



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

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December 11, 2025

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To: CiDi, Inc.
Building A3-A4, Inspection and Testing Special Industrial Park, No. 336, Xueshi Road, YueLu District, Changsha, Hunan Province, China

China International Capital Corporation Hong Kong Securities Limited
29/F One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

China Securities (International) Corporate Finance Company Limited
18/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

Ping An of China Capital (Hong Kong) Company Limited
Units 3601, 07 & 11-13, 36/F, The Center, 99 Queen's Road, Central, Hong Kong

(collectively as “**Joint Sponsors**” or “**Overall Coordinators**”)

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

Re: **U.S. Export Control and Sanctions Matters in Connection with Initial Public Offering of CiDi, Inc.**

Ladies and Gentlemen,

We have been requested by CiDi Inc., a joint stock company incorporated in the People's Republic of China (“**PRC**”) with limited liability (“**CiDi**” or the “**Company**”), to provide advice on relevant United States (“**U.S.**”) export control matters in connection with the Company's proposed initial public offering (“**IPO**”) on the Stock Exchange of Hong Kong Limited (“**HKEX**”). We understand that the IPO will constitute the offer of up to 5,137,580 H shares of the Company, nominal value RMB 1.00 each (assuming the Over-Allotment Option (as defined in the Prospectus referred to below) is not exercised) (the “**Shares**”), and listing of the Shares on the Main Board of the HKEX, the details of which are set out in the Prospectus of the Company relating to the IPO filed with the Registrar of Companies in Hong Kong on or around December 11, 2025 (the “**Prospectus**”). This letter is delivered to you at the request of the Company and pursuant to the

request of the Joint Sponsors in accordance with the HKEX Guide for New Listing Applicants (the “Guide”).

The following provides our views regarding: (i) U.S. export controls and sanctions risks for CiDi and its existing subsidiaries (collectively, the “Group”) specified in the Appendix of this letter; (ii) whether and the extent to which any of the Group’s activities as described in this letter is subject to or may have violated U.S. export controls and sanctions laws since April 24, 2019 and (iii) measures to mitigate the Company’s U.S. sanctions and export controls risks, including with respect to legal, operational, and reputational risks.

As further described in this letter, based on representations made by the Company and the diligence we conducted, and subject to the assumptions, qualifications and other limitations set forth herein, we are of the view that: (i) there are currently minimal U.S. export controls and sanctions risks for the Group; (ii) the risk that the Group’s activities as described in this letter may have violated such laws is remote; and (iii) CiDi should not be deemed unsuitable for listing on the HKEX within the terms of the Guide. In addition, we identify measures that may mitigate the Company’s U.S. sanctions and export controls risks, including with respect to legal, operational, and reputational risks.

This letter is based solely on the documents and facts and representations provided to us by CiDi. We have not independently verified the facts or representations provided by CiDi and we have assumed the accuracy and completeness of all documents provided to us. We note that, as special U.S. export controls and sanctions counsel to CiDi, we do not represent CiDi generally and there may be facts relating to the Company of which we have no knowledge. Our analysis is subject to change, pending any new or different facts. While it is anticipated that this letter may be shared with relevant third parties in connection with the IPO, only CiDi may rely upon this letter. It may not be relied upon by any other person or entity for any other purpose without our prior written consent. We understand that CiDi may share this letter with its legal advisers, underwriters for the IPO and their respective affiliates and legal advisers on a confidential basis to facilitate the IPO. This assessment may be disclosed on a non-reliance basis if Cidi or the underwriters for the IPO are required to do so by applicable law or regulation, for the purposes of establishing a defense in any legal or regulatory proceeding or investigation, or by any regulatory body having jurisdiction over Cidi or the underwriters for the IPO, including but not limited to the China Securities Regulatory Commission or The Stock Exchange of Hong Kong Limited, the Securities and Futures Commission of Hong Kong.

I. Overview of CiDi

As described in the Prospectus, CiDi is a leading provider of autonomous driving technology for commercial vehicles in China. The Company focuses on the research and development of autonomous mining and logistics trucks, Vehicle-to-Everything (V2X) technologies and high-performance perception solutions, and offers cutting-edge products and solutions underpinned by proprietary technologies, with a primary focus on autonomous mining. The Company’s products and solutions encompass (i) autonomous driving technologies, delivering autonomous mining trucks and offering autonomous logistics truck solutions; (ii) V2X products and solutions for intelligent transportation and smart cities; and (iii) high-performance perception solutions, adapting autonomous driving technology to rail transit and commercial vehicles.

II. U.S. Export Controls Implications for CiDi

As indicated above, we have been asked to advise on: (i) U.S. export controls risks for the Group; and (ii) whether and the extent to which any of the Group's activities is subject to or may have violated such laws.

A. U.S. Export Controls Framework

The EAR, 15 C.F.R. § 730, *et seq.*, administered by U.S. Department of Commerce, Bureau of Industry and Security's ("BIS") controls the export, reexport, and transfer (in-country) of "dual-use" commodities, software and technology.¹ The EAR applies to all items "subject to the EAR" as defined at EAR §§ 734.2 – 734.5. Items subject to the EAR include U.S.-made items and items physically in the United States as well as certain foreign-made items.² Therefore, U.S. persons and foreign persons (including foreign companies) must determine if their items are subject to the EAR.

The U.S. asserts jurisdiction over goods, software and technology subject to the EAR located anywhere in the world. Depending on the destination country, end-user and the classification of the item on the Commerce Control List,³ exporting or re-exporting an item subject to the EAR may require a U.S. export license unless a license exception is available.⁴

B. Consequences for Violations of U.S. Export Controls

Transactions involving the export, reexport or (in country) transfer of items subject to the EAR are subject to ten general prohibitions.⁵ Acting contrary to any one of these prohibitions would expose a party to a violation. These general prohibitions are:

- (1) **General Prohibition One** — Export and reexport of controlled items to listed countries without a required license or license exception.
- (2) **General Prohibition Two** — Reexport and export from abroad of foreign-made items incorporating more than a de minimis amount of controlled U.S. content without a required license or license exception.
- (3) **General Prohibition Three** — Reexport of foreign-produced "direct product" of specified "technology" and "software."
- (4) **General Prohibition Four** — Engaging in actions prohibited by a denial order.

¹ "Dual use" refers to items that have both commercial and military applications. The International Traffic in Arms Regulations, 22 C.F.R. Part 130 ("ITAR"), administered by the U.S. Department of State control the export and reexport of defense articles and defense services. This letter does not address the regulation of defense articles and defense services. We are not aware of any CiDi activities involving items subject to the ITAR.

² Certain foreign-made items are subject to the EAR if they incorporate more than a de minimis amount of U.S. controlled content (25% to most destinations and 10% to certain embargoed countries). *See* EAR § 734.4. Also subject to the EAR are certain foreign-made items that are the direct product of U.S. origin software or technology or produced by a plant or major component of a plant located outside the United States that is a direct product of certain U.S.-origin software or technology. *See* EAR § 734.3(a)(4) - (5).

³ The Commerce Control List is found at Supplement No. 1 to EAR Part 774.

⁴ License exceptions are found at EAR Part 740.

⁵ *See* 15 CFR § 736.2(b).

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- (5) **General Prohibition Five** — Export or reexport to prohibited end-uses or end-users.
- (6) **General Prohibition Six** — Export or reexport to embargoed destinations.
- (7) **General Prohibition Seven** — Support of proliferation activities and certain military-intelligence end uses and end users.
- (8) **General Prohibition Eight** — In transit shipments and items to be unladen from vessels or aircraft to certain countries without a license or license exception.
- (9) **General Prohibition Nine** — Violation of any order, license term or condition.
- (10) **General Prohibition Ten** — Proceeding with transactions with knowledge that a violation has occurred or is about to occur.

