

<b>TO</b>	<b>Shenzhen SDMC Technology Co., Ltd.</b> 深圳市華曦達科技股份有限公司	
<b>CC:</b>	<b>China Securities (International) Corporate Finance Company Limited</b> 18/F Two Exchange Square 8 Connaught Place, Central Hong Kong (the " <b>Sole Sponsor</b> " or " <b>Sole Overall Coordinator</b> ")  <b>Underwriters</b> (as defined in the prospectus of the Company dated 18 May 2026)	
<b>FROM</b>	Stephen Peepels	<b>TELEPHONE: +852 9097 3997</b>
<b>DATE</b>	May 18, 2026	
	<i>Privileged and Confidential</i>	<i>By Electronic Mail</i>
<b>SUBJECT</b>	<b>Memorandum of Advice – International laws and Regulations Relating to Trade Sanctions and Export Controls</b>	

## 1. INTRODUCTION AND SCOPE

- 1.1 I am instructed to act as the international sanctions counsel to Shenzhen SDMC Technology Co., Ltd. 深圳市華曦達科技股份有限公司 (the "**Company**"). This memorandum assesses the applicability to the Company, and its subsidiaries (the Company and its subsidiaries together, the "**Group**") of the international trade and export control issues that may arise in connection with (i) an IPO transaction by the Company ("**Project Spirit Pearl**") whereby the Company would list its shares on The Stock Exchange of Hong Kong Limited (the "SEHK"), and (ii) the business that is conducted by the Group who is primarily in the business providing of holistic AI Home solutions, dedicated to advancing the application of AI technologies in home settings to redefine smart living. My analysis has been prepared in the context of the proposed initial public offering and listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Offering**"). However, my advice is applicable whether or not the Company proceeds with the Offering.
- 1.2 This memorandum provides analysis of the Group's international business and operations based on the facts and information provided by the Group as of the date of the memorandum. To prepare this memorandum, I was given the opportunity to participate in the preparation of the Group's prospectus prepared in connection with the Offering (the "**Prospectus**"), and I was afforded the opportunity to request any follow-up information as I deemed necessary to

prepare this memorandum. I also had the opportunity to interact with the Group via telephone and e-mail communications. The information that I have reviewed as set forth in this paragraph 1.2 is referred to in this memorandum as the “**Group Information**”.

- 1.3 This memorandum is not intended as a full due diligence review of these issues, nor is it intended to provide any assessment of the Group's existing policies or wider procedures implemented to manage its compliance with International Sanctions.
- 1.4 For the purpose of this memorandum, I have thoroughly reviewed the countries/regions outside Greater China in which the Group conducts operations, purchases components, has supplier or customer relationships, or otherwise has material connections. While it is not directly germane to the specific assignment for which I have been engaged, I noted specifically that the Prospectus did not disclose any sales or operations in (a) Iran, Syria, North Korea or Cuba, or (b) the Crimean, Donetsk, Luhansk and Sevastopol Regions of Ukraine (the “**Sanctioned areas of Ukraine**”), each of which countries or jurisdictions are comprehensively sanctioned, during the Track Record Period. My diligence also did not reveal any relationships with persons, entities or organizations named on the “Specially Designated Persons and Blocked Persons List” (the “**SDN List**”) maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (“**OFAC**”), and the Company has confirmed on behalf of the Group that it does not do business with anyone on the SDN List.
- 1.5 As my mandate on this project was quite broad, I have considered not just OFAC related International Sanctions. In addition, I considered whether (A) the Group’s business is subject to export and transfer restrictions imposed by the U.S. Department of Commerce, Bureau of Industry and Security (the “**BIS**”); and (B) the Group’s business might involve transactions with companies that are named on the (i) entity list (the “**Entity List**”) administered by the BIS and/or (ii) Non-SDN Chinese Military-Industrial Complex Companies List (“**NS-CMIC List**”) under U.S. Presidential Executive Order 13959, as amended by U.S. Presidential Executive Order 14032. My conclusions in Section 4 consider all of these areas of regulation (collectively, “**International Export Controls**”).
- 1.6 It is important to note that International Export Control laws, rules and regulations are subject to ongoing review by the governments and governmental organizations that implement and enforce them. It is my advice that companies such as the Group that conduct international business operations make the efforts required to keep abreast of the developments in these regulations to assure that their business practices continue to comply with all applicable regulations. This memorandum is current as of its date, but I undertake no obligation to update this memorandum to reflect developments in the international sanctions area after the date hereof.
- 1.7 This memorandum is based on the understanding and assumptions detailed herein. In particular, I have relied on the Group to provide accurate, complete and not misleading information about its international business and operations. If any of the assumptions are incorrect, it may adversely impact the accuracy of my analysis herein. The Group is recommended to inform the Sole Sponsor and myself if it becomes aware of any fact that may make my assumptions invalid.

