

Strictly Confidential and Legally Privileged

To:
(i) Jiangsu Silicon Integrity Semiconductor Technology Co., Ltd.
(ii) Huatai Financial Holdings (Hong Kong) Limited as the Sole Sponsor and the Sole Sponsor-Overall Coordinator
(iii) Underwriters

From: Eversheds Sutherland

Our Ref: 367667.000001

Date: 30 October 2026

Legal memorandum – International sanctions and export controls analysis

1. Introduction

- 1.1 We refer to the proposed application for the listing of the shares of Jiangsu Silicon Integrity Semiconductor Technology Co., Ltd. (江苏芯德半导体科技股份有限公司) (the **Company**), a joint stock company incorporated in the People's Republic of China (**PRC**) with limited liability, on the Main Board of the Hong Kong Stock Exchange (the **HKEX**) (the **Proposed Listing**). In relation to the Proposed Listing, we have been instructed by the Company as its legal advisers in respect of international sanctions and export control laws.
- 1.2 Pursuant to Chapter 4.4 of the Guide for New Listing Applicants (the **Chapter 4.4 Guide**),¹ we have been instructed by the Company to review and opine on the application of international sanctions and export control laws to its business activities based on a track record period of the financial years ended 31 December 2023, 2024, and 2025 and the four months ended 30 April 2026 (the **Track Record Period**), for which we had issued a legal memorandum on 24 July 2026 containing our analysis.
- 1.3 We have now been instructed to opine on the foregoing matters based on the Track Record Period and up to and including 21 October 2026 (the **Latest Practicable Date**). The review undertaken and views expressed in this memorandum are therefore with reference to the Track Record Period and up to and including the Latest Practicable Date (our **Review**).
- 1.4 For these purposes:
- 1.4.1 **'Group'** means the Company together with any and all of its subsidiaries, joint ventures and other entities controlled by it. Specifically, during the Track Record Period and up to and including the Latest Practicable Date, the Group comprised, in addition to the Company:
- 1.4.1.1 Yangzhou Chiplet Semiconductor Integration Co., Ltd. (扬州芯粒集成电路有限公司) (**Yangzhou Chiplet**), incorporated in the PRC on 6 February 2023 and a subsidiary of the Company from 6 February 2023 onwards;
- 1.4.1.2 Nanjing Changxin Testing Technology Co., Ltd. (南京长芯检测科技有限公司) (**Nanjing Changxin**), a joint venture 50% owned by the Company and 50% owned by Jiangsu Changjing Electronics Technology Co., Ltd. (江苏长晶科技股份有限公司) during the Track Record Period, until the Company's disposal of its entire shares in Nanjing Changxin in September 2024.
- 1.4.2 **'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

¹ [HKEX4476_6179_VER38180_0_0_202605.pdf](#), last updated in May 2026 by the HKEX.

with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation.

- 1.4.3 **'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.
 - 1.4.4 **'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.
 - 1.4.5 **'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 a Relevant Jurisdiction. As at the date of this memorandum, Sanctioned Countries within the meaning of the Chapter 4.4 Guide include Cuba, the Democratic People's Republic of Korea, Iran, Russia, Syria, and non-government controlled regions of Ukraine (including Crimea, Donetsk People's Republic, Luhansk People's Republic, Kherson and Zaporizhzhia).
 - 1.4.6 **'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).
 - 1.4.7 **'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.
 - 1.4.8 **'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.
 - 1.4.9 Other capitalised terms not defined in this memorandum have the same meanings as those given in the prospectus of the Company.
- 1.5 We have set out in this memorandum our overall analysis as to whether, based on our Review, during the Track Record Period and up to and including the Latest Practicable Date:
- 1.5.1 the Company was a Sanctioned Target, was located, incorporated, organised or resident in a Sanctioned Country, or was a Sanctioned Trader;
 - 1.5.2 the Company engaged in any Primary Sanctioned Activity, and if so, whether each Primary Sanctioned Activity has violated any applicable law or regulation in the Relevant Jurisdiction(s), and/or has resulted in any material sanctions risks² to the Relevant Persons; and
 - 1.5.3 the Company engaged in any Secondary Sanctionable Activity, and if so, whether each Secondary Sanctionable Activity would likely result in the

² Should any sanctions risk be identified in our Review, when assessing materiality, we would take into account both the likelihood of potential sanctions and the severity of the potential sanctions.

imposition of any sanctions against the Relevant Persons (including designation as a Sanctioned Target and/or the penalties which might be imposed).

1.6 In addition, we have been asked to:

- 1.6.1 opine on the above three aspects with respect to the Group as appropriate during the Track Record Period and up to and including the Latest Practicable Date;
- 1.6.2 identify any key potential export controls violation risks to which the Group was exposed during the Track Record Period and up to and including the Latest Practicable Date;
- 1.6.3 opine on the implications of US outbound investment review rules on the Group's business; and
- 1.6.4 opine on the adequacy of compliance measures implemented by the Company to mitigate any identified material risk and provide recommendations.

2. **Executive summary**

2.1 Based on our Review, we did not identify any apparent sanctions violation risks to which the Group was exposed during the Track Record Period and up to and including the Latest Practicable Date. In particular, based on our Review, during the Track Record Period and up to and including the Latest Practicable Date:

- 2.1.1 the Company was not a Sanctioned Target, located, incorporated, organised or resident in a Sanctioned Country, or a Sanctioned Trader. As at the date of this memorandum, it remains that the Company is not a Sanctioned Target;
- 2.1.2 the Company did not engage in any Primary Sanctioned Activity; and
- 2.1.3 the Company did not engage in any Secondary Sanctionable Activity.

2.2 We consider the risks of the Group potentially violating any applicable US export controls (which, if any, would primarily arise from the Company's activities) during the Track Record Period and up to and including the Latest Practicable Date to be low, based on information and confirmations provided by the Company regarding its business activities during the Track Record Period and up to and including the Latest Practicable Date. In particular, we understand from the Company that, during the Track Record Period and up to and including the Latest Practicable Date:

- 2.2.1 none of the technology or items sourced and used by the Company in the production of its packaging materials or in its servicing of customers' products was subject to US export controls. Where production equipment procured by the Company was of US-origin, as is entirely in line with market practice, the Company relied on its suppliers' confirmation that none of the relevant equipment was subject to any US export controls. In any event, the Company was considered as the end-user of the equipment for the purposes of servicing its customers' products, and did not engage in the resale, export or re-export of these inputs to any third parties outside the Group;
- 2.2.2 approximately 92.4% (by number) and 94.6% (by revenue) of the Company's customers were based in the PRC;
- 2.2.3 while the Company does not have complete visibility into the origins of its customer's products, to the Company's knowledge, at least 90% of the customers' products which were serviced by the Company were made domestically in the PRC;

- 2.2.4 there was no indication that any of the customers' products which the Company was instructed to service incorporated any US-origin items or technology or were otherwise subject to US export controls;
 - 2.2.5 there was no indication that the Company had any actual or inferred knowledge that any of its customers' products serviced by the Company were exported, re-exported or transferred (in-country) in violation of the EAR; and
 - 2.2.6 the Company had required approximately 60% of its current customers to confirm under their respective contracts with the Company their compliance with all applicable laws and regulations.
- 2.3 As part of our party screening exercise, we have identified a number of the Company's counterparties (including customers and suppliers, a bank and a financial leasing company engaged by the Company) that have been designated or potentially designated as parties subject to restrictions under US export control laws, as analysed in paragraph 6.2.11 below. For the same reasons outlined in paragraph 2.2 above, the mere fact that the Company engaged with parties subject to restrictions under US export control laws does not necessarily indicate any export controls violations. However, as a general observation, we would recommend that the Company enhance its global trade compliance measures to mitigate any potential risks of dealing with sanctioned and restricted parties and inadvertently violating applicable sanctions and export controls.
- 2.4 We do not consider potential PRC export controls violation risks during the Track Record Period and up to and including the Latest Practicable Date to be material, primarily because the Company was not the exporter in such exports and the Company has confirmed that the items serviced by it for export were not subject to PRC export controls. Any residual PRC export controls violation risks could be mitigated by the implementation of effective global trade compliance measures.
- 2.5 Our view is that the US Outbound Investment Rule (defined below) is unlikely to have any material adverse impact on the Group, the Proposed Listing or any investment prospects, considering that (i) based on our understanding, no US person holds any investment interests in the Company; (ii) the investment in publicly listed securities is likely to be excepted and therefore not treated as a 'covered transaction' assuming that any settlement of such shares occurs after the listing date and the investment does not afford the US person rights beyond standard minority shareholder protections; (iii) where no available exception applies to a covered transaction involving the Company, the prohibition (or the requirement to notify Treasury) is in any event imposed on the US person, and not the Company or any other parties in relation to the Proposed Listing; and (iv) as confirmed by the Company, during the Track Record Period (and up to and including the Latest Practicable Date), the Group did not experience any incident relating to the US Outbound Investment Rule that resulted in any material adverse impact on its operations or investment activities. In any event, it would be for US investors, not the Company (nor the sponsor or other parties to the Proposed Listing), to assess whether they could rely on the exception.
- 2.6 An analysis of the Company's global trade compliance programme is outside the scope of this memorandum. However, based on our high-level understanding of the Company's business activities and internal controls, we have recommended measures which, if implemented, would strengthen the Company's global trade compliance programme, and mitigate potential sanctions and export controls violation risks going forward.
3. **Review methodology**
- 3.1 For the purposes of our Review and as at the date of this memorandum, we have:
- 3.1.1 issued requests for information to the Company and reviewed:
 - 3.1.1.1 the Company's responses to our requests that covered business activities relating to the Track Record Period and up to and including the Latest Practicable Date;