Violations of the EAR are identified in 15 C.F.R. § 764.2 and include, among other things:

- ***Engaging in prohibited conduct.*** No person may engage in any transaction or take any other action prohibited by or contrary to, or refrain from engaging in any transaction or take any other action required by the EAR.
- ***Causing, aiding, or abetting a violation.*** No person may cause or aid, abet, counsel, command, induce, procure, permit, or approve the doing of any act prohibited, or the omission of any act required by the EAR.
- ***Solicitation and attempt.*** No person may solicit or attempt a violation of the EAR.
- ***Conspiracy.*** No person may conspire or act in concert with one or more persons in any manner or for any purpose to bring about or to do any act that constitutes a violation of the EAR.
- ***Acting with knowledge of a violation.*** No person may order, buy, remove, conceal, store, use, sell, loan, dispose of, transfer, transport, finance, forward, or otherwise service, in whole or in part, or conduct negotiations to facilitate such activities with respect to, any item that has been, is being, or is about to be exported, reexported, or transferred (in-country), or that is otherwise subject to the EAR, with knowledge that a violation of the EAR has occurred, is about to occur, or is intended to occur in connection with the item.
- ***Misrepresentation and concealment of facts.*** No person may make any false or misleading representation, statement, or certification, or falsify or conceal any material fact, either directly to BIS or an official of any other United States agency, or indirectly through any other person:
 - in the course of an investigation or other action subject to the EAR; or
 - in connection with the preparation, submission, issuance, use, or maintenance of any “export control document” or any report filed or required to be filed pursuant to the EAR; or
 - for the purpose of or in connection with effecting an export, reexport, transfer (in-country) or other activity subject to the EAR.
- ***Evasion.*** No person may engage in any transaction or take any other action with intent to evade the provisions of the EAR.

Penalties for violating the EAR can include:

- Fines of up to \$374,474 per violation or twice the value of each transaction;⁶

⁶ The current inflation adjusted amount for 2025 is \$374,474. This amount may change in the future.

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- Loss of export privileges (involving items subject of the EAR); and/or
- Suspension or termination of EAR export authorizations (for items subject to the EAR).

Penalties for criminal violations may include imprisonment and fines of up to \$1 million per violation for companies, as well as imprisonment and fines of up to \$300,000 per violation for individuals. Penalties may also include designation on the BIS Denied Persons List.

Violations of the EAR could subject entities within the Group to these penalties. The Underwriters and Joint Sponsors would not be subject to these penalties unless they themselves violated the EAR. Participation of the Underwriters and Joint Sponsors in the proposed listing would not, in and of itself, violate the EAR.

C. U.S. Export Controls Risks and Risks of Violations

Based solely on the Company's representations, there are currently minimal U.S. export controls risks for the Group based on its current activities. As outlined in Section VI of this letter, we understand that CiDi has implemented various internal controls to mitigate its U.S. export controls and sanctions risks.

For example, based on the responses and documents the Company has provided to us ("**Company's Responses**"),^{7 8} the Company closely monitors the developments of the U.S. BIS Entity List and other sanctioned and restricted party lists administered by U.S. government agencies by Internet searches through publicly available lists, social media platform queries, and consultation with external counsels.

Based on Company's Responses and the diligence we conducted, the Company has analyzed and determined that its current products and technologies are not subject to the EAR. Most of the items the Company procures are from mainland China, except for the Nvidia Jetson series products: TX2 modules, NX modules, Xavier modules, and Orin modules and certain other mass-market software, which are discussed in detail in Sub-section 3 below.

1. Joint Project with Hunan University and National University of Defense Technology of China ("NUDT")

Section 744.21 of the EAR imposes a restriction on exports, reexports and in-country transfers of items listed in Supplement No. 2 to Part 744 of the EAR when the exporter has "knowledge" the items are intended for a "military end user" or a "military end use" ("**MEU**"), as those terms are defined under Section 744 of the EAR, in China. Knowledge of a circumstance includes not only positive knowledge that the circumstance exists or is substantially certain to occur, but also an awareness of a high probability of its existence or future occurrence. Such awareness is inferred from evidence of the conscious disregard of facts known to a person and is also inferred from a person's willful avoidance of facts.

⁷ Specifically, the Company provided responses and documents in response to our Due Diligence Questionnaire and follow-up questions on March 28, 29, 30 and 31 and April 1, 2025, respectively.

⁸ To avoid redundancy, this opinion letter will not restate the Company's responses in subsequent sections.

There are two types of “military end users” for purposes of the MEU rule. One type is the traditional foreign military and related organizations (defined as “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”). The other type is any other end user “whose actions or functions are intended to support ‘military end uses’”.⁹

Based solely on the Company’s Responses, we understand that, CiDi, Hunan University and National University of Defense Technology of China (“NUDT”) jointly applied for and obtained a government grant from National Nature Science Fund of China for a project named “*Research on Key Technologies for Multimodal Cooperative Perception and Safe, Efficient Operation of Urban Intelligent Buses*” for the period of January 2022 to December 2025. The project focuses on research and development of technical solutions for intelligent buses used in cities.

NUDT is a national public research university headquartered in Changsha, Hunan Province, China, focused on defense technology. It is affiliated with the Central Military Commission of China. Given the nature of NUDT’s research activities, it would likely be deemed a “military end user” as an end user “whose activities or functions are intended to support ‘military end uses’”.

Based on the Company’s Responses and our discussion with the Company’s representatives on April 7, 2025 upon which we have not conducted independent verification, Hunan University invited the Company to participate in the project, which was led by the research team at Hunan University. Hunan University and NUDT jointly undertook research tasks in connection with simulation and real vehicle testing. The Company’s role under the joint project is to, upon request by Hunan University, undertake the on-vehicle testing. That said, from the commencement of the project (January, 2022) to the date of this letter, based on the Company’s representations, we understand there has been no actual cooperation or contribution provided by CiDi to the joint project. We further understand, since the project will expire in December, 2025, CiDi does not expect that Hunan University would request it to commence the testing. The Company also confirms that it will not carry out the testing or make any contribution to the joint project nor does it intend to extend or renew the project. Also, the Company confirms that from the commencement of this joint project to the date of this letter, it has not and will not provide any products, technologies or items to NUDT. Furthermore, to the knowledge of the Company, the joint project was for urban intelligent buses and was not intended for military purposes.

In light of the foregoing and based solely on the Company’s representations, which we have not independently verified, we are of the view that there is no indication that CiDi has violated U.S. export controls, including the MEU rule under Section 744.21 of the EAR, with respect to its cooperation with NUDT.

2. Huawei Transactions

⁹ “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. See 15 CFR § 744.21.

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Based on the Company's Responses, we understand the Group has limited dealings with Huawei Technologies Co., Ltd. ("**Huawei**").

Huawei, along with certain affiliates, was added to the Entity List maintained by BIS in May 2019. Pursuant to this designation, any person or company is prohibited from exporting, reexporting, or transferring items subject to the EAR to Huawei without a license from BIS.

The Entity List, found in Supplement No. 4 to Part 744 of the EAR, is a list of names of foreign persons that are subject to specific license requirements for the export, reexport, and/or transfer (in-country) of items (commodities, software, and technology) subject to the EAR. BIS first published the Entity List in February 1997 as part of its efforts to inform the public of entities that have engaged in activities that could result in an increased risk of the diversion of items subject to the EAR. Items subject to the EAR include not just U.S.-made items or items physically in the U.S., but also certain foreign-made commodities. The license requirements imposed by the Entity List are independent of, and in addition to, license requirements otherwise imposed in the EAR.

