppliers sold three types of Nvidia products to the Group, i.e. (1) 64 Nvidia RTX 5000 Ada Generation Graphics Cards (procured on April 24, 2025, classified as ECCN 4A994.L, for on-sale); (ii) 4 Nvidia H20 GPU servers (procured on March 27, 2025, classified as ECCN 5A992.z, for on-sale); and (iii) 12 Nvidia L20 GPU servers (procured on March 27, 2025], classified as ECCN 4A994.L, for on-sale) which are subject to the EAR. The Group relied on the suppliers’ representations that these sales complied with the applicable U.S. export control rules to sell such graphic cards and GPU servers to the Group. The purchase of these items were denominated in RMB and the payments and deliveries were all concluded within Mainland China.

The Group has incorporated the RTX 5000 Ada Generation Graphics Cards, Nvidia L20 GPU servers and H20 GPU servers, together with its self-developed software (which is based solely on self-developed software and open source codes), and on-sold in around April 2025 to two domestic Chinese non-sanctioned end customers. ECCN 4A994.L is only controlled for anti-terrorism reasons and thus only subject to a license requirement for exports, reexports or transfers (in-country) involving (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**”)

or restricted under the Section 5.2 if intended for use in China for certain prohibited end-uses as set out in Section 5.2 below.

ECCN 5A992.z.1 and 5A992.z.2 however are controlled for regional stability reasons, and thus subject to a license requirements for exports, reexports or transfers to or within any destination worldwide, and to or within destinations specified in Country Groups D:1, D:4 and D:5 (excluding any destination also specified in Country Groups A:5 or A:6 respectively. Regardless of whether the said H20 chips were classified as 5A992.z.1 or 5A992.z.2, the transfers, exports, or reexports of these to or within China are subject to specific license requirement. While the Group relied on the suppliers' representations that these sales complied with the applicable U.S. export control rules to sell H20 GPU servers to the Group], the Group's incorporation of such GPU into its products and the subsequent sales are apparent violations to the applicable U.S. export controls.

However, as the procurement and the subsequent sale was one-off in nature and the Company confirmed that it has suspended all procurements from the said supplier and all procurements for such H20 GPU servers as of the date of this memorandum, the risk is fairly low that the BIS would impose material fines or pursue significant non-monetary penalties against the Company which could result in any apparent or material sanctions risk to the Relevant Persons.

The Group has agreed to (i) not conduct any transaction with any SDN and not sell to any other entity subject to international sanctions or export controls; (ii) consult with appropriate international sanctions legal advisors to determine whether any proposed transaction involves item, technology or material subject to the U.S. export controls; and (iii) destroy the existing Huawei Ascend 910B chips that have been procured and current in its possession.

Subject to the strict compliance of the above measures, and the internal control measures which are drafted by Hogan Lovells and to be implemented by the Group, these measures can effectively and adequately mitigate or minimize the compliance risks associated with international sanctions and U.S. export controls.

- (3) The Group has entered into eight transactions with nine domestic Chinese non-sanctioned suppliers, who have sold certain Huawei AI chips to the Group during the Track Record Period, i.e., Ascend 910B and Ascend 310. The said procurements were all denominated in RMB and the payments and deliveries were all concluded within Mainland China, and do not otherwise have

any U.S. nexus. Given that the nature of these transactions is procurement, and not the sale to Huawei AI or other restricted parties, U.S. export control rules are not implicated.

- (4) The Group has entered into a definitive procurement transaction with a domestic Chinese non-sanctioned supplier, who sold Huawei Ascend 910B chips to the Group on June 6, 2025. The said procurement was denominated in RMB and the payment and deliveries were all concluded within Mainland China, and do not otherwise have any U.S. nexus.

The procurement was for the sole purpose of meeting the end customer's needs to have the overall Fast500E X8 machine which include both the Group's product and other necessary hardware and chips. The Group has incorporated the Huawei Ascend 910B together with its self-developed software (which is based solely on self-developed software and open source codes), and on-sold to a single domestic Chinese non-sanctioned end customer. The sale in June 5, 2025 was also denominated in RMB and the payment and deliveries were all concluded within Mainland China, and do not otherwise have any U.S. nexus.

The BIS published Guidance on Application of General Prohibition 10 to People's Republic of China Advanced-Computing on May 13, 2025. It is advised that the use of integrated circuits meeting the parameters for control under ECCN 3A090 that have been developed or produced by companies located in, headquartered in, or whose ultimate parent company is headquartered in Country Group D:5 including the PRC without authorization, could result in substantial criminal and administrative penalties. The BIS provided a non-exhaustive illustrative list of examples of PRC 3A090 ICs that are subject to presumption of the restriction, which include Huawei Ascend 910B.

The said procurement and the corresponding on-sale to the non-sanctioned China-based customer appeared to be a violation of the applicable U.S. export controls. However, as the procurement and the subsequent sale was one-off in nature and the Company confirmed that it has suspended all procurements of such PRC 3A090 ICs as of the date of this memorandum, the risk is fairly low that the BIS would impose material fines on or pursue any significant non-monetary penalties against the Company which could result in any apparent or material sanctions risk to Relevant Persons aside from the Company.

Subject to the strict compliance of the above measures, and the internal control measures which are drafted by Hogan Lovells and to be implemented by the Group, these measures can

effectively and adequately mitigate or minimize the compliance risks associated with international sanctions and U.S. export controls.

- (ii) With respect to its business lines other than FastAGI, the Group has never procured any hardware or source codes, technologies, software from any third parties. The Group has developed software based on solely self-developed source codes and/or open source codes, which are not subject to the EAR.
- (b) In relation to the Group's transactions with the Relevant Region:
 - (i) During the Track Record Period, the Group provided software design and services to non-sanctioned customers in the Relevant Region.
- (c) In relation to the Group's transactions with CAST Xi'an:
 - (i) During the Track Record Period, the Group provided software design and services to CAST Xi'an 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 software and software design services, none of the underlying source codes, technologies, software are U.S. origin or otherwise subject to the EAR.
 - (ii) CAST Xi'an was designated by the Bureau of Industry and Security ("**BIS**") on the Military End User List ("**MEU List**") effective from December 23, 2020.
 - (iii) Pursuant to 15 CFR § 744.21 – "Restrictions on Certain 'Military End Use' or 'Military End User' in the People's Republic of China, Russia, or Venezuela", BIS may inform and provide notice to the public that certain entities are subject to the additional prohibition ... following a determination by the End-User Review Committee that a specific entity is a 'Military End User' ... and therefore any exports, reexports, or transfers (in-country) to that entity represent an unacceptable risk of use in or diversion to a 'Military End Use' or 'Military End User' in China, Russia, or Venezuela. Such entities may be added to supplement no. 7 to part 744—'Military End-User' List ("**MEU List**") through Federal Register notices published by BIS, and will thus be subject to a license requirement for exports, reexports, or transfers (in-country) of items specified in Supplement No. 2 to part 744. The listing of entities under supplement no. 7 to part 744 is not an exhaustive listing of 'Military End Users' for purposes of this section. Exporters, reexporters, and transferors are responsible for determining whether transactions with entities not listed on supplement no. 7 to part 744 are subject to a license requirement under paragraph (a) of this section.

CAST Xi'an is therefore prohibited from receiving items described in Supplement No. 2 of Part 744 of the EAR unless licensed. Given the Group's transactions with the CAST Xi'an did not involve exports or

transactions of any items subject to the EAR, the EAR restrictions applicable to CAST Xi'an were not implicated by the Group's activities with CAST Xi'an.

(d) In relation to the Group's transactions with Shenzhen Intellifusion:

- (i) During the Track Record Period, the Group provided software design, including AGI platform development and related technological support and maintenance services to Shenzhen Intellifusion 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 software and software design services, none of the underlying source codes, technologies, software are U.S. origin or otherwise subject to the EAR.
- (ii) Shenzhen Intellifusion was designated by the BIS on the Entity List effective from June 5, 2020. Provision of items subject to the EAR without a licence from BIS to Shenzhen Intellifusion is prohibited. License application is subject to a presumption of denial.
- (iii) Given the nature of the transactions involving Shenzhen Intellifusion stated above, including that the Group was not engaged in any exports or transactions of any items subject to the EAR to Shenzhen Intellifusion, export restrictions applicable to Shenzhen Intellifusion being designated on the Entity List maintained by the BIS were not implicated.

(e) In relation to the Group's transactions with Beijing Transemic:

- (i) During the Track Record Period, the Group sold large model training machine which comprises of both hardware and software, and provided after-sales warranty services to Beijing Transemic domestically in China, transactions were denominated in RMB and did not involve exports or transactions outside the Chinese border. For the Group to develop and sell the machine, none of the underlying source codes, technologies, software are U.S. origin or otherwise subject to the EAR.
- (ii) Beijing Transemic was designated by the BIS on the Entity List effective from June 12, 2023. Provision of items subject to the EAR without a licence from BIS to Beijing Transemic is prohibited. License application is subject to a presumption of denial.
- (iii) Given the nature of the transactions involving Beijing Transemic stated above, including that the Group was not engaged in any exports or transactions of any items subject to the EAR to Beijing Transemic, export restrictions applicable to Beijing Transemic being designated on the Entity List maintained by the BIS were not implicated.