## 2. EXECUTIVE SUMMARY

2.1 The company is a leading global provider of integrated smart home solutions designed for enterprise customers, primarily telecom operators and retailers. Its products and solutions include digital video devices (e.g., OTT TV boxes, smart projectors, smart cameras), network communication devices (Wi-Fi routers, optical network terminals, cable modems), and intelligent system platforms featuring AI technologies such as their Home AI agent "Cedar." The Group develops, designs, and supplies these hardware and software solutions which enable smart living through AI, cloud, and IoT technologies. Unlike consumer-facing brands, the Group's business model targets enterprise customers who then market the solutions under their brand names. The Group operates globally across more than 80 countries, generating most of its revenues from overseas markets, particularly Europe, Asia, and the Americas. It focuses on continual innovation with AI integration, system platform development, and maintaining ecosystem interoperability.

2.2 The Group's businesses can be categorized into the following business segments:

2.2.1 Digital Video Devices: Media streaming terminals, smart projectors, smart cameras.

2.2.2 Network Communication Devices: Wi-Fi routers, optical network terminals, cable modems.

2.2.3 System Platforms and Services: These platforms control and manage hardware devices, facilitate content streaming, and provide AI-driven home automation (e.g., Cedar AI agent).

2.3 The Group has the following key operating subsidiaries:

- SDMC TECHNOLOGY (HK) LIMITED, (華曦達科技(香港)有限公司) a wholly owned subsidiary incorporated in Hong Kong on March 19, 2019.
- SDMC TECHNOLOGY POLAND SPÓLKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, an indirect 99%-owned subsidiary incorporated in Poland on July 6, 2023.
- SDMC TECHNOLOGY (SINGAPORE) PTE. LTD., an indirect wholly owned subsidiary incorporated in Singapore on July 13, 2022.
- SDMC TECHNOLOGY COLOMBIA S.A.S. (a 100% owned subsidiary incorporated in Columbia) was incorporated on September 12, 2025.
- SDMC TECHNOLOGY INC, an indirect wholly owned subsidiary incorporated in the State of Delaware, USA, on January 16, 2024.
- SHENZHEN DASHIYUN TECHNOLOGY CO., LTD. (深圳市達視雲科技有限公司), a wholly owned subsidiary incorporated in the PRC on December 3, 2018.

- SHENZHEN HUACHENG ZHINENG TECHNOLOGY CO., LTD. (深圳華誠智能終端科技有限公司), a wholly owned subsidiary incorporated in the PRC on July 1, 2021.

- 2.4 The Group's direct and indirect purchases of raw materials or components primarily focus on chips and electronic components essential for the production of their smart home devices. The Group outsources production to specialized Original Equipment Manufacturers (OEMs) to ensure stable production capacity and timely delivery. Direct purchases involve procurement of raw materials from suppliers, mainly in China, including chips such as main control chips, memory, flash storage, wireless modules, and other protocol-specific chips. These materials form more than 80% of the cost of goods sold. The Group strategically maintains cooperative relationships with globally renowned chip suppliers to secure stable and diversified procurement channels, mitigating risks from global chip shortages or trade restrictions. Indirect purchases occur through interactions with trading companies and other intermediaries who place orders on the Group's behalf. The Group's sales also involve intermediaries who purchase components and products, delivering to end enterprise customers, mainly telecom operators and retailers worldwide.
- 2.5 Similarly, group operates with an asset-light production strategy that relies heavily on long-standing partnerships with top global hardware manufacturers rather than owning extensive physical production facilities. Their production model leverages a globally distributed supply chain, enabling agile manufacturing by selecting the most suitable OEM partners according to client needs, thus ensuring cost efficiency and resilience against geopolitical risks. This supply chain strategy helps them mitigate risks in this changing trade environment and maintain timely deliveries the Group does not own or operate any manufacturing facilities.
- 2.6 The company operates globally across more than 80 countries, generating most of its revenues from overseas markets, particularly Europe, Asia, and the Americas and to a lesser extent Africa/Oceania. Sales to the U.S. accounted for approximately 15.1%, 28.9%, and 25.3% of total revenues in 2023, 2024 and 2025, respectively.