- 3.1.1.2 a full list of counterparties with which the Company had entered into business transactions during the Track Record Period and up to the Latest Practicable Date, as well as information relating to those transactions, including the products and geographies involved, and the currencies in which the transactions were denominated;³
 - 3.1.1.3 two of the Company's policy documents setting out its internal workflows for supplier and sales management;⁴ and
 - 3.1.1.4 an extract of the Company's standard contract template containing terms relating to compliance with export controls and end-use controls, and copies of contracts entered into between the Company and certain customers;
 - 3.1.2 undertaken party screening against counterparties of the Group provided to us,⁵ including those identified in paragraph 3.1.1, against the lists of persons subject to sanctions, or otherwise treated as restricted parties for export control purposes, under all major regimes, including but not limited to the regimes administered by the United Nations (the **UN**), the PRC, Hong Kong, the United States (the **US**), the European Union and the United Kingdom; and
 - 3.1.3 analysed data obtained in paragraphs 3.1.1 and 3.1.2 to ascertain the risks of the Company engaging in any Primary Sanctioned Activity, Secondary Sanctionable Activity and/or export controls violation.
4. **Overview of the Company's business activities relevant to our Review**
- 4.1 As above, the Company is based in the PRC. During the Track Record Period and up to and including the Latest Practicable Date, it engaged in the provision of assembly, packaging and testing services (referred to below as **services** or **servicing**) in relation to integrated circuit (**IC**) products belonging to its customers. We understand that the Company's business model was as follows:
- 4.1.1 Procurement
 - 4.1.1.1 Suppliers of the Company included suppliers of raw materials, production equipment, and electricity.
 - 4.1.1.2 During the Track Record Period and up to and including the Latest Practicable Date, all the transactions entered into between the Company and its suppliers were denominated in RMB, USD, EUR and JPY.
 - 4.1.1.3 The Company sourced most if not all of its inputs in the PRC, and to a lesser extent from other jurisdictions including South Korea,

³ Based on the information provided by the Company, we do not consider it reasonably necessary to undertake, and have not undertaken, a specific review of any transactions engaged in during the Track Record Period by Nanjing Changxin for the purposes of our Review. Specifically, we understand that as regards Nanjing Changxin, its revenue generated in the provision of semiconductor testing services represented only approximately 1.4% of the Group's revenue in each relevant year during the Track Record Period, and it is no longer a Group entity following the Company's disposal of its interest in September 2024.

⁴ The Sales Management Policy (销售管理制度) (document number: XD-CMD-M004) sets out the procedures for (among others) customer onboarding and order processing. The Supplier Management Guideline (供应商管理指导书) (document number: XD-PUR-M004) sets out measures for (among others) supplier onboarding, periodic review, escalation mechanisms and supplier disqualification.

⁵ We had conducted screening, on a rolling basis, of all counterparties that transacted with the Company during the Track Record Period. Further screening was conducted of all new counterparties of the Company and Yangzhou Chiplet that were identified to us in the period between the end of the Track Record Period and the Latest Practicable Date.

Malaysia, Japan, Singapore and Taiwan (including certain advanced raw materials from Japan and South Korea).

4.1.2 Servicing customers' products

4.1.2.1 The Company's customers primarily included customers of semiconductor design companies based in the PRC. Customers arranged for the delivery of their products to the Company for servicing at the Company's manufacturing facilities in the PRC.

4.1.2.2 As above, the Company provided assembly, packaging and testing services, using its technical solutions.

4.1.2.3 The packaged products comprised solely IC products with Harmonized System (**HS**) codes 8542319099, 8542399000, 8542329090 and 8542339000.

4.1.3 Despatch of packaged products to customers and after-sales services

4.1.3.1 Post-servicing, the Company arranged delivery of packaged products to the warehouses of its customers, and locations designated by customers, in the PRC. The Company also provided after-sales customer services and support to customers in relation to the packaged products. The Company was not involved in any subsequent exports, imports or re-exports of the packaged products, which were arranged by the Company's customers.

4.1.3.2 During the Track Record Period and up to and including the Latest Practicable Date, all transactions entered into between the Company and its customers were denominated in RMB or USD.

5. **Sanctions analysis, key findings and conclusions**

5.1 We have been asked to analyse the Company's sanctions compliance risks in accordance with the Chapter 4.4 Guide. Based on our Review, during the Track Record Period and up to and including the Latest Practicable Date:

5.2 ***The Company was not a Sanctioned Target, located, incorporated, organised or resident in a Sanctioned Country, or a Sanctioned Trader.***

5.2.1 The Company was located, incorporated and organised solely in the PRC, and not any Sanctioned Country.

5.2.2 Based on our global sanctions screening, the Company was not designated or otherwise subject to any sanctions imposed under any regime, including but not limited to the sanctions issued by the UN, as implemented under PRC laws, the PRC, or any other Relevant Jurisdiction. This remains the case as at the date of this memorandum.

5.2.3 The Company was not owned or controlled by a government of any Sanctioned Country.

5.2.4 A list of the Company's related entities, direct or indirect shareholders (including Mr. Zhang Guodong, the ultimate controller of the Company), directors and key personnel, as confirmed by the Company, is set out in **Appendix I**.

5.2.4.1 Based on our global sanctions screening, none of the persons identified in Appendix I was a Sanctioned Target or based in a Sanctioned Country. This remains the case as at the date of this memorandum.

- 5.2.4.2 For the avoidance of doubt, two shareholders of the Company, namely (i) Hubei Xiaomi Changjiang Industry Fund Partnership Enterprise (Limited Partnership) (湖北小米长江产业基金合伙企业(有限合伙)) (**Hubei Xiaomi**) and (ii) Nanjing Zijin Advanced Manufacturing Industry Equity Investment Center (Limited Partnership) (南京紫金先进制造产业股权投资中心(有限合伙)) (**Nanjing Zijin**), have each been identified in our screening review to be 50% or more owned by an entity⁶ designated on the Entity List issued by the BIS (defined below), and therefore would be treated as restricted parties for export control purposes, pursuant to the Affiliates Rule under US export control laws (**BIS Affiliates Rule**).⁷ However, these designations would only affect any proposed transactions within the Group involving the export of items subject to US export controls to Hubei Xiaomi or Nanjing Zijin (as the case may be) of which we understand there are none for purposes of the Track Record Period and the period up to and including the Latest Practicable Date.
- 5.2.5 The Company was not a Sanctioned Trader, as it did not do any business with any Sanctioned Targets, or entities or persons in any Sanctioned Country. As explained further below, based on our review of the full list of counterparties with which the Company had business dealings during the Track Record Period and up to and including the Latest Practicable Date, none of them was a Sanctioned Target or based in any Sanctioned Country.
- 5.2.6 The Company has confirmed that it is not aware of any facts or circumstances that may lead to itself becoming a Sanctioned Target.
- 5.3 ***The Company did not engage in any Primary Sanctioned Activity.***
- 5.3.1 The Company, and all its Group entities (including Yangzhou Chiplet and Nanjing Changxin), were incorporated in the PRC. Accordingly, wherever it conducted business dealings, the Company must comply with PRC sanctions laws, including UN sanctions as implemented under PRC laws and counter-sanctions laws and regulations.
- 5.3.2 To the extent that the Company engaged in any transactions with a nexus to foreign laws, the relevant laws would also apply. For example, any transactions involving any US persons or goods, taking place in the US, and/or denominated in USD and thereby engaging the US financial system, would also be subject to the jurisdiction of the US.
- 5.3.3 Based on our global sanctions screening against all of the identified counterparties with which the Company had dealings during the Track Record Period and up to and including the Latest Practicable Date, none of those counterparties was subject to economic or financial sanctions imposed by the UN, the PRC, the US, or any other Relevant Jurisdiction.⁸

⁶ (In the case of Hubei Xiaomi) Shanghai Aisinochip Electronics Technology Co., Ltd., which was added to the Entity List on 17 December 2021 for its 'support of China's military modernization': [Federal Register: Addition of Certain Entities to the Entity List and Revision of an Entry on the Entity List](#).