(f) In relation to the Group's transactions with Beijing Corilead:

- (i) During the Track Record Period, the Group developed the data intelligence development platform; agile data analysis suite platform; and provided data management and control platform-related development and technical services to Beijing Corilead domestically in China, transactions were denominated in RMB and did not involve exports or transactions outside the Chinese border. For the Group to develop the platforms and provide the services, none of the underlying source codes, technologies, software are U.S. origin or otherwise subject to the EAR.
 - (ii) Beijing Corilead is 100% owned by Beijing Transemic, which was designated by the BIS on the Entity List.
 - (iii) As Beijing Corilead itself is not designated on the Entity List, the relevant licensing and provision restrictions under the EAR do not apply to Beijing Corilead. Given the nature of the transactions involving Beijing Corilead stated above, including that the Group was not engaged in any exports or transactions of any items subject to the EAR to Beijing Corilead, export restrictions were not implicated.
- (g) In relation to the Group's transactions with Inspur Communications:
 - (i) During the Track Record Period, the Group developed supply chain finance management system and provided related technical support services to Inspur Communications domestically in China, transactions were denominated in RMB and did not involve exports or transactions outside the Chinese border. For the Group to develop the system, none of the underlying source codes, technologies, software are U.S. origin or otherwise subject to the EAR.
 - (ii) Inspur Communications is wholly owned by Inspur Group Co., Ltd. (浪潮集团有限公司), which was designated by the BIS on the Entity List on March 6, 2023; designated by the Office of Foreign Assets Control ("OFAC") on the Non-SDN Chinese Military-Industrial Complex Companies List ("**NS-CMIC List**") effective from August 2, 2021.
 - (iii) As Inspur Communications itself is not designated on the Entity List (or any other sanctions lists maintained by any U.S. authorities), the relevant licensing and provision restrictions under the EAR do not apply to Inspur Communications. Given the nature of the transactions involving Inspur Communications stated above, including that the Group was not engaged in any exports or transactions of any items subject to the EAR to Inspur Communications, export restrictions were not implicated.
- (h) In relation to the Group's transactions with CNOOC:
 - (i) During the Track Record Period, the Group developed decision analysis platform for the oil sales and provided related technical support services to CNOOC domestically in China, transactions were denominated in

RMB and did not involve exports or transactions outside the Chinese border. For the Group to develop the platform, none of the underlying source codes, technologies, software are U.S. origin or otherwise subject to the EAR.

- (ii) CNOOC was designated by the by the OFAC on the NS-CMIC List effective from August 2, 2021.
- (iii) EO 13959 prohibits United States persons beginning on the effective date for the designation of a CMIC, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of any person listed as a CMIC unless licensed or authorized by the relevant U.S. government authority. Given the transactions of the Group and CNOOC did not involve any purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities of CNOOC, the investment and trading restrictions applicable to CNOOC are not implicated.
- (iv) Pursuant to 15 CFR § 744.21 – “Restrictions on Certain 'Military End Use' or 'Military End User' in the People's Republic of China, Russia, or Venezuela”, BIS may inform and provide notice to the public that certain entities are subject to the additional prohibition ... following a determination by the End-User Review Committee that a specific entity is a 'Military End User' ... and therefore any exports, reexports, or transfers (in-country) to that entity represent an unacceptable risk of use in or diversion to a 'Military End Use' or 'Military End User' in China, Russia, or Venezuela. Such entities may be added to supplement no. 7 to part 744—MEU List through Federal Register notices published by BIS, and will thus be subject to a license requirement for exports, reexports, or transfers (in-country) of items specified in supplement no. 2 to part 744. The listing of entities under supplement no. 7 to part 744 is not an exhaustive listing of 'Military End Users' for purposes of this section. Exporters, reexporters, and transferors are responsible for determining whether transactions with entities not listed on supplement no. 7 to part 744 are subject to a license requirement under paragraph (a) of this section. The process in this paragraph (b)(1) for placing entities on the MEU List is only one method BIS may use to inform exporters, reexporters, and transferors of license requirements under this section. As such, it is advised by the BIS, exporters, reexporters, or transferors must conduct their own due diligence for entities not identified in Supplement No. 7 to Part 744 of the EAR.

As defined under 15 CFR § 744.21(g), the term '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 (excluding those described in § 744.22(f)(2)), or any person or entity whose actions

or functions are intended to support 'military end uses' as defined in paragraph (f) of [the] section. According to paragraph (f) of [the] section, 'military end use' means: incorporation into a military item described on the U.S. Munitions List (USML) (22 CFR part 121, International Traffic in Arms Regulations); incorporation into items classified under Export Control Classification Numbers (ECCNs) ending in "A018" or under "600 series" ECCNs; or any item that supports or contributes to the operation, installation, maintenance, repair, overhaul, refurbishing, "development," or "production," of military items described on the USML, or items classified under ECCNs ending in "A018" or under "600 series" ECCNs.

Based on Appendix B to Part 586—Executive Order 14032 of June 3, 2021 Addressing the Threat From Securities Investments That Finance Certain Companies of the People's Republic of China, CNOOC was designated on the NS-CMIC List by being considered as a military-industrial complex of the People's Republic of China that involves in *"military, intelligence, and security research and development programs, and weapons and related equipment production under the People's Republic of China 's Military-Civil Fusion strategy"*. Based on the foregoing, it is possible for CNOOC to be viewed as a Military End User, and is therefore prohibited from receiving items described in Supplement No. 2 of Part 744 of the EAR unless licensed.

- (v) Given the Group's transactions with the CNOOC did not involve exports or transactions of any items subject to the EAR, the EAR restrictions applicable to CNOOC were not implicated by the Group's activities with CNOOC.
- (i) In relation to the Group's transactions with CNOOC Information
 - (i) CNOOC Information is owned 50% or more by CNOOC.
 - (ii) CNOOC was designated by the OFAC on the NS-CMIC List effective August 2, 2021. United States persons are prohibited beginning on August 2, 2021, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of CNOOC unless licensed or authorized by the relevant U.S. government authority.
 - (iii) EO 13959 prohibits United States persons beginning on the effective date for the designation of a CMIC, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of any person listed as a CMIC unless licensed or authorized by the relevant U.S. government authority. Given the transactions of the Group and CNOOC Information did not involve any purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities of CNOOC, the

investment and trading restrictions applicable to CNOOC are not implicated.

- (j) In relation to the Group's transactions with Huawei Technologies:
- (i) During the Track Record Period, the Group sold its flagship Deepexi enterprise large model intelligent manufacturing industry solutions and developed AI training procedures 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 develop the AI training procedures and the solutions, none of the underlying source codes, technologies, software are U.S. origin or otherwise subject to the EAR.
 - (ii) Huawei Technologies was designated by the Bureau of Industry and Security 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. License application is subject to a presumption of denial.
 - (iii) Huawei Technologies was designated by the OFAC on the NS-CMIC List effective August 2, 2021. United States persons are prohibited beginning on August 2, 2021, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of Huawei Technologies unless licensed or authorized by the relevant U.S. government authority.
 - (iv) Given the nature of the transactions involving Huawei Technologies stated above, including that the Group was not engaged in any exports or transactions of any items subject to the EAR to Huawei Technologies, export restrictions applicable to each Huawei Technologies being designated on the Entity List maintained by the BIS were not implicated.
 - (v) EO 13959 prohibits United States persons beginning on the effective date for the designation of a CMIC, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of any person listed as a CMIC unless licensed or authorized by the relevant U.S. government authority. Given the transactions of the Group and Huawei Technologies did not involve any purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities of Huawei Technologies, the investment and trading restrictions applicable to Huawei Technologies are not implicated.
 - (vi) Pursuant to 15 CFR § 744.21 – "Restrictions on Certain 'Military End Use' or 'Military End User' in the People's Republic of China, Russia, or Venezuela", BIS may inform and provide notice to the public that certain entities are subject to the additional prohibition ... following a

determination by the End-User Review Committee that a specific entity is a 'Military End User' ... and therefore any exports, reexports, or transfers (in-country) to that entity represent an unacceptable risk of use in or diversion to a 'Military End User' or 'Military End User' in China, Russia, or Venezuela. Such entities may be added to supplement no. 7 to part 744—'Military End-User' List ("**MEU List**") through Federal Register notices published by BIS, and will thus be subject to a license requirement for exports, reexports, or transfers (in-country) of items specified in supplement no. 2 to part 744. The listing of entities under supplement no. 7 to part 744 is not an exhaustive listing of 'Military End Users' for purposes of this section. Exporters, reexporters, and transferors are responsible for determining whether transactions with entities not listed on supplement no. 7 to part 744 are subject to a license requirement under paragraph (a) of this section. The process in this paragraph (b)(1) for placing entities on the MEU List is only one method BIS may use to inform exporters, reexporters, and transferors of license requirements under this section. As such, it is advised by the BIS, exporters, reexporters, or transferors must conduct their own due diligence for entities not identified in Supplement No. 7 to Part 744 of the EAR.

As defined under 15 CFR § 744.21(g), the term '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 (excluding those described in § 744.22(f)(2)), or any person or entity whose actions or functions are intended to support 'military end uses' as defined in paragraph (f) of [the] section. According to paragraph (f) of [the] section, 'military end use' means: incorporation into a military item described on the U.S. Munitions List (USML) (22 CFR part 121, International Traffic in Arms Regulations); incorporation into items classified under Export Control Classification Numbers (ECCNs) ending in "A018" or under "600 series" ECCNs; or any item that supports or contributes to the operation, installation, maintenance, repair, overhaul, refurbishing, "development," or "production," of military items described on the USML, or items classified under ECCNs ending in "A018" or under "600 series" ECCNs.