On May 15, 2020, the U.S. Commerce Department announced an amendment to the foreign direct product ("**FDP**") rule that adds a Footnote 1 designation to Huawei, among other Huawei affiliates on the Entity List (collectively, "**Huawei Entities**"), which further restricts the ability of Huawei Entities to receive certain foreign-made products. The Entity List FDP rule for Footnote 1 was last amended on December 2, 2024.¹⁰

a. Procurements from Huawei

Based on the Company's Responses, from January 3, 2020 to June 15, 2023, the Company purchased certain components from Huawei, including LiDAR and mmWave radars, development boards, MTB adaptor boxes, and associated cables:

No.	Date of Sale	Items Purchased from Huawei
1.	January 3, 2020	Development board (36DA4-00203) and relevant training
2.	June 15, 2020	Development board (36DA4-00203)
3.	December 22, 2020	Cables for the development boards
4.	August 12, 2021	MTB Adaptor Box and cables
5.	June 15, 2023	3 sets of Mid-range LiDAR sensor (Model number: L106), 2 sets of Forward-facing mmWave radar (Model number: R631), 2 sets of Corner-mounted mmWave radar (Model number: R621).

Based solely on representations in the Company's Responses, which we have not independently verified but do not have reason to believe are inaccurate, the Group has not supplied any items to Huawei. Purchasing products from an entity designated on the Entity List is not a violation of EAR, provided that no items subject to EAR are transferred to the Entity List entity during the purchase and/or after sale services, or the Entity List entity is not a "party to the transaction" involving an item subject to the EAR, including as a purchaser, ultimate consignee, or end user. Based solely on the Company's Responses, we understand that the Company and Group have not

provided and will not provide Huawei with any items. We are not aware of any instances where the Group may have exported, re-exported, or transferred an item to Huawei in violation of the EAR or where any items procured from Huawei incorporate components obtained in violation of the EAR.

b. Joint Research Program with Huawei and BYD

On July 17, 2020, the Company entered into a joint development agreement with Huawei and BYD Automobile Industry Co., Ltd. (“**BYD**”) to jointly develop autonomous driving trucks. According to the agreement, BYD would provide a prototype truck for testing (“**BYD Prototype Truck**”), the Company would customize the truck and Huawei would conduct testing for the truck. If the customized truck satisfies the demands of Huawei, Huawei would purchase the truck, otherwise the Company would remove all items installed on the truck.

According to the Company’s Responses, one BYD Prototype Truck was installed with Huawei’s MDC hardware and CiDi’s autonomous driving software system. CiDi conducted the testing of BYD Prototype Truck at a Huawei facility. BYD and CiDi sent representatives and technicians to the testing site while Huawei did not participate in the testing. Throughout the testing, CiDi maintained control of the BYD Prototype Truck and its software system installed in the truck so that Huawei did not have any access to CiDi’s software on the truck. CiDi collected raw data during the test but did not share any data with Huawei; instead, CiDi only provided a report to BYD and Huawei after the testing as to whether target specifications were met. Huawei did not purchase the prototype truck after the testing. All components installed on the BYD Prototype Truck by CiDi have been removed and reclaimed, and the BYD Prototype Truck has been returned to BYD. CiDi confirms that no items or technologies were provided to Huawei under the joint development arrangement and to the knowledge of CiDi, the joint development arrangement stopped after the BYD Prototype Truck testing described above.

Based solely on the Company’s representations, the model of the BYD Prototype Truck was BYD1180D8HBEV1, a commercial electric truck, and was manufactured in mainland China. Based on our search on the Road Vehicle Manufacturer and Product Information Search System hosted by Equipment Industry Development Center of Ministry for Industry and Information Technology¹¹, the major components of BYD model BYD1180D8HBEV1, including a commercial engine, battery and chassis, are manufactured by BYD’s affiliates based in mainland China.

As a general matter, commercial automotive vehicles that are not designed or customized for military application do not meet an Export Control Classification Number (“**ECCN**”) on the U.S. Commerce Control List (“**CCL**”) and are considered “EAR99” to the extent subject to the EAR. For purposes of a *de minimis* calculation, “controlled” U.S.-origin content means the U.S.-origin component would be subject to a license requirement if exported to China. U.S.-origin items that are EAR99 or solely controlled for Anti-Terrorism (AT) reasons are not export controlled for China. Based on our experience, many components incorporated into commercial electric trucks are either EAR99 or solely controlled for AT reasons. Accordingly, based on the above

¹¹ Available at https://app.miit-eidc.org.cn/miitxxgk/gonggao_xxgk/index_ggcp.html

Company's Responses and our experience and assessment of public information, it is reasonable to believe the BYD Prototype Truck did not include more than 25% U.S.-origin controlled content for China and is not subject to the EAR.

Even if BIS were to find that Huawei was a "party to the transaction" involving the procurement of CiDi's autonomous driving software system, the transactions would not violate the EAR. Based on the Company's Responses, we do not believe this software is subject to the EAR. As further explained below, we understand the only U.S.-origin products used by the Company are (i) Nvidia's Jetson series products: TX2 modules, NX modules, Xavier modules, and Orin modules, and (ii) MATLAB, Microsoft Office, Keil Pro and other software. We further understand that these items are likely mass market encryption items meeting ECCN 5A992 (hardware) and 5D992 (software). Such items are solely controlled for anti-terrorism reasons. The items would not be controlled content for purposes of a *de minimis* calculation when exported, re-exported or transferred within China, and ECCN 5D992 is not captured within the product scope of the Entity List Footnote 1 FDP rule, 15 C.F.R. § 734.9(e)(1)(i).

3. DJI Baiwang Transactions

Based solely on the Company's representations, we understand that the Company has certain transactions with Shenzhen DJI Baiwang Technologies Co., Ltd. ("**DJI Baiwang**"). Based on the Company's Responses, on January 9, March 26 and April 29, 2020, the Company entered into three contracts with DJI Baiwang to purchase Livox brand multi-line packaged lasers and LiDAR sensor products produced by Shenzhen Livox Technology Co., Ltd., which is a Shenzhen-based company spun off from DJI's LiDAR business. Based on the procurement agreements between the Company and DJI Baiwang, DJI Baiwang was the general sale agent for Livox for the China region at the time.

Effective December 20, 2020, BIS added "DJI", among 76 other entities, to the BIS Entity List.¹² The Entity List designation entry names "DJI" with the following address: 14 Floor, West Wing, Skyworth Semiconductor Design Building, No. 18 Gaoxin South 4th Ave, Nanshan District, Shenzhen, China 518057. We understand that the registered address for DJI Baiwang was and is different from the address of DJI in its entry on the Entity List.¹³ While we understand that the Entity List designation entry does not specify the full company name of DJI (*i.e.*, Shenzhen DJI Technologies Co., Ltd.), we believe it is reasonable to conclude that the Entity List designation entry applies to Shenzhen DJI Technologies Co., Ltd. and not DJI Baiwang.

Again, solely purchasing products from an entity designated on the Entity List is not a violation of EAR, provided that no items subject to EAR are transferred to the Entity List entity during the purchase and/or after sale services. Based solely on the Company's Responses, which we have

¹² BIS Entity List designation is available at [Federal Register :: Addition of Entities to the Entity List, Revision of Entry on the Entity List, and Removal of Entities From the Entity List](#)

¹³ At the time of DJI designation, DJI Baiwang's registered address was Rooms 101, 102-1 and 201 of Building 7 and Building 9 of Baiwang Creativity Factory, No. 1051 Songbai Road, Xili Sub-district, Nanshan District, Shenzhen City. As of the date of this letter, the registered address of DJI Baiwang is Room 101 of Building 11 of Baiwangxin Industrial Park, No. 1002 Songbai Road, Xili Sub-district, Nanshan District, Shenzhen City.

not independently verified but do not have reason to believe are inaccurate, the Group has not supplied any items to DJI Baiwang or engaged in any other dealings with DJI Baiwang, including investment relationships or technical exchanges. Accordingly, based solely on the Company's representations, we are not aware of any instances where the Group may have exported, re-exported, or transferred an item to DJI Baiwang in violation of the EAR.