### 3. ANALYSIS OF INTERNATIONAL EXPORT CONTROLS AND TARIFFS

#### 3.1 Impact of U.S. Export Controls Laws and Regulations

In recent years, the United States has increased export control restrictions on China through the EAR, administered by the Bureau of Industry and Security of the U.S. Department of Commerce, which includes the Entity List. The nature of the restrictions imposed by the EAR, and the Entity List specifically, is that of transfer restrictions. These restrictions primarily apply to Chinese technology companies. The restrictions cover not just products that are produced in the United States and transferred to a purchaser in final form, but also include transfers of (i) non-U.S. produced items which are produced with certain U.S. software, technology or manufacturing equipment, and (ii) items produced with U.S. technologies that are destined to be sold to persons on the Entity List regardless of whether the listed entity is the purchaser, consignee or end-user of such products. The trade restrictions under the Entity List may also extend to our suppliers (regardless of whether they are U.S. or non-U.S. suppliers) if they have utilized the specified U.S. software, technology or manufacturing equipment in products that are ultimately used by a company on the Entity List.

During the Track Period, the Group did not, directly or indirectly, deliver products subject to the EAR to any customers that are listed on the Entity List. Therefore, the Group's business operations do not present risk that it has engaged in transactions that would constitute either (i) Primary Sanctioned Activity or (ii) Secondary Sanctioned Activity within the meaning defined in Chapter 4.4 of the Guide For New Listing Applicants. I am of the view that (i) the Group's activities during the Track Record Period do not implicate restrictions under the EAR, including the restrictions imposed on persons that are named on the Entity List; (ii) the Group's dealings with its customers and suppliers also do not implicate any restrictions related to the Entity List and NS-CMIC List; (iii) the Group's exposure to U.S. trade restrictions and the impact of relevant trade restrictions on the Group's operations is not material. In addition, I am of the view that any export controls and/or trade sanctions imposed upon any Group customers or suppliers will not have any material impact on the Group's business or operations.

#### 3.2 Impact of the Final Rule

On August 9, 2023, the United States, under the administration of Joe Biden as President, released an executive order and an advanced notice of proposed rule-making (the "**ANPRM**") providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. Further to this ANPRM, on June 21, 2024, the U.S. Department of the Treasury issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement the executive order of August 9, 2023 (the "**Final Rule**"). The Final Rule became effective on January 2, 2025, and it imposes investment prohibition and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductor and microelectronics, (ii) quantum information technologies, and (iii) AI systems (collectively defined as "**Covered Foreign Persons**").

U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as “**Covered Transactions**”, and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections (the “**Publicly Traded Securities Exemption**”). It is uncertain as to whether the Company may be deemed a “covered foreign person.” However, while the United States has not issued regulations or rules that expressly clarify the application of the meaning of the Publicly Traded Securities Exemption, it is my view that any shares acquired by U.S. Person in the Offering would qualify for the Publicly Traded Securities Exemption. Based on the above, I am of the view that the Final Rule will have no impact on the Offering. However, it is possible that, in the future, the Final Rule may increase the compliance burden of U.S. investors and negatively impact investor sentiment and the Group’s ability to raise capital, and the Final Rule may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including the Group. Investments by persons other than U.S. Persons as defined under the Final Rule are not subject to the Final Rule. On February 21, 2025, U.S. President issued a memo entitled the “America First Investment Policy” (the “**America First Memo**”), indicating that Executive Order 14105 is under review and the Trump Administration will consider new or expanded restrictions, such as broadening the sectors.