Based on Appendix B to Part 586—Executive Order 14032 of June 3, 2021 Addressing the Threat From Securities Investments That Finance Certain Companies of the People's Republic of China, Huawei Technologies was designated on the CMIC by being considered as a military-industrial complex of the People's Republic of China that involves in *"military, intelligence, and security research and development programs, and weapons and related equipment production under the People's Republic of China's Military-Civil Fusion strategy"*. Based on the foregoing, it is possible for Huawei Technologies to be viewed as a Military End User, and is therefore prohibited from receiving items described in Supplement No. 2 of Part 744 of the EAR unless licensed. Given the Group's transactions with the Huawei Technologies did not

involve exports or transactions of any items subject to the EAR, the EAR restrictions applicable to Huawei Technologies were not implicated by the Group's activities with Huawei Technologies.

(k) Application to Huawei Software

- (i) During the Track Record Period, the Group subscribed cloud services, including cloud servers, cloud hardware, NAT gateway, content distribution network, cloud database services from Huawei Software domestically in China, transactions were denominated in RMB and did not involve exports or transactions outside the Chinese border.
- (ii) Huawei Software was designated by the BIS on the Entity List effective from May 21, 2019. Provision of items subject to the EAR without a licence from BIS to Huawei Software is prohibited. License application is subject to a presumption of denial.
- (iii) Given the nature of the transactions involving Huawei Software stated above, including that the Group was the customer for cloud services and itself does not engage in any exports or transactions of any items subject to the EAR to Huawei Software, export restrictions applicable to each Huawei Software being designated on the Entity List maintained by the BIS were not implicated.

(l) In relation to the Group's transactions with Huawei Cloud:

- (i) During the Track Record Period, the Group subscribed cloud services, including cloud servers, cloud hardware, NAT gateway, content distribution network, cloud database services from Huawei Cloud domestically in China, transactions were denominated in RMB and did not involve exports or transactions outside the Chinese border.
- (ii) Huawei Cloud was designated by the BIS on the Entity List effective from August 20, 2020. Provision of items subject to the EAR without a licence from BIS to Huawei Technologies is prohibited. License application is subject to a presumption of denial.
- (iii) Given the nature of the transactions involving Huawei Cloud stated above, including that the Group was the customer for cloud services and itself does not engage in any exports or transactions of any items subject to the EAR to Huawei Cloud, export restrictions applicable to each Huawei Cloud being designated on the Entity List maintained by the BIS were not implicated.

(m) In relation to the Group's transactions with Shenyang Automation:

- (i) During the Track Record Period, the Group sold its large model intelligent manufacturing industry solutions to Shenyang Automation domestically in China, transactions were denominated in RMB and did not involve exports or transactions outside the Chinese border. For the

Group to develop and sell the machine, none of the underlying source codes, technologies, software are U.S. origin or otherwise subject to the EAR.

- (ii) Shenyang Automation was designated by the BIS on the Entity List effective from June 30, 2022. Provision of items subject to the EAR without a licence from BIS to Shenyang Automation is prohibited. License application is subject to a presumption of denial.
- (iii) Given the nature of the transactions involving Shenyang Automation stated above, including that the Group was not engaged in any exports or transactions of any items subject to the EAR to Shenyang Automation, export restrictions applicable to Shenyang Automation being designated on the Entity List maintained by the BIS were not implicated.

3.3 United States

- (a) Based on the due diligence and the information provided by the Company on behalf of the Group to Hogan Lovells that:
 - (i) neither the Company nor any of its subsidiaries are incorporated in the United States. No U.S. entities were involved in the Group's activities with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation.
 - (ii) no U.S. persons are employed or otherwise engaged by the Company or its Group entities. No U.S. persons were involved in the Group's activities with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation;
 - (iii) except for the procured Nvidia items as described in 3.2(a)(i), no products procured by the Group were subject to the EAR.
 - (iv) no products supplied, sold, exported or otherwise transferred by the Group incorporates 10% or more (by value) of U.S.-origin content. In fact, no products were supplied, sold, exported or otherwise transferred by the Group listed on the BIS Lists (as defined as below) or SDNs (as defined as below) containing 10% or more (by value) of U.S.-origin content;
 - (v) the Group had conducted U.S. export controls classifications over the products exported or sold to the Relevant Region and (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; and (g) Huawei Technologies, and confirms that these products exported or sold are not subject to the EAR;

- (vi) the Group has not, during the Track Record Period, undertaken, either directly or indirectly, any contract or any other activity with a counterparty, nor has otherwise provided goods or services to any person, in Sanctioned Countries;
- (vii) save for the transactions with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Huawei Technologies; (e) Huawei Cloud; and (f) Shenyang Automation, no products have been exported (either directly or indirectly) to any persons or entities identified on the U.S. Department of Commerce, Bureau of Industry and Security's Entity List ("**Entity List**"), Denied Parties List, Unverified List, Military-End User List, or Military-Intelligence End User List (collectively, "**BIS Lists**");
- (viii) no Specially Designated Nationals and Blocked Persons ("**SDNs**") have been identified as being involved in the procurement conducted by the Group during the Track Record Period;
- (ix) the Company has reviewed all transaction records since 2020 and has not identified any payments related to Sanctioned Countries during that time; and
- (x) the Group's activities with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation were limited to transactions set out in Sections 3.2(c) to 3.2(m),

Hogan Lovells' assessment is that no products subject to the EAR have been exported to any persons or entities identified on the BIS Lists, and the business dealings of the Group with Relevant Region and (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation do not appear to violate or implicate any breaches of applicable U.S. sanctions laws and regulations.

3.4 UN

- (a) Based on the due diligence conducted and the information provided by the Company on behalf of the Group to Hogan Lovells:
 - (i) the Group's activities with the Relevant Region and (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation were limited to transactions set out in Sections 3.2(b) to 3.2(m); and
 - (ii) the Company, for and on behalf of the Group, has confirmed that it does not have business dealings with parties targeted by UN sanctions,

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

3.5 European Union, UK and UK Overseas Territories

- (a) Based on the due diligence and the information provided by the Company on behalf of the Group to Hogan Lovells that:
- (i) neither the Company nor any of its affiliates, agents, directors, officers, or employees has or is engaged in transactions, business or financial dealings that directly or indirectly involve or benefit a person or entity listed under EU, UK or UK Overseas Territories sanctions, or has or is engaged in any other activity subject to restrictions under sectoral EU or UK sanctions;
 - (ii) the Group's activities with the Relevant Region and (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation were limited to transactions set out in Sections 3.2(b) to 3.2(m), and did not involve any products that are subject to sectoral sanctions in the EU, the UK or UK Overseas Territories;
 - (iii) no products supplied, sold, exported or otherwise transferred by the Group to the above entities (including (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation) incorporates 10% or more (by value) of EU or UK-origin content;
 - (iv) the Company has not been, directly or indirectly, involved in the export from the EU, the UK and/or UK Overseas Territories of any items listed in the EU Common Military List or the EU Dual Use list (Annex I to Regulation (EU) 2021/821), Annex I to Council Regulation 428/2009 as retained by the European Union (Withdrawal) Act 2018 ("**the UK Dual-Use Regulation**"), or any items listed under Schedule 2 or 3 of the UK Export Control Order 2008 as amended,

Hogan Lovells' assessment, based on a review of the documents provided by the Company on behalf of the Group, is that the prohibitions and wider restrictions under EU, UK and UK Overseas Territories sanctions measures as applicable during the Track Record Period, are not implicated by the Group's business activities with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation.

3.6 Australia

(a) On the basis that:

(i) the Group or any of its subsidiaries is not:

- (1) a person in Australia;
- (2) an Australian citizen or Australian-registered body;
- (3) owned or controlled by Australians or persons in Australia;
- (4) a person using an Australian flag vessel or aircraft to transport goods or transact services subject to Australian autonomous sanctions; or
- (5) engaged in any direct activities in Australia,

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

4. COMPANY BACKGROUND

4.1 The Company, Deepexi Technology Co., Ltd. (滴普科技股份有限公司), is a limited liability company established under the laws of the PRC on May 3, 2018 under the name of Beijing Deepexi Technology Co., Ltd. (北京滴普科技有限公司) and converted into a joint stock limited company on April 8, 2025 under the current name. We have relied on the Prospectus for the Group's shareholding structure immediately prior to the reorganization, immediately before the completion of the Capitalization Issue and the Global Offering, and immediately upon completion of the Capitalization Issue and the Global Offering, respectively.

4.2 The Company has confirmed that it is not owned 50% or more, or controlled, by one or more U.S. persons as defined under U.S. economic sanctions laws and regulations.

4.3 The Company has confirmed that, except for certain shareholders who are incorporated in Germany and Cayman Islands, none of its, its subsidiaries, or any of the Group entities' Directors or Shareholders is a U.S., EU, UK or Australian national.