⁷ The BIS Affiliates Rule came into effect on 29 September 2025 and was in force until 10 November 2025. Since then, it has been suspended for one year, and potentially will be further suspended until 10 January 2027 following US-PRC government talks in September 2026: [US, China agree to extend 'the Busan agreement' until January, Bessent says | Reuters](#). [As at the date of this memorandum], a Federal Register notice formally extending the suspension of the BIS Affiliates Rule is yet to be published.

⁸ For completeness, as part of our screening, we identified yet were able to resolve certain hits on the basis that they were false positives, as follows:

- 'Shenzhen Chipbetter Microelectronics Inc.' (深圳芯佰特微电子有限公司) (**Chipbetter**), a customer of the Company, was flagged for its resemblance to 'CoreBai Microelectronics (Shenzhen) Co., Ltd.' / 'Xinbai Microelectronics (Shenzhen) Co., Ltd.' (芯佰微电子(深圳)有限公司) (**CoreBai Shenzhen**). CoreBai

- 5.3.4 In addition, the Company has confirmed that during the Track Record Period and up to and including the Latest Practicable Date:
- 5.3.4.1 it did not engage in any activity (directly or indirectly) in any Sanctioned Country; and
- 5.3.4.2 it did not engage in any activity (i) with; (ii) directly or indirectly benefiting, or involving, the property or interests in property of, any Sanctioned Target.
- 5.3.5 Accordingly, there is no indication that the Company engaged in any Primary Sanctioned Activity during the Track Record Period and up to and including the Latest Practicable Date. For the same reason, we have not identified any material sanctions risks to the Relevant Persons.

5.4 ***The Company did not engage in any Secondary Sanctionable Activity.***

- 5.4.1 Considering the above, in particular:
- 5.4.1.1 the absence of any activity of the Company in any Sanctioned Country or with any Sanctioned Target;
- 5.4.1.2 the absence of any potential violation of sanctions in any Relevant Jurisdictions; and
- 5.4.1.3 the Company's confirmation that it is not aware of any facts or circumstances that may lead to itself becoming a Sanctioned Target,
- we did not identify any risk of the Company's activities resulting in the imposition of sanctions against the Company or any of the Relevant Persons by any Relevant Jurisdiction.

- 5.5 We have also been asked to identify any potential sanctions violation risk to which the Group itself was exposed. As above, considering the nature and scope of the business activities of Yangzhou Chiplet (whose operations are nascent, having only commenced business activities on or around 10 January 2024 with limited third party dealings)⁹ and Nanjing Changxin (which contributed to only a negligible percentage of the Company's

Shenzhen is 100% owned by Corebai Microelectronics Beijing Company Limited (芯佰微电子(北京)有限公司), which was designated by the US' Office of Foreign Assets Control (OFAC) as a Specially Designated National (SDN) on 23 February 2024. However, upon review, we understand that Chipbetter and CoreBai Shenzhen are different, unrelated entities, with different stated registration numbers and business addresses, and no overlap in ownership or management. For completeness, the Company has confirmed that it did not engage in any dealings with CoreBai Shenzhen.

- A company called '香港电子' (transliteration: Hong Kong Electronics) was recorded by the Company to be a supplier of certain production equipment in or around August 2025. The Company has confirmed that the full Chinese name of the company was '香港电子器材有限公司' (Teltec Semiconductor Pacific Ltd), but not '香港电子公司' (Hong Kong Electronics), an Iranian company subject to UN sanctions. Teltec Semiconductor Pacific Ltd is not a Sanctioned Target.
- A bank called '进出口银行', from which the Group obtained financing in the amount of RMB50,000,000 in Nanjing on 19 August 2026, was flagged for its resemblance to the Chinese name of EXIMBANK OF RUSSIA JSC, which has been sanctioned by the US (including being designated by the OFAC as an SDN on 22 February 2022), as well as other regimes. The Company has, however, confirmed that the bank in question was the Export-Import Bank of China based in the PRC (which, based on our review, is not a Sanctioned Target), and that the Group did not engage in any dealings with EXIMBANK OF RUSSIA JSC.

In addition, one of the suppliers of the Company, namely Suzhou Jiangnan Jiajie Elevator Company Limited (苏州江南嘉捷电梯有限公司) (also known as 360 Security Technology Inc.) (**Jiajie Elevator**) was flagged by our screening for its identification by the US Department of Defense on 5 October 2022 as a 'Chinese military company' operating in the US pursuant to Section 1260H of the National Defense Authorization Act. This designation does not entail any economic or financial sanctions under US laws. On this basis we do not consider this to render Jiajie Elevator a Sanctioned Target within the definition of the Chapter 4.4 Guide.

⁹ Based on information provided by the Company, Yangzhou Chiplet commenced transactions with suppliers on 10 January 2024, and commenced transactions with external customers in around August 2025.

revenue during the Track Record Period, and no longer forms part of the Group), any sanctions risk to which the Group would be exposed is likely to arise from the business activities of the Company itself, which was the focus of our Review.

6. **Export control analysis, key findings and conclusions**

6.1 We have been asked to review export control related risks arising from the Company's activities during the Track Record Period and up to and including the Latest Practicable Date.

6.2 **US export controls violation risk considerations**

6.2.1 Under the Export Administration Regulations (the **EAR**) of US laws, a licence, licence exception or authorisation from the US Department of Commerce, Bureau of Industry and Security (the **BIS**) may be required for the export, re-export or in-country transfer of any items subject to the EAR, depending on the item's classification, destination, end-user and end-use.

6.2.2 Items 'subject to the EAR' include:

6.2.2.1 all items in the US, including in a US Foreign Trade Zone or moving in-transit through the US from one foreign country to another (with certain exceptions);

6.2.2.2 US-origin items wherever located; and

6.2.2.3 certain foreign-made items that incorporate more than a de minimis amount of US-origin controlled content¹⁰ or that are produced abroad using controlled US software, technology or tools.

6.2.3 In recent years, the US government has implemented extensive export controls, including in the semiconductor related sector, targeting the PRC. Export controls violation risks could arise were the Company to:

6.2.3.1 export, re-export or transfer (in-country) any items subject to the EAR without any required licence, licence exception or authorisation; or

6.2.3.2 service any item subject to the EAR with the knowledge¹¹ that a violation of the EAR had occurred, was about to occur, or was intended to occur in relation to such item.

6.2.4 Based on the information provided by the Company to us in relation to its business activities during the Track Record Period (which remained substantially the same up to and including the Latest Practicable Date), and for the reasons analysed below, our view is that the risks of the Company violating applicable US export controls were low:

6.2.5 ***None of the technology or items sourced and used by the Company in the production of its packaging materials or in its servicing of customers' products was subject to US export controls.***

¹⁰ Detailed provisions regarding de minimis levels are set out in 15 CFR 734.4 of the EAR. The de minimis level applicable to a US-origin controlled content is product/technology specific.

¹¹ 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.