4. U.S.-Origin Products

According to the Company's Responses, the only U.S.-origin products used by the Company are (i) Nvidia's Jetson series products: TX2 modules, NX modules, Xavier modules, and Orin modules, and (ii) MATLAB, Microsoft Office, Keil Pro and other software.

a. Nvidia Jetson Series

Based on Nvidia's website, Nvidia discloses that the ECCN for Nvidia's Jetson series products is 5A992.c.¹⁴ which is the ECCN for mass market encryption commodities.¹⁵ 5A992.c items are controlled for anti-terrorism (AT) reasons and are generally permitted for export to mainland China without a license.

b. Software

MATLAB is an analytical software made by MathWorks. Based on MathWorks' website and our independent research, the ECCN for MATLAB is likely to be 5D992.c, which is the ECCN for mass market software products. Similarly, Microsoft Office software products are classified with an ECCN of EAR99 or 5D992.c. Keil Pro is an ARM development tool and its ECCN is also 5D992.c. 5D992.c items are controlled for anti-terrorism (AT) reasons and are generally permitted for export to mainland China without a license.

Since the Company is not designated on Entity List or any other export control or sanctions list maintained by the U.S. government, the Company is generally permitted to receive items subject to the EAR that are controlled for AT reasons provided that the Company does not further transfer such U.S. origin products to any entities designated on the Entity List. We have also screened the list of customers during the Track Record Period against the Consolidated Screening List hosted by U.S. government and none of the Company's customers are on the Entity List.¹⁶ Based on the Company's representations and the diligence we have conducted, the Company has not transferred any U.S. origin products to any Entity List entities.

¹⁴ Available at [Jetson FAQ | NVIDIA Developer](https://developer.nvidia.com/jetson-faq).

¹⁵ See Supplement No. 1 to Part 774—The Commerce Control List available at <https://www.bis.gov/regulations/ear/part-774/supplement-1-774/commerce-control-list#part1>

¹⁶ The Consolidated Screening List is not exhaustive. For example, the list does not account for OFAC's "50% Rule" as it would not include entities which are not individually named on the OFAC SDN list but who may be owned 50% or more by one or more blocked persons. The Consolidated Screening List is available at <https://www.trade.gov/data-visualization/csl-search>.

D. Conclusions

Based on the Company's representations and the diligence we have conducted, to our knowledge, although the Company utilizes certain Nvidia products and software which are subject to the EAR in the development of its products but controlled for anti-terrorism only, we believe it is reasonable to conclude that the Group has not engaged in any activity which has resulted in a violation of the EAR. Furthermore, as discussed above, based on the Company's Responses and the diligence we have conducted, it is reasonable to conclude that the Company has not provided any controlled items to entities designated on the Entity List in violation of the EAR.

III. U.S. Sanctions Implications for CiDi

As indicated above, we have been asked to advise on, among other things, (i) U.S. sanctions risks for the Group; and (ii) whether and the extent to which any of the Group's activities as described in the index are subject to or may have violated such laws.

A. U.S. Sanctions Framework

1. Overview

The U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers regulations imposing economic sanctions on countries and designated individuals and entities. These regulations implement Executive Orders issued by the President under the International Emergency Economic Powers Act ("IEEPA").¹⁷

The United States maintains a set of complex restrictions on transactions involving embargoed countries and regions. As of the date of this letter, Cuba, Iran, North Korea, Syria, and the Crimea, Donetsk and Luhansk regions of Ukraine are the subject of comprehensive U.S. embargoes. Other sanctions programs target activities such as terrorism, drug trafficking, human rights, and other matters of importance to U.S. national security and foreign policy. There are also strict, "near-comprehensive" sanctions in place against certain other jurisdictions such as the Russian Federation.¹⁸

OFAC implements "primary" and "secondary" sanctions with specific restrictions unique to each individual sanctions program. Under each sanctions program, OFAC has issued general licenses authorizing particular types of transactions (such as humanitarian aid or mail and telecommunications) without the need to apply for a specific license. When a general license is not available, OFAC may issue a specific license authorizing the transaction.

¹⁷ Other statutes also provide authority for certain sanctions, such as the Syria Accountability and Lebanese Sovereignty Act of 2003 (Pub. L. 108-175), the United Nations Participation Act, 22 U.S.C. § 287c, the Cuban Democracy Act, 22 U.S.C. §§ 6004-6005, the Iran-Iraq Arms Non-Proliferation Act, 50 U.S.C. § 1701(note), and the Antiterrorism and Effective Death Penalty Act of 1996, 8 U.S.C. 1189, 18 U.S.C. 2339B, 23339B (note) and 2332d.

¹⁸ In addition to countries and regions subject to comprehensive U.S. economic embargoes, OFAC may separately impose more tailored sanctions restricting certain types of activities in a particular country. For example, OFAC has blocked the "Government of Venezuela," which is defined to include the Government of Venezuela and persons owned or controlled by the government, as further outlined in Executive Order 13884.

2. Primary Sanctions

Under U.S. law, primary sanctions apply to activities of U.S. persons that are subject to OFAC regulations. The term “U.S. person” is defined in most OFAC regulations as any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.¹⁹ Primary sanctions also apply to activities subject to U.S. jurisdiction, including activities involving the U.S. financial system, such as clearing U.S. dollar (“USD”) payments through U.S. intermediary financial institutions.

3. Secondary Sanctions

Under U.S. law, the term “secondary sanctions” refers to the imposition of sanctions restrictions or other penalties on parties when transactions have no U.S. nexus and therefore take place outside of OFAC’s primary sanctions jurisdiction. The U.S. Government uses secondary sanctions as essentially a political tool to persuade persons or entities outside the scope of OFAC sanctions regulations to act in line with U.S. foreign policy goals. Secondary sanctions are not automatic but only apply when a person or entity is specifically targeted by a sanctions designation. Engaging in activity for which secondary sanctions are threatened may expose a non-U.S. company to the risk of sanctions but engaging in such activity would not be a violation of U.S. law unlike a violation of primary sanctions.

The designation of a secondary sanctions target generally involves a consideration of policy and diplomatic issues. For example, involvement in activities pertaining to human rights abuses could trigger the imposition of sanctions under the Global Magnitsky Human Rights Accountability Act.²⁰ Activities involving certain sanctioned countries such as Iran could trigger secondary sanctions exposure under the sanctions program unique to that country.²¹ Additionally, transactions with SDNs may expose a party to the risk of a secondary sanctions designation depending on the authority under which the SDN was designated.

4. Specially Designated Nationals and Blocked Persons

The U.S. Government maintains a number of lists of sanctioned individuals and entities. These sanctioned parties are designated because of their involvement in supporting terrorism, narcotics trafficking, development of weapons of mass destruction, or other reasons. Sanctioned persons are identified on OFAC’s SDN List. All assets of SDNs are blocked and U.S. persons are generally prohibited from dealing with them. A U.S. person (including a U.S. bank) that comes in possession or control over SDN property must freeze the interest and place it into a blocked account. OFAC has adopted a 50% rule in determining whether an entity is treated as an SDN. This means that an entity that is owned, individually or in the aggregate, 50% or more by an SDN is treated as an SDN

¹⁹ See, e.g., 31 C.F.R. §589.312; 31 C.F.R. §542.319; 31 C.F.R. §560.314.

²⁰ Title XII, Subtitle F of P.L. 114- 328; 22 U.S.C. §2656 note.