4.4 The following table sets out the information regarding the directors of Deepexi Technology Co., Ltd.:

Director	Name	Nationality
Executive Directors	Mr. Zhao Jiehui (赵杰辉)	Chinese
	Mr. Yang Lei (杨磊)	Chinese
	Dr. Li Qiang (李强)	Chinese

	Mr. Cao Lianfei (曹连飞)	Chinese
	Ms. Shi Yi (石宜)	Chinese
Non-executive Directors	Mr. Wang Zhenghao (王正浩)	Chinese
Independent Non-executive Directors	Dr. Yang Hongxia (杨红霞)	Chinese
	Dr. Kong Xianguang (孔宪光)	Chinese
	Mr. Zhang Jielong (张杰龙)	Chinese

- 4.5 Based on the information provided by the Company, none of the products transported by the Group outside the U.S. are of U.S.-origin; the U.S. origin content contained in the products transported by the Group to (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation are not export controlled and the amount of such U.S. origin content does not exceed 10% of the value of the products and do not incorporate U.S.-origin content.
- 4.6 Based on the information provided by the Company,, none of the products or services supplied, sold or exported or transferred by the Group are controlled under U.S. export controls or are otherwise restricted for transfer, either directly or indirectly, from the United States (or by U.S. persons) to or for use in any third country.
- 4.7 Based on the information provided by the Company, none of the products supplied, sold, exported or transferred by the Group are controlled or otherwise restricted for transfer either directly or indirectly, from the EU (or by EU persons), including the UK, or from the UK Overseas Territories (or by UK Overseas Territories nationals).

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

5.1 U.S. Economic Sanctions

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

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

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

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

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

2012, H.R. 1905 (PL 112-158), implemented by OFAC as section 560.215 of the Iranian Transactions and Sanctions Regulations ("ITSR"), which makes parent companies liable for their foreign subsidiaries' Iranian sanctions violations, and Section 515.329 of the Cuban Assets Control Regulations ("CACR").

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

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

- (i) Alters its operating policies or procedures, or those of a foreign affiliate, to permit a foreign affiliate to accept or perform a specific contract, engagement or transaction involving a party in or the government of Iran without the approval of the U.S. person, where such transaction previously required approval by the U.S. person and such transaction by the foreign affiliate would be prohibited by this part if performed directly by a U.S. person or from the United States;

- (ii) Refers to a foreign person purchase orders, requests for bids, or similar business opportunities involving a party in or the government of Iran to which the U.S. person could not directly respond as a result of U.S. sanctions laws or regulations; or
- (iii) Changes the operating policies and procedures of a particular affiliate with the specific purpose of facilitating transactions that would be prohibited by this part if performed by a U.S. person or from the United States." ITSR § 560.417.

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

- (1) There are two types of primary U.S. sanctions programs – country-based programs (which are territorial in nature) and list-based programs (which are not territorial in nature, as they do not apply to the entire country or all of its territory). Violations of either type of primary U.S. sanction program can result in "strict" civil liability (not a negligence standard) where fines and penalties may be imposed. In addition, wilful violations may result in criminal liability punishable by imprisonment and elevated fines.
 - (i) *Country-based sanctions programs. U.S. sanctions programs targeting specific countries fall into two categories: programs that are comprehensive in scope and programs that are limited in scope.*
 - 1. Comprehensive sanctions programs prohibit U.S. persons from dealing in any manner with Sanctioned Countries and their governments, as well as with any persons or entities in those countries or territories. Currently, the United States maintains comprehensive sanctions against: Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine/Russia and LPR or DPR regions (comprehensive OFAC sanctions against Sudan were terminated as of October 12, 2017). Generally, comprehensive country sanctions prohibit transactions with or services in, from or benefitting the targeted country or any persons/entity in it. However, the comprehensive country sanctions may also be applicable to transactions outside the country (for example, restricting dealings in goods or services originating from a Sanctioned Country, or with persons who ordinarily reside in the Sanctioned Country).
 - 2. Limited sanctions programs prohibit U.S. persons from participating in certain types of transactions

with sanctioned countries and/or governments, such as the provision of services, financing, investments, exports, and/or imports. Prohibited activities vary from program to program, and they generally are not as broad (for example, they do not target activities with all persons or entities in that country). Currently, the U.S. government maintains limited sanctions programs in relation to countries such as Iraq and Libya, and OFAC has issued a series of general licenses authorizing numerous activities.

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

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

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

(v) **Application to Hong Kong**

- (1) On July 14, 2020, the Hong Kong Autonomy Act ("**the Act**") became law authorizing the imposition of sanctions on certain parties related to certain activities in the Hong Kong Special Administrative Region ("**HKSAR**"). The Act provides a range of sanctions available to the U.S. government to target foreign persons or foreign financial institutions determined to have engaged in "significant transactions" with certain foreign persons, such as designated senior Hong Kong or Chinese government officials or Chinese companies involved in the erosion of Hong Kong's autonomy. The Act did not designate any foreign officials; instead, the Act requires the Secretary of State to prepare a list of foreign persons who are materially contributing, have materially contributed, or attempt to materially contribute to China's failure to meet its obligations under the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong (December 19, 1984) and the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China. If such persons are designated under the Act, then foreign financial institutions could face exposure themselves to restrictive measures if they engage in "significant" transactions with such designated persons.
- (2) On the same day, the President issued the Executive Order on Hong Kong Normalization ("**EO 13936**"). This EO, among other actions, authorizes the imposition of sanctions on foreign persons determined to be involved in developing, adopting, and/or implementing China's National Security Law, among other actions. The EO blocks any transactions or transfers involving any and all property and/or interests in the United States of anyone the Secretary of State in consultation with the Secretary of Treasury (or vice versa):
 - (i) To be or have been involved, directly or indirectly, in the coercing, arresting, detaining, or imprisoning of individuals under the authority of, or to be or have been responsible for or involved in developing, adopting, or implementing,

the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Administrative Region.

- (ii) To be responsible for or complicit in, or to have engaged in, directly or indirectly, any of the following:
 - 1. Actions or policies that undermine democratic processes or institutions in Hong Kong.
 - 2. Actions or policies that threaten the peace, security, stability, or autonomy of Hong Kong.
 - 3. Censorship or other activities with respect to Hong Kong that prohibit, limit, or penalize the exercise of freedom of expression or assembly by citizens of Hong Kong, or that limit access to free and independent print, online, or broadcast media.
 - 4. The extrajudicial rendition, arbitrary detention, or torture of any person in Hong Kong or other gross violations of internationally recognized human rights or serious human rights abuse in Hong Kong.
- (iii) To be or have been a leader or official of:
 - 1. An entity, including any government entity, which has engaged in, or whose members have engaged in, any of the activities described above.
 - 2. An entity whose property and interests in property are blocked pursuant to EO 13936.
 - 3. To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked by EO 13936.
 - 4. To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked by EO 13936.
- (iv) To be a member of the board of directors or a senior executive officer of any person whose property and interests in property are blocked by EO 13936.
- (v) Under the authority of EO 13936, OFAC has already designated as SDNs several government officials in Hong

Kong, including those in top political leadership. As a result of their SDN designation, US sanctions extend to dealings with any non-listed entity in which those SDNs hold, directly or indirectly, individually or in the aggregate, a 50% or greater interest.

- (vi) On September 25, 2020, OFAC issued Frequently Asked Question (FAQ) 840 on the effect of designating several political leaders of Hong Kong. FAQ 840 states that the designation of an official of the Government of the HKSAR does not itself block the HKSAR government or any government agency where the SDN is an official or otherwise exercises control. Accordingly, engaging in a routine interaction with an agency in which an SDN is an official, but which does not involve the SDN directly or indirectly, is not prohibited. FAQ 840 further states that U.S. persons may enter into HKSAR government contracts signed by a non-SDN official of the HKSAR to whom the HKSAR government has delegated the authority to enter such contracts.

(vi) **Application to CAST Xi'an**

- (1) CAST Xi'an was designated by the BIS on the MEU List effective from December 23, 2020.
- (2) Pursuant to 15 CFR § 744.21 – “Restrictions on Certain 'Military End Use' or 'Military End User' in the People's Republic of China, Russia, or Venezuela”, BIS may inform and provide notice to the public that certain entities are subject to the additional prohibition ... following a determination by the End-User Review Committee that a specific entity is a 'Military End User' ... and therefore any exports, reexports, or transfers (in-country) to that entity represent an unacceptable risk of use in or diversion to a 'Military End Use' or 'Military End User' in China, Russia, or Venezuela. Such entities may be added to supplement no. 7 to part 744—MEU List through Federal Register notices published by BIS, and will thus be subject to a license requirement for exports, reexports, or transfers (in-country) of items specified in Supplement No. 2 to part 744. The listing of entities under supplement no. 7 to part 744 is not an exhaustive listing of 'Military End Users' for purposes of this section. Exporters, reexporters, and transferors are responsible for determining whether transactions with entities not listed on supplement no. 7 to part 744 are subject to a license requirement under paragraph (a) of this section.

CAST Xi'an is therefore prohibited from receiving items described in Supplement No. 2 of Part 744 of the EAR unless licensed.

(vii) Application to Shenzhen Intellifusion

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

(viii) Application to Beijing Transemic

- (1) Beijing Transemic was designated by the BIS on the Entity List effective from June 12, 2023. Provision of items subject to the EAR without a licence from BIS to Beijing Transemic is prohibited. License application is subject to a presumption of denial.

(ix) Application to Beijing Corilead

- (1) Beijing Corilead is 100% owned by Beijing Transemic.
- (2) Beijing Transemic was designated by the BIS on the Entity List effective from June 12, 2023. Provision of items subject to the EAR without a licence from BIS to Beijing Transemic is prohibited. License application is subject to a presumption of denial.
- (3) As Beijing Corilead itself is not designated on the Entity List, the relevant licensing and provision restrictions under the EAR do not apply to Beijing Corilead. Given the nature of the transactions involving Beijing Corilead stated above, including that the Group was not engaged in any exports or transactions of any items subject to the EAR to Beijing Corilead, export restrictions were not implicated.