- 6.2.5.1 The Company sourced its raw materials and production equipment primarily within the PRC, and to a lesser extent, other jurisdictions in Asia, for its servicing operations.
- 6.2.5.2 As above, the Company procured most if not all of its raw materials in the PRC. The Company has also confirmed that none of the raw materials procured was otherwise subject to US export controls.
- 6.2.5.3 For production equipment, while most of it was sourced in the PRC or elsewhere in Asia, the Company has confirmed that some of it is of US-origin. However, as confirmed by the Company, and as is entirely in line with market practice, it relied on its suppliers' confirmation that none of the relevant equipment is subject to any US export controls.
- 6.2.5.4 The Company has further confirmed that it uses the raw materials and equipment as the end-user, for the purposes of servicing its customers' products. It does not engage in the resale, export or re-export of these inputs (whether or not they are controlled) to any third parties outside the Group.
- 6.2.6 ***Approximately 92.4% (by number) and 94.6% (by revenue) of the Company's customers were based in the PRC.***
- 6.2.6.1 As above, during the Track Record Period and up to and including the Latest Practicable Date, approximately 92.4% (by number) and 94.6% (by revenue) of the Company's customers were based in the PRC. In addition, the Company provided its services only in the PRC and was not involved in any subsequent exports, imports or re-exports of the packaged products, which were arranged by the Company's customers. These further mitigated any risks of the Company violating any applicable export controls as exporter (or import controls as importer).
- 6.2.7 ***Based on the Company's understanding, at least 90% of the customers' products which were serviced by the Company were made domestically in the PRC.***
- 6.2.7.1 While the Company does not have complete visibility into the origins of its customer's products, to the Company's knowledge, at least 90% of the products of the Company's customers, which the Company was instructed to service, were made entirely domestically in the PRC (although the Company was not in the position to verify this). This reflects the Company's understanding, and the fact that most of the customers' products were made domestically in the PRC, whilst not conclusive, would further mitigate the risk of any of those products being subject to US export controls in the first place.
- 6.2.8 ***Based on the Company's understanding, there was no indication that any products of the Company's customers which the Company was instructed to service incorporated any US-origin items or technology or were otherwise subject to US export controls.***
- 6.2.8.1 For the same reasons, limited information was available to the Company to conduct any product classification or otherwise verify the control status of the customers' products. Equally, however, the Company was not aware of any products of its customers being subject to US export controls.

6.2.9 ***There was no indication that the Company had any actual or inferred knowledge that any of the customers' products were exported, re-exported or transferred (in-country) in violation of the EAR.***

6.2.9.1 As above, potential liability arises were the Company to have serviced any item subject to the EAR with the knowledge that a violation of the EAR had occurred, was about to occur, or was intended to occur in relation to such item.

6.2.9.2 The Company has confirmed the absence of any actual or constructive knowledge that any of its customers' products serviced by it were exported or otherwise procured by its customers in violation of the EAR in the first place. For example, none of the products serviced by it involved specific Huawei products which have been deemed by the BIS to have been likely developed or produced in violation of US export control laws.¹²

6.2.9.3 For completeness, the Company has also confirmed that, during the Track Record Period and up to and including the Latest Practicable Date, none of its customers' products serviced by it (or its packaged products) was specifically designed or modified for military use, or supplied to any military customers or end-users. This would further mitigate any risks of the Company having inadvertently provided services facilitating any illegitimate transactions in breach of any end-user or end-use controls.

6.2.10 ***The Company had required approximately 60% of its current customers to confirm under their respective contracts with the Company their compliance with all applicable laws and regulations.***

6.2.10.1 As additional contractual safeguards, we understand that the Company had required, during the Track Record Period and up to and including the Latest Practicable Date, approximately 60% of its current customers to adopt in their respective contracts with the Company, provisions requiring, for example:

- (a) both parties to comply with applicable laws and regulations, including but not limited to export control laws and regulations;
- (b) both parties to obtain any necessary export licences, permits or authorisations for the purposes of performing the agreement; and
- (c) unless an exemption or authorisation is obtained from a competent US export control authority, not to export, re-export or transfer any item or technical information subject to US export controls, whether directly or indirectly, that would constitute a violation of applicable laws including the EAR.

6.2.10.2 These contractual safeguards, to the extent they were observed by the Company and its customers during the Track Record Period and up to and including the Latest Practicable Date, would further mitigate violation risks. The Company is recommended to continue strengthening its global trade compliance controls.

6.2.11 For completeness, as part of our party screening, we have screened the Group's counterparties not just against lists of persons subject to sanctions but

¹² Such Huawei products include Huawei Ascend 910B, Huawei Ascend 910C, and Huawei Ascend (Ascend) 910D. See also the BIS' 'Guidance on Application of General Prohibition 10 (GP10) to People's Republic of China (PRC) Advanced-Computing Integrated Circuits (ICs)' dated 13 May 2025 ([link](#)).

also lists of persons that are treated as restricted parties for export control purposes. In summary:

6.2.11.1 We have identified **23 customers**,¹³ **11 suppliers**,¹⁴ **one bank**,¹⁵ and **one financial leasing company**,¹⁶ with which the Group had dealings during the Track Record Period (and, in respect of certain counterparties, up to and including the Latest Practicable Date), and which have been placed on (or, due to the BIS Affiliates Rule, potentially subject to restrictions imposed on entities placed on) the BIS' Entity List and (in one case) the Military End User List. More specifically, excluding those which were flagged in our screening exercise solely on the basis of the BIS Affiliates Rule:

(a) **six** of the Company's customers;¹⁷ and

¹³ Such customers include: Guobo Electronics Co., Ltd. (南京国博电子股份有限公司), Hangzhou Zhongke Microelectronics Co., Ltd. (杭州中科微电子有限公司), Shaanxi Reactor Microelectronics Co., Ltd. (陕西亚成微电子股份有限公司), Loongson Technology Corporation Limited (龙芯中科技术股份有限公司), Wuhan Xinxin Semiconductor Manufacturing Company Limited (武汉新芯集成电路股份有限公司), Chongqing Southwest Integrated Circuit Design Co., Ltd. (重庆西南集成电路设计有限责任公司), Beijing Sevenstar Micro-Elec Co., Ltd. (北京七星华创微电子有限责任公司), Broadchip Technology Group Ltd. (广芯电子技术(上海)股份有限公司), CETC Deqing Huaying Electronics Co., Ltd. (中电科技德清华莹电子有限公司), Chengdu T-Ray Technology Co., Ltd. (成都天锐星通科技有限公司), Chenxin Technology Co., Ltd. (宸芯科技股份有限公司), GigaDevice Semiconductor Inc. (兆易创新科技集团股份有限公司), Hangzhou Silan Microelectronics Co., Ltd. (杭州士兰微电子股份有限公司), Hanwang Technology Co., Ltd. (汉王科技股份有限公司), Nanjing Micro One Electronics Inc. (南京微盟电子有限公司), RDA Microelectronics (Shanghai) Co., Ltd. (锐迪科微电子(上海)有限公司), Shanghai Belling Co., Ltd. (上海贝岭股份有限公司), Shenzhen Goodix Technology Co., Ltd. (深圳市汇顶科技股份有限公司), Spreadtrum Communications (Shanghai) Co., Ltd. (展讯通信(上海)有限公司), Spreadtrum Semiconductor (Chengdu) Co., Ltd. (展讯半导体(成都)有限公司), Starblaze Technology Co., Ltd. (北京忆芯科技有限公司), Wuxi Chipown Micro-electronics Ltd. (无锡芯朋微电子股份有限公司), and Wuxi Zhongwei Billion Core Limited (无锡中微亿芯有限公司). Based on confirmations given by the Company, it is our understanding that it did not enter into any transactions with ROFS Microsystem (Tianjin) Co., Ltd. (诺思(天津)微系统有限责任公司) in the Track Record Period.

¹⁴ Such suppliers include: Beijing Skyverse Technology Co., Ltd. (北京中科飞测科技有限公司), Hwa Tsing Technology Co., Ltd. (华海清科股份有限公司), Piotech Chuangyi (Shenyang) Semiconductor Equipment Co., Ltd. (拓荆创益(沈阳)半导体设备有限公司), Clean Chip Technologies Limited (清芯科技有限公司), Shanghai Zhichun Semiconductor Equipment Co., Ltd. (上海至纯半导体设备有限公司), GMC Semiconductor Technology (Wuxi) Co., Ltd. (吉姆西半导体科技(无锡)股份有限公司), Dongguan Darbond Yihua Materials Co., Ltd. (东莞德邦翌骅材料有限公司), Mispak Technology Co., Ltd. (江阴芯智联电子科技有限公司), Tianxin Internet Technology Co., Ltd. (天芯互联科技有限公司), Shennan Circuits Co., Ltd. (深南电路股份有限公司), and Beijing NAURA Microelectronics Equipment Co., Ltd. (北京北方华创微电子装备有限公司).

¹⁵ Nanjing branch of China Guangfa Bank Co., Ltd. (广发银行南京分行).

¹⁶ Sino IC Leasing Co., Ltd. (芯鑫融资租赁有限责任公司).