²¹ See, e.g., Section 5(a) of the Iran Sanctions Act of 1996, as amended; Section 1244 of the Iran Freedom and Counter-Proliferation Act of 2012 (IFCA); Section 220(c) of the Iran Threat Reduction and Syria Human Rights Act of 2012.

and is subject to the same sanctions as an SDN even if the entity itself is not identified on the SDN List.

B. Consequences for Violations of U.S. Sanctions

Civil penalties for violating OFAC regulations may include fines amounting to the greater of \$377,700 per violation or twice the value of each transaction.²² Also, OFAC may withhold, deny, suspend, or revoke license authorizations. Penalties for criminal violations may include fines of up to \$1 million per violation and imprisonment for individuals for up to 20 years. If prosecuted criminally by the U.S. Department of Justice (“DOJ”), other consequences may include the imposition of a corporate monitor and the prosecution of individuals involved in any illicit activity. The U.S. Government could also place visa restrictions on non-U.S. corporate executives/officers. Pursuant to the Immigration and Nationality Act, the Secretary of State has the authority to restrict visas to non-U.S. persons who “would have potentially serious adverse foreign policy consequences for the United States.”

C. Risks of Violation of U.S. Sanctions

Based on our review of the Company’s Responses, including representations made by the Company and our diligence conducted, we are of the view that: (i) there are currently minimal U.S. sanctions risks for the Group; and (ii) the risk that the Group’s activities may have violated such laws is remote.

1. Primary Sanctions

As non-U.S. persons, the entities within the Group are generally not subject to U.S. primary sanctions jurisdiction. However, primary sanctions jurisdiction may arise depending on the nature of a specific transaction. For example, transactions between a non-U.S. person and an SDN that involve U.S. persons or U.S. financial institutions (including USD funds transfers through a U.S. intermediary financial institution) are generally prohibited absent an OFAC authorization or exemption.

Based on the Company’s representations, we understand that CiDi’s customers are based within the PRC and none of its customers is based in a sanctioned country or region. We have also reviewed the list of customers provided by the Company and have not found any customers based in any sanctioned country or region. We have also screened the list of customers against the Consolidated Screening List hosted by U.S. government.

Further, we understand that CiDi has a formal screening process to screen the names of its potential customers and suppliers against U.S. Government restricted party lists, including the SDN List. Based on the Company’s representations, we understand that CiDi currently supplies to entities in the XUAR, such as autonomous unmanned mining truck companies. Based solely on the Company’s representations, we understand the Group does not currently have any business dealings with customers, suppliers or other business partners on the SDN List. According to the Company, other than local catering services, accommodation, and vehicle rental and maintenance

²² \$377,700 is the current inflation adjusted amount for 2025. This amount may change in the future.

services necessary for project delivery in XUAR, the Group has not procured any other goods, technologies, or services from the XUAR (including personnel employment). We also reviewed the list of suppliers provided by the Company and confirmed that, other than local catering services, accommodation, and vehicle rental and maintenance service providers, the Company has no suppliers in XUAR.

The Company confirmed that, one of its personnel, Mr. Ma Wei (馬維), a Director of CiDi, is a U.S. person. In addition, Mr. Hu Albert Sibo (胡斯博), CEO and Director of Cidi, is a Hong Kong Special Administrative Region resident, who is also a U.S. citizen. Based on OFAC guidance, U.S. persons are not permitted to enter into *any* contract that is signed by an SDN. In addition, U.S. persons may not engage in negotiations or process transactions involving an SDN who is acting on behalf of a non-blocked entity that the SDN controls.²³ Here, the Company confirmed that the Group does not deal with any SDNs. Accordingly, based solely on the Company's representations, which we have not independently verified, we are not aware of any facts to suggest that the Company has violated OFAC's primary sanctions.

The Company has also stated that the Group does not directly or indirectly do business in any countries or regions subject to a comprehensive economic embargo administered by OFAC.

Therefore, based on the Company's representations and diligence we have conducted, we believe it is reasonable to conclude that the Group has not engaged in activity prohibited by U.S. primary sanctions.

2. Secondary Sanctions

Various activities could give rise to secondary sanctions risks based on existing U.S. statutes and regulations. Examples of sanctionable activities include engaging in transactions that implicate human rights abuses, activities in countries subject to comprehensive U.S. economic embargoes, and providing material support to SDNs.²⁴

Based solely on the Company's representations, which we have relied upon without independent verification, it is our understanding that the entities within the Group do not engage in activities intended to support human rights abuses. For example, the Company's autonomous driving products enhance work efficiency, reduce engineering accidents, and free humans from hazardous working environments such as mines, thereby significantly improving human well-being. Based on the Company's representations, we understand the Group does not currently engage in any business activities with persons on any of the U.S. sanctions or export controls lists, and does not source any goods, technology, or services from the XUAR.

The Company has stated that it does not have knowledge that the Group's products or services are used in a manner in which the U.S. Government has sanctioned parties for human rights abuses. In addition, the Company has stated that the Group does not have business in countries or regions

²³ See U.S. Department of Treasury, *Resource Center, OFAC FAQs: General Questions*, FAQ 400, available at <https://home.treasury.gov/policy-issues/financial-sanctions/faqs/400>.

²⁴ See, e.g., Global Magnitsky Human Rights Accountability Act 22 U.S.C. § 2656; Section 7412 of the National Defense Authorization Act for FY 2020 (also titled the "Caesar Syria Civilian Protection Act of 2019").

subject to comprehensive U.S. embargoes (*i.e.*, Cuba, Iran, North Korea, Syria, and the Crimea, Donetsk and Luhansk regions of Ukraine) or near-comprehensive sanctions such as Russia, and it does not have any business relationships with third parties who are known to have business in such countries or regions. In addition, the Company has stated that it receives certain subsidies from the PRC government, which we understand are largely in connection with the research and application of AI technology to enhance the Company's autonomous driving technologies.

Based solely on the Company's representations, to our knowledge, we believe that there is no indication that the Group entities may be individually named on the SDN List.

As discussed under the above Section II.C.1, although we identified a cooperation between the Company and NUDT, based on the Company's representations, the Company has not provided any products, technologies or items to NUDT and will not provide such products, technologies or items to NUDT. Furthermore, based on representations of the Company, the project was for urban intelligent buses and will not be used for any military purposes.

D. Conclusions

Based on the Company's representations and the diligence we have conducted, to our knowledge, we believe it is reasonable to conclude that the entities, directors and core management personnel within the Group have not engaged in any activity prohibited by U.S. primary sanctions. The entities within the Group are not U.S. persons and do not have any business activities in regions subject to comprehensive U.S. economic sanctions or with third parties in such regions.

Additionally, based on the Company's representations and the diligence we have conducted, to our knowledge, we are of the view that it is reasonable to conclude that entities, directors and core management personnel within the Group are unlikely to be the target of a secondary sanctions designation. For example, based on the Company's representations, we understand the Group does not engage in activities that directly or indirectly support human rights abuses and does not have business activities in any regions subject to comprehensive U.S. economic sanctions or with third parties in such regions.

Based on the Company's representations and the diligence we have conducted, to our knowledge, we are not aware of any instances in which CiDi has violated OFAC regulations or has engaged in activity that presents a material risk of designation on a U.S. sanctions list.

IV. BIS Rules on Prohibiting Specific Transactions involving the Import or Sale of Connected Vehicles and Certain Hardware and Software

On January 14, 2025, BIS released a final rule, effective March 17, 2025, prohibiting specific transactions involving the import or sale of connected vehicles and certain hardware and software with a sufficient nexus to the PRC or Russia ("Connected Vehicle Rule").