(x) Application to Inspur Communications

- (1) Inspur Communications is wholly owned by Inspur Group Co., Ltd. (浪潮集团有限公司).
- (2) Inspur Group Co., Ltd. was designated by the BIS on the Entity List effective from March 6, 2023. Provision of items subject to the EAR without a licence from BIS to Inspur Group Co., Ltd. is prohibited. License application is subject to a presumption of denial.
- (3) Inspur Group Co., Ltd. was designated by the OFAC on the NS-CMIC List effective August 2, 2021. United States persons are

prohibited beginning on August 2, 2021, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of Inspur Group Co., Ltd. unless licensed or authorized by the relevant U.S. government authority

- (4) As Inspur Communications itself is not designated on the Entity List (or any other sanctions lists maintained by any U.S. authorities), the relevant licensing and provision restrictions under the EAR do not apply to Inspur Communications.

(xi) **Application to CNOOC**

- (1) CNOOC was designated by the OFAC on the NS-CMIC List effective August 2, 2021. United States persons are prohibited beginning on August 2, 2021, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of CNOOC unless licensed or authorized by the relevant U.S. government authority.

(xii) **Application to CNOOC Information**

- (1) CNOOC Information is owned 50% or more by CNOOC.
- (2) CNOOC was designated by the OFAC on the NS-CMIC List effective August 2, 2021. United States persons are prohibited beginning on August 2, 2021, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of CNOOC unless licensed or authorized by the relevant U.S. government authority.

(xiii) **Application to Huawei Technologies**

- (1) Huawei Technologies was designated by the 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. License application is subject to a presumption of denial.
- (2) Huawei Technologies was designated by the OFAC) on the CMIC List effective August 2, 2021. United States persons are prohibited beginning on August 2, 2021, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities, of Huawei Technologies unless licensed or authorized by the relevant U.S. government authority.

(xiv) **Application to Huawei Software**

- (1) Huawei Software was designated by the BIS on the Entity List effective from May 21, 2019. Provision of items subject to the EAR without a licence from BIS to Huawei Software is prohibited. License application is subject to a presumption of denial.

(xv) **Application to Huawei Cloud**

- (1) Huawei Cloud was designated by the BIS on the Entity List effective from August 20, 2020. Provision of items subject to the EAR without a licence from BIS to Huawei Cloud is prohibited. License application is subject to a presumption of denial.

(xvi) **Application to Shenyang Automation**

- (1) Shenyang Automation was designated by the BIS on the Entity List effective from June 30, 2022. Provision of items subject to the EAR without a licence from BIS to Shenyang Automation is prohibited. License application is subject to a presumption of denial.

(xvii) **Application to the Group**

- (1) Neither the Company nor any of its subsidiaries are incorporated in the United States. No U.S. entities were involved in the Group's activities with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation.
- (2) No U.S. persons are employed or otherwise engaged by the Company or its Group entities. No U.S. persons were involved in the Group's activities with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation.
- (3) No products supplied, sold, exported or otherwise transferred by the Group incorporate 10% or more (by value) of U.S.-origin content. In fact, no products were supplied, sold, exported or otherwise transferred by the Group to (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation.

- (4) The Group had conducted U.S. export controls classifications to the products exported or sold to the Relevant Region and (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation are not subject to the EAR.
- (5) The Group has not, during the Track Record Period, undertaken, either directly or indirectly, any contract or any other activity with a counterparty, nor has otherwise provided goods or services to any person, in Sanctioned Countries.
- (6) Save for the transactions with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Huawei Technologies; (e) Huawei Cloud; and (f) Shenyang Automation, no products have been exported (either directly or indirectly) to any persons or entities identified on the U.S. Department of Commerce, Bureau of Industry and Security's BIS Lists.
- (7) No SDNs have been identified as being involved in the procurement conducted by the Group during the Track Record Period.
- (8) The Company has reviewed all transaction records since 2020 and has not identified any payments related to Sanctioned Countries during that time.
- (9) The Group's activities with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation were limited to transactions set out in Sections 3.2(c) to 3.2(m).

Hogan Lovells assessment is that the business dealings of the Group with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation and Relevant Region do not appear to violate or implicate any breaches of the U.S. primary sanctions.

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

- (i) The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in certain defined activities, including:
 - (1) those who are dealing in "confiscated" property in Cuba;

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

(d) The Offering

- (i) The Group will be required to make standard representations, warranties and covenants to the Sponsors in the Hong Kong Underwriting Agreement and International Underwriting Agreement that the proceeds of the offering will not be used in any manner that could be found to violate any International Sanctions laws or regulations, including representing that the Group will not make any of the proceeds of the offering, directly or indirectly, available to (i) a person on the SDN List or (ii) fund any activity that is prohibited by International Sanctions laws or regulations.
- (ii) We note from the draft Prospectus as of April 14, 2025 under which the Group's intended uses of the proceeds of the Offering are set out in detail, and we have relied on those statements in connection with our

analysis; the Group has confirmed that such statements are accurate in all respects. In those statements, the Group confirms that the proceeds will be used for:

- (1) enhancing the Group's R&D capabilities in the next five years;
 - (2) expansion of the Group's sales network and customer base in China, enhancing the Group's commercialization capabilities;
 - (3) the Group's oversea business expansion;
 - (4) potential investment, merger, and acquisition opportunities aimed at further strengthening Group's core technological capabilities and solidifying our technological leadership; and
 - (5) the Group's working capital and general corporate purposes.
- (iii) We also note that none of the Company and its subsidiaries, their respective shareholders, directors or officers disclosed in the Prospectus is a person or entity named on the SDN List.

5.2 U.S. Export/Re-Export Controls

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

Ukraine have the 25% threshold), and what items are considered controlled (and thus are included in the de minimis calculation) also varies. The United States has also instituted export-related restrictions for certain commercial and dual-use items subject to the EAR when destined to Russia for certain end-uses or end-users, as well as restrictive licensing policies under the U.S. International Traffic in Arms Regulations ("ITAR") for export-related transactions involving defence articles and defence services intended for end-use in Russia. The ITAR export controls are administered by the U.S. Department of State Directorate of Defense Trade Controls.

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

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

- (i) *Added 4 new Export Control Classification Numbers ("ECCNs") to the Commerce Control List ("CCL").* Three of the four new ECCNs (3A090, 3B090, and 4A090) control certain hardware including advanced computing chips; computers, "electronic assemblies," and "components" that contain such chips and computers; and certain advanced semiconductor manufacturing equipment. The fourth new ECCN (4D090) controls "software" "specially designed" or modified for the "development" or "production," of computers and related equipment, "electronic assemblies," and "components."
- (ii) *Applied new unilateral Item-based controls for Regional Stability ("RS") reasons on exports to China of certain advanced computing chips and related semiconductor manufacturing equipment.* The new RS controls apply to the four new ECCNs, five existing ECCNs, and to exports of certain technology for the "production" of certain advanced computing chips from China to any destination.
- (iii) *Imposed new end-use and end-user-based restrictions on exports, reexports, and in-country transfers of Items intended for use in semiconductor fabrication "facilities" in China and "supercomputers" located in or destined for China.* Licenses are required for all items subject to the EAR that meet the parameters of the IFR.
- (iv) *Revised one and created two new foreign direct product ("FDP") Rules designed to make the new Item-based and end-use controls extraterritorial.* The current Entity List FDP Rule is revised to apply to newly designated footnote 4 entities on the Entity List ("**Entity List FDP**

Footnote 4 Rule”), and two new FDP Rules are added to control certain foreign-made advanced computing and “supercomputer” items, which were not subject to the EAR prior to the expansion and revision of the FDP Rules above.

- (v) *Expanded controls on 28 pre-existing Entity List entities.* The 28 parties on the Entity List are now subject to the Entity List FDP Footnote 4 Rule.
 - (vi) *Imposed a licensing requirement on certain “support” activity provided by “U.S. persons.”* Specific activities of “U.S. persons” who ‘support’ the “development” or “production” of integrated circuits (“ICs”) at a semiconductor fabrication “facility” in China are prohibited without a license.
 - (vii) *Expanded scope of two ECCNs subject to Anti-Terrorism-Controls.* ECCNs 3A991 and 4A994, both controlled for anti-terrorism (“AT”) reasons, are expanded to add a new paragraph to each ECCN to control certain ICs and advanced computers containing those ICs, which similarly expands the scope of related U.S.-origin software and technology that may capture foreign made items under the FDP rules.
- (e) **New End-Use and End-User-Based Controls for Semiconductor Manufacturing Items**
- (i) New Section 744.23 imposes license requirements where an exporter, 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:
 - (i) Logic ICs using a non-planar transistor architecture or with a “production” technology node of 16/14 nanometers or less;
 - (ii) NOT AND (NAND) memory ICs with 128 layers or more; or
 - (iii) Dynamic random-access memory (DRAM) ICs using a “production” technology node of 18 nanometer half-pitch or less; or

Any Item subject to the EAR and classified in any ECCN in Product Groups B, C, D, or E in Category 3 when there is “knowledge” that the Item will be used in the “development” or “production” of ICs at any semiconductor fabrication “facility”

located in China, but you do not know whether such semiconductor fabrication “facility” fabricates ICs that meet any of the criteria set forth in (vi)(1) – (3) above.