¹⁷ Namely, Guobo Electronics Co., Ltd. (南京国博电子股份有限公司), Hangzhou Zhongke Microelectronics Co., Ltd. (杭州中科微电子有限公司), Shaanxi Reactor Microelectronics Co., Ltd. (陕西亚成微电子股份有限公司), Loongson Technology Corporation Limited (龙芯中科技术股份有限公司), Wuhan Xinxin Semiconductor Manufacturing Company Limited (武汉新芯集成电路股份有限公司), and Chongqing Southwest Integrated Circuit Design Co., Ltd. (重庆西南集成电路设计有限责任公司). For completeness, based on the information provided by the Company, the Company also engaged in transactions with Guobo Electronics Co., Ltd., Hangzhou Zhongke Microelectronics Co., Ltd., Shaanxi Reactor Microelectronics Co., Ltd., and Wuhan Xinxin Semiconductor Manufacturing Company Limited in the period between the end of the Track Record Period and the Latest Practicable Date.

- (b) **seven** of the Company's suppliers,¹⁸ **four** of which were also the suppliers of Yangzhou Chiplet,¹⁹

have been placed on the BIS' Entity List.

- 6.2.11.2 The key implication of the designation is that any application for licences to export, re-export or in-country transfer items subject to US export controls to these counterparties would in principle be denied by the BIS. These designations given their nature do not render these counterparties Sanctioned Targets.

- 6.2.11.3 In addition, the fact that the Company had dealt with these counterparties during the Track Record Period (and, in respect of some of them, up to and including the Latest Practicable Date), in the absence of any indication that the underlying transactions involved products subject to US export controls, is not necessarily an indication that the Company had violated applicable export controls or engaged in activities involving Sanctioned Targets. More specifically, in relation to the certain suppliers and customers that have been placed on the Entity List during the Track Record Period:

- (a) of the six of the Company's customers so listed, only five were placed on the Entity List prior to or at the time of each relevant transaction. In addition, the Company was not aware of any indication that the products which it was instructed to service incorporated any US-origin items or technology or were otherwise subject to US export controls. Accordingly, it is unlikely that the fact that these customers are on the Entity List would have affected the legality of any of the transactions entered into between the Group and these customers. Revenue generated from transactions with these six customers in aggregate accounted for only approximately 0.212% of the Group's total revenue during the Track Record Period;
- (b) of the seven of the Company's suppliers so listed, only one was placed on the Entity List prior to or at the time of each relevant sourcing arrangement. In addition, as above, the Company's suppliers had confirmed that none of the technology supplied for use by the Company in its business activities was subject to US export controls. Accordingly, it is unlikely that the fact that these suppliers are on the Entity List would have affected the legality of any of the transactions entered into between the Group and these suppliers. In terms of quantum, the amounts paid by the Company to these seven suppliers in aggregate accounted for approximately 6.19% of the amounts paid by the Group to its suppliers during the Track Record Period;
- (c) of the four suppliers of Yangzhou Chiplet so listed, only three were placed on the Entity List prior to or at the time of each

¹⁸ Namely, Beijing Skyverse Technology Co., Ltd. (北京中科飞测科技有限公司), Hwa Tsing Technology Co., Ltd. (华海清科技股份有限公司), Piotech Chuangyi (Shenyang) Semiconductor Equipment Co., Ltd. (拓荆创益(沈阳)半导体设备有限公司), Clean Chip Technologies Limited (清芯科技有限公司), Shanghai Zhichun Semiconductor Equipment Co., Ltd. (上海至纯半导体设备有限公司), GMC Semiconductor Technology (Wuxi) Co., Ltd. (吉姆西半导体科技(无锡)股份有限公司), and Beijing NAURA Microelectronics Equipment Co., Ltd. (北京北方华创微电子装备有限公司). For completeness, based on the information provided by the Company, the Company also engaged in transactions with Hwa Tsing Technology Co., Ltd. and Beijing NAURA Microelectronics Equipment Co., Ltd. in the period between the end of the Track Record Period and the Latest Practicable Date.

¹⁹ Namely, Hwa Tsing Technology Co., Ltd. (华海清科技股份有限公司), Piotech Chuangyi (Shenyang) Semiconductor Equipment Co., Ltd. (拓荆创益(沈阳)半导体设备有限公司), GMC Semiconductor Technology (Wuxi) Co., Ltd. (吉姆西半导体科技(无锡)股份有限公司), and Beijing NAURA Microelectronics Equipment Co., Ltd. (北京北方华创微电子装备有限公司).

relevant sourcing arrangement. To the Company's knowledge, none of the items, equipment and technology supplied by these suppliers to Yangzhou Chiplet was subject to US export controls. Accordingly, as above, it is unlikely that the fact that these suppliers are on the Entity List would have affected the legality of any of the transactions entered into between the Group and these suppliers. In terms of quantum, the payments made by Yangzhou Chiplet to these four suppliers in aggregate accounted for only approximately 1.20% of the amounts paid by the Group to its suppliers during the Track Record Period;

- (d) in relation to (b) and (c) above, the payments made by the Group to the seven identified suppliers accounted for only approximately 7.39% of the amounts paid by the Group to its suppliers during the Track Record Period.

6.2.11.4 Any potential violation risks were further mitigated by:

- (a) the factors analysed in paragraphs 6.2.5-6.2.10 above, including the domestic nature of the Company's services, its lack of involvement in any export of the products concerned, and most importantly, the absence of any knowledge on its part that any of its customers' products were subject to US export controls and/or sourced or supplied in violation of the EAR; and
- (b) the scope and timing of the designations. In particular, a majority of counterparties were flagged because they have been identified to be 50% or more owned by entities on the Entity List or Military End User List under the BIS Affiliates Rule (which was in effect only between 29 September 2025 and 10 November 2025). This means that a significant number of these counterparties were not restricted parties for most of the Track Record Period. Note that the BIS Affiliates Rule was in force for less than two months and has since been suspended for a year with effect from 10 November 2025, and potentially will be further suspended until 10 January 2027 (as stated in footnote 7 above).

6.2.11.5 In principle, the products of the Company's customers might subsequently be sold in the US market. However: (i) as above, the Company was not aware of any indication that any such products were subject to US export controls (including any end-user or end-use controls under US export control laws), and the services the Company performed did not require it to provide any products subject to US export controls; (ii) the Company was not involved in any such subsequent exports, re-exports or transfers of the products, which were arranged by the customers, and it had no knowledge of the ultimate recipients; and (iii) no information came to the Company's attention suggesting a violation of the EAR had occurred, was about to occur or was intended to occur. In any event, the fact that the Group has transacted with customers and suppliers that have been placed on the Entity List (as identified above) does not in and of itself affect the legality of any onward sale to the US market. On this basis, we consider any indirect exposure to and impact on the Group as a result of any onward US sales to be remote, if any.

6.2.11.6 As part of its initiative to strengthen its global trade compliance programme, the Company may consider its position as to whether it would continue dealing with these restricted parties, irrespective of whether the underlying transactions have US export control implications, or adopt a more tailored approach to

compliance, to ensure that any requisite licences or authorisations are obtained, and none of the transactions would violate the EAR or other applicable laws.

6.3 In conclusion, our assessment is that the risks of the Company potentially violating export controls during the Track Record Period, and up to and including the Latest Practicable Date, were low.

6.4 While (i) (as above) the Group has entered into new transactions with some of the customers and suppliers identified in paragraph 6.2.11.1 in the period between the end of the Track Record Period and the Latest Practicable Date, and (ii) we understand from the Company that it cannot rule out the possibility of entering into new transactions with such customers and suppliers in the future in light of commercial considerations and operational needs, assuming that (a) the Group will continue to adopt the business model adopted in the Track Record Period, (b) its future transactions with these counterparties will remain substantially the same, and (c) there will not be any broadening of the restricted party statuses of these counterparties, our assessment in paragraph 6.3 would similarly apply to any such future transactions.

6.5 However, given the broadened use of export controls by the US Government and the increasingly extensive designations by the BIS of PRC companies on restricted party lists, meaning that more exports could be subject to specific licensing requirements going forward, we would recommend that the Company continue to enhance its global trade compliance measures (see **section 8** below), to mitigate any risks of inadvertently violating US export controls (and other applicable laws and regulations).

6.6 **PRC export controls violation risk considerations**

6.6.1 Certain packaged products serviced by the Company were exported out of the PRC during the Track Record Period and up to and including the Latest Practicable Date. Potential PRC export controls violation risk could arise were the Company to engage in any export of items subject to PRC export controls without a valid licence.

6.6.2 We do not consider potential PRC export controls violation risks to be material, on the basis that:

6.6.2.1 as confirmed by the Company, the Company did not act as the exporter of the relevant items. Any exports would have been arranged by the Company's customers; and

6.6.2.2 based on the information reviewed, it is likely that the packaged products were not subject to PRC export controls and any such export would in general not require a licence. Specifically, we understand from the Company that all of its packaged products that were exported during the Track Record Period and up to and including the Latest Practicable Date had HS codes 8542319099, 8542399000, 8542329090 and 8542339000. Such items are not regarded as dual-use items or otherwise controlled under PRC export control laws.