Among others, the Connected Vehicle Rule places restrictions on two systems: Vehicle Connectivity Systems ("VCS") and Automated Driving Systems ("ADS"). For this rule, VCS consists of all the hardware components and software in a vehicle that allow it to communicate offboard. ADS is the software that allows an autonomous vehicle to operate without a driver's

input. Starting from Model Year 2027, manufacturers will not be permitted to import for sale or sell in the United States connected vehicles that incorporate VCS and/or ADS software from companies with a sufficient nexus to the PRC or Russia. However, under the Connected Vehicle Rule, vehicles with a gross vehicle weight rating (“GVWR”) of more than 4,536 kilograms (10,000 pounds) are excluded from the definition of a ‘connected vehicle’. As most commercial vehicles exceed this weight threshold, the rule generally does not cover commercial vehicles.²⁵

Based on the Company’s representations, we understand that the Company currently develops products which fall under the definition of VCS and are used in ADS products. However, based on the Company’s representations, the Company exclusively sells commercial vehicles with a GVWR of more than 4,536 kilograms (10,000 pounds), including autonomous logistics trucks with a GVWR of over 18,000 kilograms and autonomous mining trucks with a GVWR of over 100,000 kilograms, and the Company’s standalone intelligent driving systems are designed exclusively for such commercial vehicles. As such, based on our understanding of the Company’s business and representations from Company, as of the date of this analysis, we are of the view that the Company’s products do not fall within the current scope of the Connected Vehicle Rule. .

Furthermore, based on the Company representations that it currently does not, nor does it plan to sell its products to the U.S. market, we believe the impact of Connected Vehicle Rule on the Company would be limited.

V. U.S. CMC Implications for CiDi

1. CMC List Designation of Company Supplier DJI Baiwang

On January 25, 2025, DJI Baiwang was designated on the list of the U.S. Department of Defense pursuant to Section 1260H of the National Defense Authorization Act (NDAA) for FY 2021, also known as the Chinese Military Companies’ List (“**1260H List**” or “**CMC List**”). Section 1260H requires the U.S. Secretary of Defense to annually identify “Chinese military companies” operating directly or indirectly in the United States or its territories. These entities are defined as those “directly or indirectly owned, controlled, or beneficially owned by, or in an official or unofficial capacity acting as an agent of or on behalf of, the People’s Liberation Army or any other organization subordinate to the Central Military Commission of the Chinese Communist Party,” or “identified as a military-civil fusion contributor to the Chinese defense industrial base” that are engaged in “commercial services, manufacturing, producing, or exporting.”

Designation on the 1260H List has significantly fewer ramifications than designations on other U.S. government sanctioned or prohibited party lists. In its original form, designation on the 1260H List operated primarily as a reporting requirement to identify entities that are either directly or indirectly linked to the Chinese military. Accordingly, designation on the 1260H List did not trigger specific restrictions or have an immediate, direct legal consequence. However, this

²⁵ Although commercial vehicles are not explicitly excluded under the Connected Vehicle Rule, BIS adopted this weight-based exclusion to align with industry and regulatory standards that generally distinguish between passenger and commercial vehicles. See 90 FR 5360, 5374 (“BIS has amended the definition of ‘connected vehicle’ to exclude vehicles with a GVWR of over 10,000 pounds, which generally aligns with the weight delineation used by other government agencies (including the Federal Motor Carrier Safety Administration) and by industry to differentiate passenger and commercial vehicles.”).

framework has evolved to include certain U.S. government contracting restrictions due to recent amendments introduced in subsequent NDAA's, most notably the NDAA for FY 2024 and the NDAA for FY 2025.

Section 805 of the NDAA for FY 2024, passed on December 22, 2023, prohibits the U.S. Department of Defense (“**DoD**”) from purchasing goods or services from entities designated on the 1260H List or from entities under their control.²⁶ Specifically:

- Effective June 30, 2026, DoD will be prohibited from entering into contracts, renewing contracts, or extending contracts for the procurement of goods, services, or technology with any entity on the 1260H List or any entity subject to its control.
- Effective June 30, 2027, DoD will be prohibited from entering into contracts, renewing contracts, or extending contracts for the procurement of goods or services that include goods or services produced or developed by any entity on the 1260H List or any entity subject to its control.

Section 851 of the NDAA for FY 2025 further expands these restrictions by prohibiting the DoD from contracting with any company (or the company’s parent or subsidiary) that has a contract with any entity that engages in “lobbying activities”²⁷ for an entity on the 1260H List, effective June 20, 2026.

Importantly, designation on the 1260H List does not currently impact DJI Baiwang’s ability to supply to CiDi, a Chinese private company, which does not contract with the U.S. DoD.

2. CMC List Implications for CiDi

As discussed above in Section II.C.1, based on the Company’s representations, even though the Company and NUDT are involved in a joint research project, the Company has not provided any products, technologies or items to NUDT and will not provide such products, technologies or items to NUDT. Furthermore, to the knowledge of the Company, the project was for urban intelligent buses and was not intended for military purposes.

Moreover, Section 1260H seeks to identify companies determined to be “Chinese military companies” operating in the United States. We understand the Company does not directly or indirectly operate in the United States.

As such, based on the Company’s representations, which we have relied upon without independent verification, we are of the view that the risk for the Company to be listed on the CMC List is remote.

²⁶ See National Defense Authorization Act for Fiscal Year 2024, Pub. L. No. 118-117, § 805, 137 Stat. 186 (2023).

²⁷ As defined under the Lobbying Disclosure Act.

VI. U.S. Outbound Investment Rule Implications for Cidi

A. Overview of Outbound Investment Rule

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

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

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

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

- The term “**U.S. person**”²⁸ means any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States (including any foreign branch of any such entity), or any person in the United States.
- A “**person of a country of concern**”²⁹ is defined to include individuals and entities with a principal place of business in, who are headquartered in, or organized under the laws of PRC, Hong Kong, and/or Macau, as well as entities majority-owned by individuals from the above jurisdictions.
- “**Covered foreign persons**”³⁰ are defined to include (1) a “person of a country of concern” that engages in a “covered activity”, and (2) a person that holds ownership or governance over a person identified in (1), if that person derives more than 50% of revenue, net income, capital expenditures, or operating expenses from that entity.
- The term “**covered activities**”³¹ means, in the context of a particular transaction, any activities covered by the prohibited transactions and notifiable transactions summarized in the Appendix to this memorandum.

B. Impact on Company’s HK IPO

²⁸ See 31 C.F.R. § 850.229.

²⁹ See 31 C.F.R. § 850.221.

³⁰ See 31 C.F.R. § 850.209.

³¹ See 31 C.F.R. § 850.208.

Based on representations made by the Company, we are of the view that although the Company's business activities likely fall under the definition of "*covered activities*" such that the Company is considered a "*covered foreign person*", an investment by a "*U.S. person*"³² in the Company's publicly traded H shares is not a "*covered transaction*", as defined under the Outbound Investment Rule. However, if a U.S. person makes an investment in the Company's shares that are not yet publicly traded (which would be the case for U.S. persons making an investment in the Company's non-publicly traded shares through the IPO), the U.S. person likely has the obligation to submit a notification to the Treasury within 30 calendar days following the completion of the transaction.

1. *Company is a "Person of A Country of Concern"*

As noted above, a "*covered foreign person*" is defined to include a "*person of a country of concern*" that engages in a "*covered activity*".

A "*person of a country of concern*" is defined to include individuals and entities with a principal place of business in, who are headquartered in, or organized under the laws of PRC, Hong Kong, and/or Macau, as well as entities majority-owned by individuals from the above jurisdictions. Since the Company has a principal place of business in, is headquartered in, and organized under the laws of PRC, it is a "*person of a country of concern*" under the Outbound Investment Rule. The key is to assess whether the Company engages in a "*covered activity*" which, in the context of a particular transaction, includes any of the activities referred to in the definition of notifiable transaction in § 850.217 or prohibited transaction in § 850.224.