- (4) Any Item subject to the EAR when there is “knowledge” that the Item will be used in the “development” or “production” in China of any “parts,” “components” or “equipment” specified under ECCNs 3B001 (e.g. epitaxial growth equipment, semiconductor device or material manufacturing equipment), 3B002 (e.g. test equipment specially designed for testing finished or unfinished semiconductor devices), 3B090 (e.g. semiconductor manufacturing deposition equipment not described in 3B001), 3B611 (e.g. test, inspection, and production commodities for military electronics), 3B991 (e.g. equipment “specially designed” for the manufacture of semiconductor devices, integrated circuits and electronic assemblies, masks, mask substrates and mask-making equipment), or 3B992 (e.g. electronic components and materials inspection or testing equipment, components and accessories).
- (f) Additionally, effective January 17, 2023 these rules were extended to encompass exports, reexports or transfers (in-country) destined to or within Macau.
- (g) Military End Use/End User and Military-Intelligence End Use/End User Controls
 - (i) Section 744.21 of the EAR prohibits the export, reexport or transfer (in-country) of certain Items subject to the EAR (as specified in Supp. 2 to Part 744) if the party has “knowledge,” that the Item is destined for a “military end use” or a “military end user” in Burma, Cambodia, China or Venezuela. Section 744.21 also prohibits the export, reexport, or transfer (in-country) of any Item subject to the EAR if the party has “knowledge,” that the Item is destined for a “military end use” or “military end user” in Russia or Belarus.
 - (ii) Section 744.22 of the EAR prohibits the export, reexport or transfer (in-country) of any Items subject to the EAR if the party has “knowledge” that the Item is intended for a “military-intelligence end use” or “military-intelligence end user” in Belarus, Burma, Cambodia, China, Russia or Venezuela, or certain specified “military intelligence end users,” of such countries, wherever located (see, 744.22(f)(2)).
- (h) On October 17, 2023, the BIS issued two interim final rules amending the EAR to impose new restrictions on the export, reexport or transfer (in-country) of certain semiconductor and advanced computing items to China and Macau SAR as well as to destinations in Country Groups D:1, D:4 and D:5, as set forth in Part 740 of the EAR. The two interim final rules implement changes to the EAR, including:

- (i) expanding the range of advanced chips and semiconductor manufacturing equipment subject to licensing requirements;
 - (ii) expanding the countries that are subject to licensing requirements beyond China;
 - (iii) expanding the scope of foreign-made advanced chips and items incorporating such chips that may be subject to U.S. jurisdiction pursuant to the foreign direct product rule, including based on an expanded scope of end-destinations outside China or parties to the transaction that are headquartered in a D:5 country or Macau SAR; and
- (i) imposing licensing requirements in certain instances on entities located worldwide that are headquartered in a D:5 country or Macau SAR.
- (j) **Application to CAST Xi'an**
- (i) CAST Xi'an was designated by the BIS on the MEU List effective from December 23, 2020.
 - (ii) Pursuant to 15 CFR § 744.21 – “Restrictions on Certain 'Military End Use' or 'Military End User' in the People's Republic of China, Russia, or Venezuela”, BIS may inform and provide notice to the public that certain entities are subject to the additional prohibition ... following a determination by the End-User Review Committee that a specific entity is a 'Military End User' ... and therefore any exports, reexports, or transfers (in-country) to that entity represent an unacceptable risk of use in or diversion to a 'Military End Use' or 'Military End User' in China, Russia, or Venezuela. Such entities may be added to supplement no. 7 to part 744—MEU List through Federal Register notices published by BIS, and will thus be subject to a license requirement for exports, reexports, or transfers (in-country) of items specified in Supplement No. 2 to part 744. The listing of entities under supplement no. 7 to part 744 is not an exhaustive listing of 'Military End Users' for purposes of this section. Exporters, reexporters, and transferors are responsible for determining whether transactions with entities not listed on supplement no. 7 to part 744 are subject to a license requirement under paragraph (a) of this section.
 - (iii) CAST Xi'an is therefore prohibited from receiving items described in Supplement No. 2 of Part 744 of the EAR unless licensed.
- (k) **Application to Shenzhen Intellifusion**
- (i) Shenzhen Intellifusion was designated by the BIS on the Entity List effective from June 5, 2020. Provision of items subject to the EAR without a licence from BIS to Shenzhen Intellifusion is prohibited. License application is subject to a presumption of denial.
- (l) **Application to Beijing Transemic**

- (i) Beijing Transemic was designated by the BIS on the Entity List effective from June 12, 2023. Provision of items subject to the EAR without a licence from BIS to Beijing Transemic is prohibited. License application is subject to a presumption of denial.

(m) Application to Beijing Corilead

- (i) Beijing Corilead is 100% owned by Beijing Transemic.
- (ii) Beijing Transemic was designated by the BIS on the Entity List effective from June 12, 2023. Provision of items subject to the EAR without a licence from BIS to Beijing Transemic is prohibited. License application is subject to a presumption of denial.
- (iii) As Beijing Corilead itself is not designated on the Entity List, the relevant licensing and provision restrictions under the EAR do not apply to Beijing Corilead. Given the nature of the transactions involving Beijing Corilead stated above, including that the Group was not engaged in any exports or transactions of any items subject to the EAR to Beijing Corilead, export restrictions were not implicated.

(n) Application to Inspur Communications

- (i) Inspur Communications is wholly owned by Inspur Group Co., Ltd. (浪潮集团有限公司). Inspur Group Co., Ltd. was designated by the BIS on the Entity List effective from March 6, 2023. Provision of items subject to the EAR without a licence from BIS to Inspur Group Co., Ltd. is prohibited. License application is subject to a presumption of denial.
- (ii) As Inspur Communications itself is not designated on the Entity List (or any other sanctions lists maintained by any U.S. authorities), the relevant licensing and provision restrictions under the EAR do not apply to Inspur Communications.

(o) Application to Huawei Technologies

- (i) Huawei Technologies was designated by the 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. License application is subject to a presumption of denial.

(p) Application to Huawei Software

- (i) Huawei Software was designated by the BIS on the Entity List effective from May 21, 2019. Provision of items subject to the EAR without a licence from BIS to Huawei Software is prohibited. License application is subject to a presumption of denial.

(q) Application to Huawei Cloud

- (i) Huawei Cloud was designated by the BIS on the Entity List effective from August 20, 2020. Provision of items subject to the EAR without a licence from BIS to Huawei Cloud is prohibited. License application is subject to a presumption of denial.

(r) **Application to Shenyang Automation**

- (i) Shenyang Automation was designated by the BIS on the Entity List effective from June 30, 2022. Provision of items subject to the EAR without a licence from BIS to Shenyang Automation is prohibited. License application is subject to a presumption of denial.

(s) **Application to the Group**

- (i) The Group does not sell nor export U.S.-origin products or non-U.S. origin products that incorporate 10% or more of controlled U.S.-origin products, software or technology to (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation and the Relevant Region;
- (ii) The Group had conducted U.S. export controls classifications of the products exported or sold to the Relevant Region and (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation, and confirms that these products are not subject to the EAR.
- (iii) With respect to its FastAGI business line,
 - (1) The Group has entered into two transactions with three different domestic Chinese suppliers. These suppliers sold two types of Nvidia products to the Group, i.e. 5880 Ada Generation Graphics Cards (procured on November 12 and 14, 2024, classified as ECCN 4A994.L, for on-sale) and two Inspur NF5688M6 NvLink AI Servers incorporated with A800 Active Graphic Cards (procured on April 27, 2023, for internal use) which are subject to the EAR. The Group relied on the suppliers' representations that these sales complied with the applicable U.S. export control rules to sell such hardware to the Group. The purchase of these items were denominated in RMB and the payments and deliveries were all concluded within Mainland China, and do not otherwise have any U.S. nexus.
 - (2) The Group has incorporated the 5880 Ada Generation Graphics Cards together with its self-developed software (which is based solely on self-developed software and open source codes), and on-sold to a single domestic Chinese non-sanctioned end

customer. These subsequent sales were also denominated in RMB and the payments and deliveries were all concluded within Mainland China, and do not otherwise have any U.S. nexus. ECCN 4A994.L is only controlled 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 5.2 if intended for use in China for certain prohibited end-uses as set out in Section 5.2 above.

- (3) The Group has entered into two transactions with two domestic Chinese suppliers. These suppliers sold three types of Nvidia products to the Group, i.e. (1) 64 Nvidia RTX 5000 Ada Generation Graphics Cards (procured on April 24, 2025, classified as ECCN 4A994.L, for on-sale); (ii) 4 Nvidia H20 GPU servers (procured on March 27, 2025, classified as ECCN 5A992.z, for on-sale); and (iii) 12 Nvidia L20 GPU servers (procured on March 27, 2025, classified as ECCN 4A994.L, for on-sale) which are subject to the EAR. The Group relied on the suppliers' representations that these sales complied with the applicable U.S. export control rules to sell such graphic cards and GPU servers to the Group. The purchase of these items were denominated in RMB and the payments and deliveries were all concluded within Mainland China.

The Group has incorporated the RTX 5000 Ada Generation Graphics Cards, Nvidia L20 GPU servers and H20 GPU servers, together with its self-developed software (which is based solely on self-developed software and open source codes), and on-sold to two domestic Chinese non-sanctioned end customers. ECCN 4A994.L is only controlled for anti-terrorism reasons and thus only subject to a license requirement for exports, reexports or transfers (in-country) involving (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**") or restricted under the Section 5.2 if intended for use in China for certain prohibited end-uses as set out in Section 5.2 below.