6.6.3 For completeness, based on our party screening, none of the Group's customers was placed by the PRC government on the Unreliable Entity List, the Control List under the PRC Export Control Law, or otherwise subject to any trade restrictions under PRC sanctions or export control laws.

7. **Potential implications of US outbound investment review rules**

7.1 We have been asked to opine on the applicability of the US outbound investment review rules to the Company or the Proposed Listing.

- 7.2 Effective from 2 January 2025, the Final Rule 'Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern' issued by the US Department of the Treasury (**Treasury**) implemented the US President's Executive Order 14105 of 9 August 2023 (**US Outbound Investment Rule**).²⁰
- 7.3 The US Outbound Investment Rule (i) requires US persons to notify Treasury of certain transactions and (ii) prohibits US persons from engaging in other transactions, in both cases where the transactions involve 'covered foreign persons' (including those in the PRC including Hong Kong and Macau) who are engaged in activities involving one or more of three advanced technology sectors: (a) semiconductors and microelectronics; (b) quantum information technologies; and (c) certain artificial intelligence systems, subject to available exemptions.
- 7.4 As a company incorporated in the PRC and engaging in the packaging of ICs using advanced packaging techniques that meet certain specifications as defined in the US Outbound Investment Rule,²¹ the Company would be regarded as a 'covered foreign person', and a US person's investment in the Company by way of an acquisition of an equity interest or contingent equity interest would be regarded as a 'covered transaction' that is **prohibited**, unless any available exception applies. In principle, US person investors will be prohibited from making certain investments in the Company, including in the form of acquisitions of equity interests that are not yet publicly traded, certain debt financing, joint ventures, and certain investments as a limited partner in a non-US person pooled investment fund. US persons would be prohibited from participating in the purchase of and acquiring shares in the Global Offering if such shares are not publicly available and purchased from a securities exchange.
- 7.5 That said, our view is that the US Outbound Investment Rule is unlikely to have any material impact on the Group, the Proposed Listing or any investment prospects, considering the following:
- 7.5.1 We understand that, currently, no US person holds any investment interests in the Company.
- 7.5.2 In certain circumstances, a prohibited (or notifiable) transaction, if engaged in by a US person, is excepted and therefore not treated as a 'covered transaction'. Excepted transactions include, among others, an investment by a US person in any publicly traded security, denominated in any currency, and that trades on a securities exchange, or over-the-counter, in any jurisdiction (the **Publicly Traded Securities Exception**).²²
- 7.5.3 Based on latest guidance issued by Treasury, at the time any US person acquires the H shares of the Company in the context of this Proposed Listing

²⁰ On 18 December 2025, the Fiscal Year 2026 National Defense Authorization Act, which includes the Comprehensive Outbound Investment National Security Act of 2025 ("**COINS Act**"), was enacted. The COINS Act largely codifies and expands the US Outbound Investment Rule, but it is not self-executing and does not replace or amend the US Outbound Investment Rule, as at the date of this memorandum. Further, on 22 October 2026, the Treasury issued a Notice of Proposed Rulemaking (**NPRM**) to implement the COINS Act. As at the date of this memorandum, the NPRM has not taken effect (public consultation on the NPRM is open until 7 December 2026, and an effective date will be determined in a final rule). Before the NPRM becomes effective, the current US Outbound Investment Rule continues to apply. The NPRM, if and when finalised in the current form, is not expected to have retroactive effect. The NPRM may amend and expand the scope of the current Outbound Investment Rule. However, if and when finalised in the current form, the NPRM is expected to (i) similarly prohibit US investments into PRC companies that are engaged in the packaging of ICs in a manner that supports the 2.5D and 3D assembly of ICs; (ii) provide a similar exemption for investments in publicly traded securities; and (iii) impose the applicable prohibition or notification requirement primarily on US investors (as further discussed below). Based on the above, we do not expect the NPRM to materially affect our current analysis.

²¹ Concerning the semiconductors and microelectronics sector, a US person would in general be prohibited from investing in a covered foreign person engaged in activities relating to (among others) the packaging of any IC using advanced packaging techniques. 'Advanced packaging' is defined under the US Outbound Investment Rule to mean the packaging of ICs in a manner that supports the two-and-one-half-dimensional (2.5D) or three-dimensional (3D) assembly of ICs, such as by directly attaching one or more die or wafer using through-silicon vias, die or wafer bonding, heterogeneous integration, or other advanced methods and materials.

²² 31 CFR 850.501(a)(1)(i).

(which, in the absence of further regulatory guidance, may reasonably be interpreted as occurring upon settlement at the specific time on the listing date, i.e. the date on which such shares are first listed and from which dealings in such shares are permitted to take place on the HKEX), such shares would be publicly listed and tradable and therefore the acquisition may constitute an excepted transaction under the Publicly Traded Securities Exception, assuming the US person would not be afforded rights beyond standard minority shareholder protections.²³

- 7.5.4 Accordingly, upon completion of the Proposed Listing, it is expected that a US person will be able to invest in the publicly traded H shares of the Company based on the Publicly Traded Securities Exception, as long as the investments made do not afford the US person rights beyond standard minority shareholder protections.
- 7.5.5 Where no available exception applies to a covered transaction involving the Company, the prohibition (or the requirement to notify Treasury) is in any event imposed on the US person, and not the Company or any other parties in relation to the Proposed Listing. There is no reporting obligation imposed on the Company under the US Outbound Investment Rule in connection with the Proposed Listing.
- 7.5.6 As confirmed by the Company, during the Track Record Period (and up to and including the Latest Practicable Date), the Group did not experience any incident relating to the US Outbound Investment Rule that resulted in any material adverse impact on its operations or investment activities.

8. Trade compliance recommendations

- 8.1 Based on the above, we did not identify in our Review any (i) Primary Sanctioned Activity, (ii) Secondary Sanctionable Activity, or (iii) material export controls violation risks arising from the Company's activities during the Track Record Period and up to and including the Latest Practicable Date.
- 8.2 While an analysis of the Company's global trade compliance programme is outside the scope of this memorandum, based on our high-level understanding of the Company's business activities and internal controls, we have recommended measures which, if implemented, would strengthen the Company's global trade compliance programme, and mitigate potential sanctions and export controls violation risks going forward:

Proposed key areas	Recommendations
Dedicated compliance personnel	<ul style="list-style-type: none"> Create a dedicated compliance function to oversee the Group's compliance with all applicable sanctions and export controls in its operations, including to ensure effective implementation of all compliance measures (as below), undertake screening and review sanctions and/or restricted party screening hits, and escalate concerns to the Company's legal or senior management team for review and resolution in a timely manner.

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On 23 December 2025, Treasury published additional frequently asked questions (**FAQs**) in which it is provided that absent additional facts, when a US person acquires an equity interest in a 'covered foreign person', and at the time of such acquisition the equity interest is publicly traded, the Publicly Traded Securities Exception applies regardless of when an agreement to make the investments is entered into. Whilst the FAQs are silent on the timing in which an acquisition of an equity interest would be deemed to have occurred, there is a reasonable argument to be made that the acquisition of an equity interest ought to crystallise only at settlement, so provided that settlement of the Company's shares occurs after a specific timing on the listing date, any such shares subscribed for by US persons ought to be considered publicly traded at the time of the acquisition, for which the exception will apply. We, however, note the outstanding risk that there remains ambiguity regarding the scope and conditions of the Publicly Traded Securities Exception, and there is no assurance that Treasury will take the same view as the above.