2. *Company's Business Activities Are Likely "Covered Activities" That Could Result in a "Notifiable Transaction"*

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

a. *Prohibited Transactions*

Prohibited transactions involving AI systems consist of the following two types of activities:

- (1) Developing any AI system that is designed to be *exclusively used for*, or which the relevant covered foreign person intends to be used for, any military end use or government intelligence or mass-surveillance end use; or
- (2) Developing any AI system that is trained using a quantity of computing power greater than:
 - a. 10²⁵ computational operations (*e.g.*, integer or floating-point operations); or
 - b. 10²⁴ computational operations (*e.g.*, integer or floating-point operations) using primarily biological sequence data.

³² The Outbound Investment Rule does not apply to investment by a non-"U.S. person". A U.S. person is defined to include any United States citizen or lawful permanent resident, as well as any entity organized under the laws of the United States or any jurisdiction within the United States, including any foreign branch of any such entity, and any person in the United States.

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Based on the Company's answers to our questionnaire, we understand that the Company develops autonomous driving technologies for commercial vehicles, including autonomous mining trucks and logistics trucks. It develops an AI system that is intended to be used for autonomous vehicle systems. In particular, the Company has confirmed that it does not develop an AI system that is designed to be used for any military end use or government intelligence or mass-surveillance end use. The Company has also confirmed that it does not develop an AI system that satisfies the computing power thresholds for prohibited transactions.

There are also prohibited transactions in the (i) semiconductors and microelectronics, (ii) supercomputers, and (iii) quantum information technologies sectors. The Company confirmed that it does not engage in activities under the prohibited transactions category in any of these sectors, nor is the Company currently on any of the identified restricted party lists under the Outbound Investment Rule.

Accordingly, based on our understanding of the Company's business and representations from the Company, as of the date of this analysis, we are of the view that the Company does not engage in any "*covered activities*" that would result in a prohibited transaction.

b. Notifiable Transactions

Notifiable Transactions involving AI systems consist of developing any AI system not otherwise covered by the prohibited transaction definition, where such AI system is:

- (1) Designed to be used for any military end use or government intelligence or mass-surveillance end use;
- (2) Intended to be used for any of the following:
 - a. cybersecurity applications;
 - b. digital forensics tools;
 - c. penetration testing tools; or
 - d. the control of robotic systems; or
- (3) Trained using a quantity of computing power greater than 10^{23} computational operations (e.g., integer or floating-point operations).

The term "*develop*" is defined under § 850.211 to mean "to engage in any stages prior to serial production, such as design or substantive modification, design research, design analyses, design concepts, assembly and testing of prototypes, pilot production schemes, design data, process of transforming design data into a product, configuration design, integration design, and layouts." Based on the Company's answers to our questionnaire, we are of the view that the Company's activities meet the definition of "*develop*". In particular, the Company designs, prototypes, develops, and tests autonomous vehicle systems, including an AI system, that fulfills driverless transport objectives in closed or restricted scenarios.

Furthermore, although the Outbound Investment Rule does not define "control of robotic systems," we are of the view that the AI system developed by the Company would likely be considered as intended for "the control of robotic systems" because the U.S. Department of Treasury has

acknowledged, in the *Federal Register* publication of the Outbound Investment Rule, that (1) this provision may implicate certain consumer or civilian applications, due to the dual-use nature of controlling robotic systems, and (ii) the agency considered, but ultimately decided not to adopt a carve-out for automotive applications within the context of this provision.

In light of the above, based on our understanding of the Company's business and representations from Company, as of the date of this analysis, we are of the view that the Company's business activities likely meet the definition of "*covered activities*" such that the Company would be considered a "*covered foreign person*." Based on the extent of its covered activities, a "*covered transaction*" involving the Company that is not an "*excepted transaction*" would result in a notifiable transaction but would not result in a prohibited transaction.

In addition, since the Company is not currently listed on any specified sanctions lists, including the Entity List, Military End User List, SDN and Non-SDN Chinese Military Industrial Complex Companies Lists, and "Military Intelligence End-Users" as defined by BIS, the notifiable transaction will not be considered prohibited transaction.

A U.S. person with the obligation to report a notifiable transaction must electronically submit a notification to the U.S. Treasury Department within 30 calendar days following the completion of the transaction, including the information specified in § 850.405 and the certification required by § 850.203.³³

3. *U.S. Person's investment after HK IPO*

Although the Company's business activities likely fall under the definition of "*covered activities*" such that the Company is considered a "*covered foreign person*", an exception to the Outbound Investment Rule would apply to such U.S. Person's investment in the Company after its HK IPO.

Pursuant to 31 C.F.R. §850.501(a), an excepted transaction includes an investment by a U.S. person in any publicly traded security, with "security"³⁴ that trades on a securities exchange or through the method of trading commonly referred to as "over-the-counter," in any jurisdiction. Therefore, a U.S. person could purchase H shares of the Company publicly traded on the Hong Kong Exchange following the Company's HK IPO without notification to the U.S. Treasury Department. Any follow-up offerings would also fall under an excepted transaction as long as the follow-up offerings are publicly traded.

We note that a U.S. person's acquisition (after the January 2, 2025 effective date) of equity that is not yet publicly traded for purposes of facilitating an IPO, including as part of an underwriting arrangement, would not fall under the above exception.

It is possible that a U.S. person may participate in the IPO (for instance, subscribing to Company's H shares, entering into investment agreements as cornerstone investors, underwriters, or acting as anchor investors). Whether such permitted activity would trigger a notification obligation depends

³³ See 31 C.F.R. § 850.404.

³⁴ As defined in section 3(a)(10) of the Securities Exchange Act of 1934, as amended, at 15 U.S.C. 78c(a)(10), and denominated in any currency.

on the nature of the U.S. person's participation. The U.S. Department of Treasury commented that a U.S. person's acquisition of equity that is not yet publicly traded for purposes of facilitating the IPO, such as a purchase with the intent to create a market for the security or to resell the security on a secondary market (e.g., as part of an underwriting arrangement), would not fall under the exception under 31 C.F.R. §850.501(a) and could be a "*covered transaction*."

In this case, if the U.S. person purchases publicly traded H shares of the Company, such a transaction would fall under an excepted transaction and does not require notification. However, if the Company's shares purchased by the U.S. person are not yet publicly traded on HKEX, such a transaction would not qualify as an excepted transaction to the "*covered transaction*". As analyzed above, the Company's business activities likely meet the definition of "*covered activities*" that could result in a notifiable transaction, such that a U.S. person who acquires H shares of the Company that are not yet publicly traded would be required to submit an electronic notification to the U.S. Department of Treasury within 30 calendar days following the completion of the transaction. The notification obligation rests with the U.S. person.

VII. Risk Mitigation Measures

We identify below measures that may mitigate the Company's U.S. export controls and sanctions risks.

- Compliance Manual – The Company may adopt a U.S. Export Control and Sanctions Compliance Manual ("Manual"), which records and disseminates CiDi's compliance policies and practices. The Manual should outline the respective trade compliance roles and responsibilities for company personnel and mechanisms to respond to any sanction risks arising.
- Senior Management Commitment – pursuant to BIS' Export Compliance Guidelines, senior management commitment is the most important factor in the success of a U.S. export compliance program. Accordingly, having a senior management officer, such as a Chief Compliance Officer, responsible for overseeing U.S. export control compliance should help affirm the Company's commitment to export compliance and dedication of appropriate resources towards the compliance function. Similarly, having sufficient resources devoted to compliance, such as an internal export control team consisting of personnel from the legal (which has the leading role), procurement, and sales departments to execute day-to-day compliance functions relating to imports, exports, reporting and registrations, if applicable, should also help mitigate risks.
- Training – BIS also states that a good training program is critical to an effective U.S. export compliance program. Characteristics of a good program include training that provides job-specific knowledge based on need, communicates the export responsibilities for each employee, and holds employees accountable through assessments. Accordingly, Company annual training to all Company relevant employees (including senior management) as well as targeted training to personnel in key positions (e.g., logistics, shipping, accounting, and sales positions) regarding compliance with U.S. sanctions and export controls, is another measure that may help mitigate risks.