ECCN 5A992.z.1 and 5A992.z.2 however are controlled for regional stability reasons, and thus subject to a license requirements for exports, reexports or transfers to or within any destination worldwide, and to or within destinations specified in Country Groups D:1, D:4 and D:5 (excluding any destination also specified in Country Groups A:5 or A:6 respectively. Regardless of whether the said H20 chips were classified as 5A992.z.1 or

5A992.z.2, the transfers, exports, or reexports of these to or within China are subject to specific license requirement. While the Group relied on the suppliers' representations that these sales complied with the applicable U.S. export control rules to sell H20 GPU servers to the Group], the Group's incorporation of such GPU into its products and the subsequent sales are apparent violations to the applicable U.S. export controls.

However, as the procurement and the subsequent sale of Nvidia H20 chips was one-off in nature and the Company confirmed that it has suspended all procurements from the said supplier and all procurements for such H20 GPU servers] as of the date of this memorandum, the risk is fairly low that the BIS would impose significant fines to the Company based on the Group's current business activities which could result in any apparent or material sanctions risk to the Relevant Persons. The Group has put in place effective and adequate internal control measures, policies and procedures to identify and monitor any material risk relating to, and ensure compliance with the applicable U.S. export controls. As such, the Group would not appear to have violated applicable U.S. export controls that could result in any material risk to the Relevant Persons, and in assessing materiality, we have taken into account the likelihood of the imposition of material fines or material non-monetary penalties.

- (4) The two Inspur NF5688M6 NvLink AI Servers incorporated with A800 Active Graphic Cards procured was solely used by the Group for training its own self-developed LLM. The Group received confirmation from the suppliers that they have complied with the applicable U.S. export control rules to sell such hardware to the Group.
- (5) The Group has entered into eight transactions with nine domestic Chinese non-sanctioned suppliers, who have sold certain Huawei AI chips to the Group during the Track Record Period, i.e., Ascend 910B and Ascend 310. The said procurements were all denominated in RMB and the payments and deliveries were all concluded within Mainland China, and do not otherwise have any U.S. nexus. Given that the nature of these transactions is procurement, and not the sale to Huawei AI or other restricted parties, U.S. export control rules are not implicated.
- (6) The Group has entered into one transaction with a domestic Chinese non-sanctioned supplier, who has sold Huawei Ascend 910B chips to the Group on June 6, 2025. The said procurement was denominated in RMB and the payment and deliveries were all concluded within Mainland China.

The procurement was for the sole purpose of meeting the end customer's needs to have the overall Fast500E X8 machine which include both the Group's product and other necessary hardware and chips. The Group has incorporated the Huawei Ascend 910B together with its self-developed software (which is based solely on self-developed software and open source codes), and on-sold to a single domestic Chinese non-sanctioned end customer. The subsequent sale was also denominated in RMB and the payment and deliveries were all concluded within Mainland China, and do not otherwise have any U.S. nexus.

The BIS has published Guidance on Application of General Prohibition 10 to People's Republic of China Advanced-Computing on May 13, 2025. It is advised that the use of integrated circuits meeting the parameters for control under ECCN 3A090 that have been developed or produced by companies located in, headquartered in, or whose ultimate parent company is headquartered in Country Group D:5 including the PRC without authorization, could result in substantial criminal and administrative penalties. The BIS provided a non-exhaustive illustrative list of examples of PRC 3A090 ICs that are subject to presumption of the restriction, which include Huawei Ascend 910B.

The said procurement and the corresponding on-sale to the non-sanctioned China-based customer appeared to be a potential violation of the applicable U.S. export controls. However, as the procurement and the subsequent sale was one-off in nature and the Company confirmed that it has suspended all procurements of such PRC 3A090 ICs as of the date of this memorandum, the risk is fairly low U.S export control risk] that the BIS would impose significant fines to the Company based on the Group's current business activities which could result in any apparent or material sanctions risk to the Relevant Persons.

The Group has put in place effective and adequate internal control measures, policies and procedures to identified and monitor any material risk relating to, and ensure compliance with the applicable U.S. export controls. As such, the Group would not appear to have violated applicable U.S. export controls that could result in any material risk to the Relevant Persons, and in assessing materiality, we have taken into account the likelihood of the imposition of material fines or material non-monetary penalties

- (7) With respect to its business lines other than FastAGI, the Group has never procured any hardware or source codes, technologies, software from any third parties. The Group has developed

software based on solely self-developed source codes and/or open source codes, which are not subject to the EAR.

- (iv) No U.S. persons employed or otherwise engaged by the Group have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, any activities of the Company or its Group entities with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation and the Relevant Region.

Hogan Lovells assessment is that the business dealings of the Group with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation, and the procurements from the Group with respect to the abovementioned Nvidia items and Huawei AI chips do not appear to violate or implicate any breaches of the U.S. sanctions and export controls.

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

- (i) The U.S. has also enacted secondary sanctions targeting non-U.S. persons who are engaged in certain defined activities, including:
 - (1) those who are dealing in "confiscated" property in Cuba;
 - (2) those who are engaging in certain Syria- or Iran-related activities, including certain targeted sectors of Iranian, North Korean, Belarussian, Burmese, Nicaraguan, Russian and Venezuelan economy;
 - (3) those who are found to "operate in" the Crimea or DPR/LPR regions or in the targeted sectors of Venezuelan economy (gold, oil, financial, defense/security), Nicaraguan economy (gold), Russian economy (metals and mining, quantum computing, defense, technology, maritime, aerospace, electronics, financial services, accounting, management consulting and corporate/trust formation services sectors), North Korean (construction, energy, financial services, fishing, information technology, manufacturing, medical, mining, textiles, or transportation), Burmese (defense), or Belarussian (defense and related materiel, security, energy, potassium chloride (potash) sector, tobacco products, construction, or transportation);
 - (4) those engaging in a "significant" importation from or exportation to North Korea of any goods, services, or technology;
 - (5) those engaging in "significant" transactions with Iranian or Russian SDNs; and

- (6) those who are engaging in the provision of "material assistance" or support to most types of SDNs (including SDNs designated under the Ukraine/Russia sanctions programs, among others).
- (ii) The Company has, for and on behalf of the Group has confirmed that based on their due diligence process, it has no dealings involving Crimea, DPR/LPR, Kherson, Zaporizhzhia, Cuba, Iran, North Korea, Syria, and Venezuela or with any SDNs. The nature of the Group's business with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation should not trigger U.S. secondary sanctions targeting certain industries. Accordingly, secondary sanctions are not likely to be triggered by the Group's business operations, based on our due diligence process, the Group's due diligence in this respect, as well as the information provided by the Group. For those reasons, Hogan Lovells' assessment is that the Group or Relevant Persons would not face exposure to secondary U.S. sanctions.

6. UN SANCTIONS

- 6.1 UN sanctions measures are adopted via a Resolution of the UN Security Council ("UNSC"). The UNSC can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. UN Security Council Resolutions are binding upon all members of the UN, including the United States, Member States of the European Union and Australia. UN Member States are required to bring into force (i.e. implement, administer and enforce) national measures to ensure compliance with the measures prescribed in the UN Resolution. The main aim of UN sanctions measures, as set out in the UN Charter, is to maintain or restore international peace and security. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes. Decision of UNSC bind members of the UN and override other obligations of UN member states.
- 6.2 The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation. There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees. United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter.
- 6.3 **Application to Hong Kong**
 - (a) During the Track Record Period, the UN has not imposed any sanctions on Hong Kong.

6.4 Application to CAST Xi'an

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

6.5 Application to Shenzhen Intellifusion

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

6.6 Application to Beijing Transemic

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

6.7 Application to Beijing Corilead

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

6.8 Application to Inspur Communications

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

6.9 Application to CNOOC

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

6.10 Application to CNOOC Information

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

6.11 Application to Huawei Technologies

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

6.12 Application to Huawei Software

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

6.13 Application to Huawei Cloud

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

6.14 Application to Shenyang Automation

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

6.15 Application to the Group

On the basis of the Company's confirmations that:

- (a) neither the Group nor any of its affiliates, agents, directors, officers, or employees is engaged in transactions that directly or indirectly involve or benefit a person on the sanctions list of the UN;
- (b) the Group's business dealings with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation do not implicate the restrictive measures adopted by UN because the Group does not have any business dealings with persons on the list of persons and entities designated by the UN with whom member states of the UN are prevented from doing business with; and
- (c) all of the Company's business with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation was in relation to the transactions set out in Sections 3.2(c) to 3.2(m), which were not conducted in relation to, or otherwise involve any export-controlled products,

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

7. EU AND UK SANCTIONS

7.1 Overview of EU Sanctions Measures

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

- (a) Sanctions applicable in the EU stem from:
 - (i) sanctions adopted by the UN; or
 - (ii) autonomous sanctions regimes adopted by the EU without any UN action.
- (b) The EU implements sanctions measures via a unanimous decision of the Council of the European Union (the "**Council**"). Members States of the EU are then legally bound to act in conformity with the decision.
- (c) Certain sanctions, such as arms embargoes and travel bans, are implemented directly by EU Member States. Such measures only require a decision by the

Council. Economic sanctions measures require separate implementing legislation in the form of a Council Regulation.

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

7.2 Overview of UK sanctions

- (a) Sanctions are one of the UK's tools to promote the objectives of its foreign policy, being peace, democracy and the respect for the rule of law, human rights and international law.
- (b) As of January 1, 2021, sanctions applicable in the UK stem from:
 - (i) Sanctions adopted by the UN; or
 - (ii) Autonomous sanctions regimes adopted by the UK; Some of which have been retained from EU legislation and have been transitioned into UK law.
- (c) UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018 ("**the UK Sanctions Act**"), which enables the transition of existing EU sanctions programs and the establishment of autonomous UK regimes. The UK Sanctions Act is implemented through regulations setting out the specific measures under each UK sanctions regime.
- (d) Specifically, Section 63(3) of the UK Sanctions Act provides that the UK may by way of Order extend the application of the sanctions regulations to any of the Channel Islands, the Isle of Man, and any of the British Overseas Territories. UK sanctions measures have also been extended by the UK on a regime by regime basis to apply to and in the UK Overseas Territories (without requiring

enactment of any further legislation by them), including the Cayman Islands as of January 1, 2021.