Proposed key areas	Recommendations
Know-your-counterparty and know-your-product mechanisms, including screening and classification capabilities	<ul style="list-style-type: none"> Establish and apply standard KYC protocols (covering primarily customers and suppliers), requiring the collection of information to enable the identification of any sanctions and restricted party risks arising from the Company's relationships and business activities. Introduce internal sanctions and restricted party screening and review capability, which typically involves subscribing to screening services, analysing party risk profiles, and resolving any red flags with the support from dedicated compliance personnel (as above) and/or external counsel specialising in sanctions and export controls, as needed. Undertake periodic monitoring of party and transaction risks. Introduce internal procedures for the collection of information required to assess the control status, end-user and end-use of products that the Company is asked to service, and the assessment of export control risks.
Strengthening standard terms and conditions in counterparty contracts	<ul style="list-style-type: none"> Update existing counterparty contract templates to ensure they contain sufficiently strong representations, warranties and undertakings regarding each counterparty's sanctions and restricted party status, sanctions and export control compliance, requirements to obtain licences or authorisations as needed, and the Company's rights to seek information to enable ongoing monitoring, terminate the relationship or seek other contractual remedies where the counterparty becomes sanctioned, or is suspected to have violated applicable sanctions or export controls.
Specific compliance guidance	<ul style="list-style-type: none"> Develop global trade compliance policies and guidance to raise employee awareness at a Group-wide level, setting out key sanctions and export controls requirements applicable to the operations of the Group, high-risk activities, and routes to enable timely escalation of potential concerns.
Need for tailored staff training	<ul style="list-style-type: none"> Provide regular training to relevant personnel on sanctions and export controls compliance obligations, including practical guidance on party screening, product classification, licensing, and end-use/end-user verification.

8.3 As at the date of this memorandum, we understand from the Company that it has introduced certain enhanced measures since October 2025 to further mitigate any risks of violating sanctions and export controls. These measures include:

- 8.3.1 creating a dedicated compliance function within its legal department to oversee the Group's compliance with all applicable sanctions and export controls, including in relation to its sales and procurement activities;
- 8.3.2 implementing mechanisms to identify any sanctions and restricted party risks arising from the Group's third party relationships and business activities,

including introducing internal capabilities to screen its customers and suppliers; and

- 8.3.3 instructing external trade compliance and internal control advisers to provide guidance to the Group in developing and introducing global trade compliance policies and guidance so as to raise employee awareness at a Group-wide level.

9. Assumptions and qualifications

- 9.1 Our advice is provided based on our understanding of the Company's business operations and activities, as summarised in **section 4** of this memorandum. If any of the underlying facts changes, our analysis and conclusion may be impacted.
- 9.2 This memorandum contains our legal analysis in accordance with the Chapter 4.4 Guide based on the facts and information provided by the Company to us to date. This memorandum is not intended to be a full due diligence or review of all international sanctions and trade control issues, nor is it intended to provide any assessment of the adequacy of the Company's or the Group's current compliance framework with respect to international sanctions and trade controls.
- 9.3 In preparing this memorandum, we have relied on the completeness and accuracy of the information, representations and records provided to us by the Company. Only some but not all of the information provided to us is accompanied with corresponding documentation. If any of the assumptions are incorrect, or if there have been any changes to facts and circumstances that may have an impact on the assumptions set out in this memorandum, the Company is recommended to inform us so that we can update the contents of our analysis.
- 9.4 There are objective limitations to our screening capability. We have used one of the market leading third party screening tools (the **Tool**) to carry out all sanctions and restricted party screening stated in this memorandum, and that Tool has the capability to capture not just persons expressly designated on sanctions lists, but also entities that (albeit not expressly listed) are sanctioned as a result of being 50% or more owned, or controlled, by sanctioned persons. However, our ability to identify any Sanctioned Targets, or restricted parties, is subject to the completeness of information provided by the Company to us, and the effectiveness of the Tool's screening capability, which may be affected by factors beyond our control, including but not limited to the accuracy, completeness and timeliness of any updates to the Tool's database,²⁴ and other systematic gaps and defects not known to us. While we have undertaken screening against all identified counterparties of the Group during the Track Record Period and up to and including the Latest Practicable Date, and reviewed all relevant hits generated by the Tool individually, we cannot guarantee that the findings stated in this memorandum are exhaustive. We trust the above qualification is reasonable and in line with market practice. In addition, we note that sanctions and restricted-party screening has been conducted by us on a rolling basis, starting from our initial review in or around October 2025 for the purposes of issuing our legal memorandum on 30 October 2025 (on which our legal memorandum dated 24 July 2026 was based). Given the substantial number of counterparties involved, it is not operationally feasible for us to perform a full refresh of all screening results as at the date of this memorandum. For the purposes of this memorandum, we have therefore relied on the screening results generated during the course of our rolling analysis and have assumed that there have been no changes to the sanctions status of those counterparties since the latest round of screening.

²⁴ For example, as a result of the BIS Affiliates Rule which came into effect on 29 September 2025, the number of entities which are subject to trade restrictions under US export controls rules has expanded significantly. Also, we understand that, following the suspension of the BIS Affiliates Rule from 10 November 2025 onwards, certain entities that may have been identified pursuant to the application of the BIS Affiliates Rule have since been removed from the Tool's database. It is possible that, as at the time of our screening review, not all of the entities that would be identified under the BIS Affiliates Rule within the Track Record Period and up to and including the Latest Practicable Date would have been flagged by the Tool. However, we consider that this potential limitation is not likely to materially impact our export control risk analysis.

- 9.5 Advice in this memorandum is given only with respect to applicable sanctions and export control measures in force as at the date of this memorandum. We assume no obligation to (i) update or supplement our memorandum to reflect any fact or circumstance that may hereafter come to our attention or any change in law or regulation that may hereafter occur or become effective, or (ii) notify any recipient or other person of any such fact, circumstance or change, after the date of this memorandum. We underline that sanctions and export control measures administered by Relevant Jurisdictions remain under constant review. The scope and application of the measures discussed in this memorandum are subject to change and should be carefully monitored.
- 9.6 This memorandum is intended for the benefit of the Company. This memorandum may also be disclosed for information only to (but not relied on by) the Sole Sponsor, the Sole Sponsor-Overall Coordinator, the Underwriters and their respective legal advisers, and competent authorities including the HKEX and the Securities and Futures Commission, or recipients when available on display during a period of 14 days from the date of the prospectus. Such disclosure and non-reliance 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, quote or refer to it in any public document, or file it with any person, without our prior written consent in each specific case.

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Appendix I

As part of our Review, we have undertaken global sanctions and restricted party screening as against the Company, other Group entities, and the Company's shareholders, directors and key personnel provided to us.

	Entity / person ²⁵	Description
1.	Jiangsu Silicon Integrity Semiconductor Technology Co., Ltd. (江苏芯德半导体科技股份有限公司)	Company
2.	Yangzhou Chiplet Semiconductor Integration Co., Ltd. (扬州芯粒集成电路有限公司)	Current sole subsidiary
3.	Yangzhou Longtou Semiconductor Industry Investment Fund Partnership Enterprise (Limited Partnership) (扬州龙投芯粒半导体产业投资基金合伙企业 (有限合伙))	Co-shareholder of Yangzhou Chiplet, Shareholder
4.	Nanjing Changxin Testing Technology Co., Ltd. (南京长芯检测科技有限公司)	Former joint venture
5.	Jiangsu Changjing Electronics Technology Co., Ltd. (江苏长晶科技股份有限公司)	Former joint venture partner as regards Nanjing Changxin
6.	Nanjing Ningtaixin Enterprise Consulting Management Partnership Enterprise (Limited Partnership) (南京宁泰芯企业管理咨询合伙企业 (有限合伙))	Shareholder
7.	Ningbo Meishan Bonded Port Area Ningpuxin Enterprise Management Partnership Enterprise (Limited Partnership) (宁波梅山保税港区宁浦芯企业管理合伙企业 (有限合伙))	Shareholder
8.	Nanjing Yuanjun Enterprise Management Consulting Partnership Enterprise (Limited Partnership) (南京市元钧企业管理咨询合伙企业 (有限合伙))	Shareholder
9.	Xinlianxin Enterprise Management Consulting Partnership Enterprise (Limited Partnership) (南京心联芯企业管理咨询合伙企业 (有限合伙))	Shareholder
10.	Nanjing Pukou Development Zone Strategic Emerging Industry Investment Partnership Enterprise (Limited Partnership) (南京浦口开发区战略新兴产业投资合伙企业 (有限合伙))	Shareholder
11.	Jiaxing FirstLight Hongtong Equity Investment Partnership Enterprise (Limited Partnership) (嘉兴晨壹泓彤股权投资合伙企业 (有限合伙))	Shareholder
12.	Jiaxing Hongyu Taiying Equity Investment Partnership Enterprise (Limited Partnership) (嘉兴宏瑜泰盈股权投资合伙企业 (有限合伙))	Shareholder
13.	Wuxi FirstLight Growth Equity Investment Fund (Limited Partnership) (无锡晨壹成长股权投资基金 (有限合伙))	Shareholder

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English translations of the names below are provided for reference only.