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- Screening – the Company can mitigate risk by formalizing a process to screen the names of potential customers and suppliers against the Consolidated Screening List, which is a compilation of different U.S. Government restricted party lists, including the Entity List, MEU List, and the SDN List. Any flags identified during the screening process are to be escalated to the legal team to review. We understand that the Company currently checks its suppliers and customers manually. We recommend ensuring screening is done via the official Consolidated Screening List; the Company may also consider use of third party screening software.
- Supply Chain Due Diligence – the Company can mitigate risk by continuing to work with its legal department or outside counsel, as appropriate, to undertake an analysis to determine the classification of certain physical items, technology, and software in its possession, including those obtained from suppliers and other third parties.
- Certifications – if the Company has not already done so, the Company can mitigate risk by obtaining signed certifications from its third-party partners to ensure that such parties will not transfer items subject to the EAR to any party on the Entity List.
- Contractual Agreements – if the Company has not already done so, the Company can mitigate risk by ensuring that all contractual agreements related to the provision of hardware, software, or technology include export control and sanctions compliance clauses.

VIII. Assumptions, Qualifications and Disclosure

We have assumed (a) the accuracy and completeness of all certificates, agreements, documents, records and other materials submitted to us; (b) the authenticity of original certificates, agreements, documents, records and other materials submitted to us; (c) the conformity with the originals of any copies submitted to us; (d) the genuineness of all signatures; and (e) the legal capacity of all natural persons. In addition, in rendering our opinions, we have (a) without independent verification, relied, with respect to factual matters, statements and conclusions, on certificates, notifications and statements, whether written or oral, of individuals identified to us as officers and representatives of CiDi and on the confirmations made by CiDi in the underlying documents and (b) reviewed originals, or copies of such agreements, documents and records as we have considered relevant and necessary as a basis for our opinions.

This letter is based solely on the facts and representations provided by CiDi. We note that, as special U.S. international trade counsel to CiDi, we do not represent it generally and there may be facts relating to the Company of which we have no knowledge. Our analysis is subject to change pending any new or different facts.

Whenever we qualify a statement in this letter with the words “to our knowledge,” “we are not aware” or similar wording, it indicates that in the course of our representation of CiDi as special U. S. international trade counsel in connection with its IPO, no information that would give us current actual knowledge of the inaccuracy of such statement has come to the attention of the lawyers in this firm who have rendered legal services in connection with CiDi’s IPO. Please be advised that only Jenny Sheng, Jack Ko, Matthew Rabinowitz, Roya Motazed, and Wenjun Cai

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have been so involved. We have not made any independent investigation to determine the accuracy of any such statement, except as expressly described herein, and any limited inquiry undertaken by us during the preparation of this letter should not be regarded as such an investigation. No inference as to our knowledge of any matters bearing on the accuracy of such statement should be drawn from our representation of CiDi in other matters in which such lawyers are not involved.

We express no opinion as to the law of any jurisdiction other than the federal law of the United States of America, and have addressed only such laws that a lawyer exercising customary professional diligence would reasonably be expected to recognize as being relevant to the U.S. sanctions and export control matters addressed herein. This letter speaks only as of the date hereof. We have no responsibility or obligation to update this letter or to take into account changes in law or facts or any other development of which we may later become aware. To the extent that any of the materials referred to herein are not governed by the federal law of the United States of America or the law of any State within the United States of America, our opinion thereon is based solely on the plain meaning of their language without regard to any interpretation or construction that might be indicated by the laws governing those materials.

This letter is delivered by us as special U.S. international trade counsel for CiDi only to you solely for your benefit and the benefit of the other Underwriters in connection with the IPO and may not be used, circulated, furnished, quoted or otherwise referred to or relied upon for any other purpose or by any other person or entity (including by any person or entity that acquires any of the shares being sold in the IPO from any of the Underwriters) for any purpose without our prior written consent, except that:

- This letter may be disclosed by an addressee on a non-reliance basis:
 - to its affiliates and its and their officers, employees, auditors, insurers, reinsurers and professional advisers in connection with the IPO;
 - where required or requested by any court of competent jurisdiction or any governmental, tax, supervisory or regulatory authority (including the HKEX and the Securities and Futures Commission of Hong Kong);
 - in connection with any actual or potential dispute or claim or investigation to which it is a party or which it is involved in relating to the transactions contemplated by the documents reviewed; and
 - to the extent required by law or regulation.

Very truly yours,

PILLSBURY WINTHROP SHAW PITTMAN LLP

Pillsbury Winthrop Shaw Pittman LLP

Appendix 1
Subsidiaries of Company (collectively with the Company, the “Group”)

1. CiDi Smart Driving (Chengdu) Technology Co., Ltd.
2. CiDi Intelligent Driving (Hainan) Technology Co., Ltd.
3. Liuzhou CiDi Intelligent Driving Technology Co., Ltd.
4. Xiangyang CiDi Intelligent Network Technology Co., Ltd.
5. Shenzhen CiDi Intelligent Network Technology Co., Ltd.
6. Tianjin CiDi Intelligent Network Technology Co., Ltd.
7. Novodriv Chongqing Ltd.
8. Changsha CiDi Intelligent Building Co., Ltd.
9. Anhui CiDi Engineering Technology Co., Ltd.
10. CIDI AUTO (HONGKONG) LIMITED

Appendix 2
Summary of Prohibited Transactions and Notifiable Transactions

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

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Sector	Prohibited Transactions	Notifiable Transactions
	<p>f. Integrated circuits designed for operation at or below 4.5 Kelvin; or</p> <p>(5) Packages any IC using advanced packaging techniques.</p>	
Supercomputers	Develops, installs, sells, or produces any supercomputer enabled by advanced ICs that can provide a theoretical compute capacity of 100 or more double-precision (64-bit) petaflops or 200 or more single-precision (32-bit) petaflops of processing power within a 41,600 cubic foot or smaller envelope.	None
Quantum information technologies	<p>Develops a quantum computer or produces any of the critical components required to produce a quantum computer such as a dilution refrigerator or two-stage pulse tube cryocooler;</p> <p>Develops or produces any quantum sensing platform designed for, or which the relevant covered foreign person intends to be used for, any military, government intelligence, or mass-surveillance end use; or</p> <p>Develops or produces quantum network or quantum communication system for networking to scale up capabilities; secure communications; military, government intelligence, or mass-surveillance end use.</p>	None
Artificial Intelligence (AI)	<p>Develops any AI system that is designed to be <i>exclusively used for</i>, or which the relevant covered foreign person intends to be used for, any:</p> <p>(1) Military end use; or</p> <p>(2) Government intelligence or mass-surveillance end use;</p> <p>Develops any AI system that is trained using a quantity of computing power greater than:</p>	<p>Develops any AI system not otherwise covered by the prohibited transaction definition, where such AI system is:</p> <p>(1) Designed to be used for any military end use or government intelligence or mass-surveillance end use;</p> <p>(2) Intended to be used for any of the following:</p>

Sector	Prohibited Transactions	Notifiable Transactions
	(1) 10^{25} computational operations (e.g., integer or floating-point operations); or (2) 10^{24} computational operations (e.g., integer or floating-point operations) using primarily biological sequence data.	a. cybersecurity applications; b. digital forensics tools; c. penetration testing tools; or d. the control of robotic systems; or (3) Trained using a quantity of computing power greater than 10^{23} computational operations (e.g., integer or floating-point operations).