### 3.3 **Impact of Trade Policies**

The U.S. government has, in recent years, imposed trade policies or taken actions relating to tariffs and investigations in the semiconductor industry. For example, the trade and tariff tension between the United States and China intensified starting in early 2025 and negotiations on tariffs between the two countries are still ongoing, creating uncertainties on trades and exports between the United States and China.

The U.S. government has intensified its use of trade policies and national security investigations to reshape the semiconductor and electronics industries. While trade tensions between the United States and China escalated throughout 2025, the landscape shifted in February 2026 following a U.S. Supreme Court decision that invalidated prior tariffs imposed under the International Emergency Economic Powers Act (IEEPA).

As of February 28, 2026, the United States has transitioned to a 10% global baseline tariff under Section 122, with the administration threatening an increase to 15% depending on the outcome of the 6th round of bilateral trade talks and the upcoming presidential summit in April 2026. Additionally, a specific 25% tariff on advanced semiconductors and their derivatives was implemented in January 2026 under Section 232, though certain exemptions exist for data centers and specific consumer end-uses. It remains uncertain whether these will be expanded to a broader range of legacy chips or smart home components.

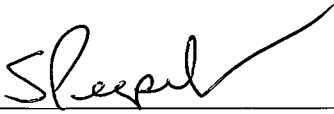
The company generates a significant and growing share of its revenue from the U.S. market. Sales to the U.S. accounted for approximately 15.1%, 28.9%, and 25.3% of total revenues in 2023, 2024, and 2025, respectively. Its exports to the U.S. mainly include smart TV terminals, optical network terminals, Wi-Fi routers, and other smart home devices sold primarily to telecom operators and retailers. The Group has both direct and indirect sales channels in the United States, including transactions with major U.S.-based telecom customers and technology companies. During the Track Record Period, all tariffs on the goods exported by the Group to the United States and other countries were borne by the Group's customers according to the agreed terms, although the invalidation of older IEEPA tariffs and the imposition of new Section 122 duties could increase volatility in the pricing environment for the Group's products. Notwithstanding that, current policies mean that the Group has no responsibility for the payment of such tariffs to the governments of the countries into which it ships or delivers products. Further, the tariffs do not place any legal restrictions on the Group's ability to sell or deliver products to the United States or other countries. While these tariffs have created uncertainty in the export markets generally, so far the Group has not experienced any material adverse impact on its financial performance resulting from the U.S. or other tariffs. However, any additional tariffs could increase the price to the end users of the Group's products exported to the United States or other countries that impose or increase tariffs, rendering Group products less price competitive versus products imported from countries with lower tariffs. This in turn could adversely affect the Group's revenue derived from the United States or such countries. Based on my experience, it cannot be known how the consumer market and the Group's customers in jurisdictions where import tariffs are imposed will respond to these developments. More generally, it is beyond the scope of a legal memorandum to attempt to quantify the financial impact that tariffs imposed by the United States or other countries to which the Group exports products might have on the Group's future export revenues. It is my advice that the Group will need to keep informed of the broader implications of U.S. and other government's tariff policies on global trade dynamics and how tariffs might lead to reallocation of export flows.

#### **4. CONCLUSION**

On the basis of the Group Information and the corresponding analysis of relevant International Export Controls and applicable tariffs set forth above, I am of the view that the Group's activities during the Track Record Period and up to the Latest Practicable Date have not been adversely impacted by export controls, trade restrictions and tariffs. Absent material and adverse changes to export controls, trade restrictions and tariff regulations directly impacting the Group, I am of the view that such regulations will not materially and adversely affect the Group's business operations and activities going forward.

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If you have questions or comments regarding this memorandum, or would otherwise like to discuss the information herein, please let me know by e-mailing the following contact:  
stephenpeepels@outlook.com

A handwritten signature in black ink, appearing to read "S Peepels", written over a horizontal line.

By: Stephen Peepels, Esq.  
(attorney-at-law, Pennsylvania, United States)