	Entity / person ²⁵	Description
14.	Shenzhen Gongchuang Xincheng Investment Partnership Enterprise (Limited Partnership) (深圳共创芯程投资合伙企业 (有限合伙))	Shareholder
15.	Song Lin (宋琳)	Shareholder
16.	Zhu Jinqiang (朱进强)	Shareholder
17.	Jiangsu Xinchao Innovation Investment Group Co., Ltd. (江苏新潮创新投资集团有限公司)	Shareholder
18.	Wang Xinchao (王新潮)	Shareholder
19.	Zheng Yuying (郑玉英)	Shareholder
20.	Nanjing Jinpu Xinchao Jixiang Venture Capital Partnership (Limited Partnership) (南京金浦新潮吉祥创业投资合伙企业 (有限合伙))	Shareholder
21.	Nanjing Jinpu Xinchao Chenguang Venture Capital Partnership (Limited Partnership) (南京金浦新潮晨光创业投资合伙企业 (有限合伙))	Shareholder
22.	Ningbo Chentong Venture Capital Partnership Enterprise (Limited Partnership) (宁波宸通创业投资合伙企业 (有限合伙))	Shareholder
23.	Shanghai Quanqi Management Consulting Center (Limited Partnership) (上海权绮管理咨询中心 (有限合伙))	Shareholder
24.	Guangdong Changtuoshi Venture Capital Partnership (Limited Partnership) (广东长拓石创业投资合伙企业 (有限合伙))	Shareholder
25.	Nanjing Sumin Jinfan Investment Equity Investment Partnership Enterprise (Limited Partnership) (南京苏民金帆股权投资合伙企业 (有限合伙))	Shareholder
26.	Hubei Xiaomi Changjiang Industry Fund Partnership Enterprise (Limited Partnership) (湖北小米长江产业基金合伙企业 (有限合伙))	Shareholder
27.	Wuxi Xianfeng Intelligent Manufacturing Investment Partnership Enterprise (Limited Partnership) (无锡先锋智造投资合伙企业 (有限合伙))	Shareholder
28.	Nanjing Talent Innovation and Entrepreneurship Investment Fund Partnership (Limited Partnership) (南京市人才创新创业投资基金合伙企业 (有限合伙))	Shareholder
29.	Xunxing Investment (Chongqing) Co., Ltd. (巡星投资 (重庆) 有限公司)	Shareholder
30.	Jiangsu Jiuquan Junhai Rongxin Investment Partnership Enterprise (Limited Partnership) (江苏趵泉君海荣芯投资合伙企业 (有限合伙))	Shareholder

	Entity / person ²⁵	Description
31.	Changsha Huaye High Tech Innovation Private Equity Fund Partnership Enterprise (Limited Partnership) (长沙华业高创私募股权基金合伙企业 (有限合伙))	Shareholder
32.	Pingtian Hengrui No.6 Equity Investment Partnership Enterprise (Limited Partnership) (平潭恒睿六号股权投资合伙企业 (有限合伙))	Shareholder
33.	Nanjing Zijin Advanced Manufacturing Industry Equity Investment Center (Limited Partnership) (南京紫金先进制造产业股权投资中心 (有限合伙))	Shareholder
34.	Shanghai Xianghe Yongjun Equity Investment Partnership Enterprise (Limited Partnership) (上海祥禾涌骏股权投资合伙企业 (有限合伙))	Shareholder
35.	Ningbo Xinshuo Venture Capital Partnership Enterprise (Limited Partnership) (宁波鑫硕创业投资合伙企业 (有限合伙))	Shareholder
36.	Ningbo Jinpu Pengyuan Venture Capital Partnership Enterprise (Limited Partnership) (宁波金浦鹏源创业投资合伙企业 (有限合伙))	Shareholder
37.	Nanjing Jinpu Consumer Intelligent Manufacturing Equity Investment Fund Partnership Enterprise (Limited Partnership) (南京金浦消费智造股权投资基金合伙企业 (有限合伙))	Shareholder
38.	Shanghai Jinpu Technology Entrepreneurship Equity Investment Fund Partnership Enterprise (Limited Partnership) (上海金浦科技创业股权投资基金合伙企业 (有限合伙))	Shareholder
39.	Gongqingcheng Longxin Intelligent Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (共青城龙芯智能创业投资合伙企业 (有限合伙))	Shareholder
40.	Gongqingcheng Longxin Juneng Venture Capital Partnership Enterprise (Limited Partnership) (共青城龙芯聚能创业投资合伙企业 (有限合伙))	Shareholder
41.	Suzhou Fenhu Qinhe Venture Capital Center (Limited Partnership) (苏州汾湖勤合创业投资中心 (有限合伙))	Shareholder
42.	Shenzhen Hongtu Yuechuan Equity Investment Fund Partnership Enterprise (Limited Partnership) (深圳市红土岳川股权投资基金合伙企业 (有限合伙))	Shareholder
43.	Zhuhai Hongtu Zhanlu Equity Investment Partnership Enterprise (Limited Partnership) (珠海市红土湛卢股权投资合伙企业 (有限合伙))	Shareholder
44.	Xinxiang Rongcheng (Xiamen) Enterprise Management Consulting Partnership Enterprise (Limited Partnership) (欣向荣呈 (厦门) 企业管理咨询合伙企业 (有限合伙))	Shareholder

	Entity / person ²⁵	Description
45.	Kunde (Xiamen) Financial Advisory Partnership Enterprise (Limited Partnership) (昆德 (厦门) 财务顾问合伙企业 (有限合伙))	Shareholder
46.	Gaintech Co. Limited	Shareholder
47.	Azure / Weilan (Shenzhen) Private Equity Venture Capital Fund Partnership Enterprise (Limited Partnership) (蔚蓝 (深圳) 私募创业投资基金合伙企业 (有限合伙))	Shareholder
48.	Gongqingcheng Qixin Yuanchuang Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (共青城启新源创业投资合伙企业 (有限合伙))	Shareholder
49.	Jiaxing Haoqi Equity Investment Partnership Enterprise (Limited Partnership) (嘉兴皓麒股权投资合伙企业 (有限合伙))	Shareholder
50.	Shanghai Longcheer Technology Co., Ltd. (上海龙旗科技股份有限公司)	Shareholder
51.	Shenzhen Zhuoyuan Industrial Investment Co., Ltd. (深圳市卓源工业投资有限公司, renamed in May 2026 to 深圳市卓源亚洲工业投资有限公司)	Shareholder
52.	Suzhou Huaye Xuchuang Investment Partnership Enterprise (Limited Partnership) (苏州华业续创投资合伙企业 (有限合伙))	Shareholder
53.	Nanjing Xinju Management Consulting Partnership (Limited Partnership) (南京芯聚管理咨询合伙企业 (有限合伙))	Shareholder
54.	Nanjing Pukou Zhiqi Low Altitude Economic Industry Fund Partnership Enterprise (Limited Partnership) (南京浦口智启低空经济产业基金合伙企业 (有限合伙))	Shareholder
55.	Jiangsu Nantong Yuanhepu Huazhan New Venture Investment Partnership Enterprise (Limited Partnership) (江苏南通元禾璞华战新创业投资合伙企业 (有限合伙))	Shareholder
56.	Jiangsu Nanjing Advanced Manufacturing Industry Master Fund (Limited Partnership) (江苏南京先进制造产业专项母基金 (有限合伙))	Shareholder
57.	Wuxi Sumin Fengfan Enterprise Management Co., Ltd. (无锡苏民锋帆企业管理有限公司)	Shareholder
58.	Zhang Guodong (张国栋)	Shareholder, Director, Key personnel
59.	Pan Mingdong (潘明东)	Shareholder, Director, Key personnel
60.	Liu Yi (刘怡)	Shareholder, Director, Key personnel
61.	Wang Danfeng (王丹凤)	Former shareholder

	Entity / person ²⁵	Description
62.	Wang Ye (王晔)	Former shareholder
63.	Xue Yumin (薛玉敏)	Former shareholder
64.	Long Xinjiang (龙欣江)	Director, Key personnel
65.	Wang Chuxuan (王楚璇)	Director, Key personnel
66.	Yu Xiaolin (于晓琳)	Director, Key personnel
67.	Jiao Jie (焦捷)	Director
68.	Wang Xiaomu (王肖沐)	Director
69.	Li Quanxing (李全兴)	Director
70.	Kong Xiaoming (孔晓明)	Former Director
71.	Liu Xin (刘鑫)	Key personnel
72.	Zhang Zhong (张中)	Key personnel
73.	Fang Yaping (方亚萍)	Key personnel
74.	Ye Jiahong (叶嘉红)	Key personnel
75.	Gu Ying (顾莹)	Former key personnel
76.	Ma Guohai (马国海)	Former key personnel