7.3 Application of Sanctions Measures

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

7.4 Restrictions under EU and UK Sanctions Measures

- (a) The restrictions applied under an EU or UK sanctions regime depend on the jurisdiction targeted by the regime. However, there are broadly four main offences:

- (i) making any funds or economic resources (see below) directly or indirectly available to or for the benefit of a sanctioned person or entity (a "**Designated Person**");
 - (ii) dealing with any funds or economic resources that are owned, held or controlled by a Designated Person;
 - (iii) exporting, selling, transferring or making certain controlled or restricted products⁴ available (either directly or indirectly) to, or for use in, a jurisdiction subject to sanctions measures (a "**Prohibited Activity**"); and
 - (iv) participating knowingly and intentionally in activities the object or effect of which is to: (i) directly or indirectly circumvent the offences listed above; or (ii) enable or facilitate the commission of the offences.
- (b) The meaning of "economic resources" is defined widely to be "assets of every kind, whether tangible or intangible, movable or immovable, which are not funds, but may be used to obtain funds, goods or services". Therefore, the Group's products would fall within the definition of "economic resources".
- (c) Under EU and UK sanctions measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. While it is prohibited for a person or entity to whom EU or UK sanctions apply to make any product of the Group available directly or indirectly to or for the benefit of a Designated Person, or to finance such activity, it is not generally prohibited (or otherwise restricted) for that person or entity to do business (involving non-controlled or restricted items) with a counterparty in a country subject to EU or UK sanctions that is not a Designated Person or engaged in non-Prohibited Activities.

7.5 EU and UK sanctions: Dealing with Relevant Jurisdictions

- (a) As noted above, under EU and UK sanctions legislation it is prohibited for any person or entity to whom EU sanctions apply to:
- (i) make any product of the Group directly or indirectly available to, or for the benefit of, a Designated Person; or
 - (ii) export, finance, or facilitate the transfer of any controlled or restricted products to a third country including a Relevant Jurisdiction.
- (b) **Application to Hong Kong**
- (i) During the Track Record Period, the EU did not maintain any sanctions on Hong Kong.
 - (ii) In June 2019, the UK restricted the sale of certain crowd control equipment to Hong Kong. Further, in July 2020, the UK extended the

⁴ An analysis of the parameters of what amounts to a controlled product is outside the scope of this advice memorandum. Hogan Lovells can provide further advice on this point as required.

existing arms embargo with mainland China fully to Hong Kong in response to China's introduction of the National Security Law. The items covered by the arms embargo covers the export of the following items from the UK to China (inclusive of Hong King):

- (1) lethal weapons, such as machine guns, large-calibre weapons, bombs, torpedoes, rockets and missiles;
- (2) specially designed components of the above and ammunition;
- (3) military aircraft and helicopters, vessels of war, armoured fighting vehicles and other weapons platforms;
- (4) any equipment which might be used for internal repression.

(c) **Application to CAST Xi'an:**

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

(d) **Application to Shenzhen Intellifusion:**

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

(e) **Application to Beijing Transemic**

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

(f) **Application to Beijing Corilead**

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

(g) **Application to Inspur Communications**

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

(h) **Application to CNOOC**

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

(i) **Application to CNOOC Information**

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

(j) **Application to Huawei Technologies**

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

(k) Application to Huawei Software

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

(l) Application to Huawei Cloud

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

(m) Application to Shenyang Automation

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

(n) Application to the Group

- (i) Based on the due diligence and the information provided by the Company on behalf of the Group to Hogan Lovells that:
 - (1) the Group's activities have not identified any person specifically designated (i.e. listed / targeted) under any existing EU and UK sanctions regime;
 - (2) no EU or UK nationals, nor any wider persons resident or otherwise located in either the territories of the EU or the UK who are employed or otherwise engaged by the Group have been involved in any way (either directly or indirectly), including in the negotiation or approval of, or with the on-going performance of, or in any wider decision making capacity of the Group's activities with (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation and the Relevant Region;
 - (3) the Group's transactions did not potentially fund or facilitate sanctions-prohibited activity, nor grant any benefit towards any sanctioned person or entity;
 - (4) the Group has not exported or directly or indirectly supplied arms and related materiel, or equipment which might be used for internal repression;
 - (5) the Group has not provided technical assistance related to military activities, or to the provision, manufacture, maintenance and use of arms and related materiel of any type;

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

On this basis, Hogan Lovells' conclusion is that the Group's business dealings with respect to (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation and the Relevant Region have not breached the prohibitions or wider restrictions adopted by the EU or the UK.

8. AUSTRALIAN SANCTIONS

8.1 Overview

- (a) Australia has a dual sanctions regime consisting of sanctions measures imposed by the UN, together with Australian autonomous sanctions imposed by the Australian Government as a matter of its foreign policy. Australia's dual sanctions regime is administered by the Australian Sanctions Office ("**ASO**"), the Australian Government sanctions regulator, which sits within the Department of Foreign Affairs and Trade ("**DFAT**").
- (b) The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to:
 - (i) any person in Australia;
 - (ii) any Australian anywhere in the world;
 - (iii) companies incorporated overseas that are owned or controlled by Australians or persons in Australia; and/or
 - (iv) any person using an Australian flag vessel or aircraft to transport goods or transact services subject to UN sanctions.
- (c) The ASO maintains the Consolidated List of all persons and entities designated for the purposes of sanctions regimes implemented under Australian sanction laws.
- (d) A criminal offence is committed if an individual or a body corporate to whom Australian sanctions measures apply, engages in conduct and the conduct contravenes a sanction law.
- (e) The Australian autonomous sanctions regimes are primarily implemented under the *Act Autonomous Sanctions 2011* (Cth) (the "**Act**") and the *Autonomous Sanctions Regulations 2011* (Cth) (the "**Regulations**").
- (f) The Act prohibits a person from engaging in conduct that is in breach of the sanctions laws.

- (g) Part 3 of the Regulations specifies that section 15.1 of the Criminal Code (being Schedule 1 to the *Criminal Code Act 1995* (Cth)) applies to a person that makes an unauthorised sanctioned supply. This has the effect of making the offence extra territorial if the alleged offence occurs outside of Australia by a person who is an Australian citizen or a body corporate incorporated under Australian law.
- (h) The prohibited conduct applies to conduct committed entirely inside or outside Australia if at the time of the alleged offence, the alleged offender is an Australian citizen or a body corporate incorporated under Australian law.

8.2 Application to Hong Kong

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

8.3 Application to CAST Xi'an

- (a) During the Track Record Period, Australia has imposed any sanctions on CAST Xi'an.

8.4 Application to Shenzhen Intellifusion

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

8.5 Application to Beijing Transemic

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

8.6 Application to Beijing Corilead

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

8.7 Application to Inspur Communications

- (a) During the Track Record Period, Australia has have not imposed any sanctions on Beijing Inspur Communications.

8.8 Application to CNOOC

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

8.9 Application to CNOOC Information

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

8.10 Application to Huawei Technologies

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

8.11 Application to Huawei Software

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

8.12 Application to Huawei Cloud

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

8.13 Application to Shenyang Automation

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

8.14 Application to the Group

- (a) The Company has confirmed that no Australian citizens employed or otherwise engaged by the Group have been involved in any way, including in the negotiation or approval of, or with the on-going performance of, or in any wider decision making capacity, with respect to any of the Group's dealings involving (a) CAST Xi'an; (b) Shenzhen Intellifusion; (c) Beijing Transemic; (d) Beijing Corilead; (e) Inspur Communications; (f) CNOOC; (g) CNOOC Information; (h) Huawei Technologies; (i) Huawei Software; (j) Huawei Cloud; and (k) Shenyang Automation; and
- (b) On the basis of the Company's confirmations, neither the Group nor any of its subsidiaries is:
 - (i) a person in Australia;
 - (ii) an Australian citizen or Australian-registered body;
 - (iii) owned or controlled by Australians or persons in Australia;

- (iv) a person using an Australian flag vessel or aircraft to transport goods or transact services subject to Australian autonomous sanctions; or
- (v) engaged in any activities in Australia;

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

* * * * *

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

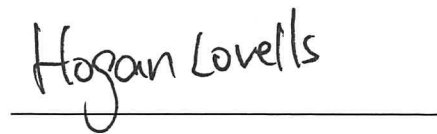
This memorandum is only intended for the benefit of the person(s) to whom it is addressed.

This memorandum may also be disclosed for information only to (but not relied on by) the Sole Sponsor, the underwriter(s) and any other capital market intermediaries of the Global Offering, other parties involved in the Global Offering, the HKEX, the Securities and Futures Commission, the Hong Kong Companies Registry, and within the period and in accordance with procedure specified in the Prospectus, available on display to the public and such disclosure and non-reliance and the liability waiver referred to above are governed by and construed in accordance with the laws of Hong Kong.

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

* * * * *

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

A handwritten signature in black ink that reads "Hogan Lovells". The signature is written in a cursive, flowing style. Below the signature is a solid horizontal line.

Hogan Lovells