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Privileged and Confidential

December 18, 2024

To: Xunfei Healthcare Technology Co., Ltd.
National Intelligent Speech High-Tech Industrialization Base
Hefei City, No. 666, Wangjiang Road West
Anhui Province
China

Huatai Financial Holdings (Hong Kong) Limited ("Huatai")
62/F, The Center, 99 Queen's Road, Central, Hong Kong

GF Capital (Hong Kong) Limited ("GF")
27/F, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong

CCB International Capital Limited ("CCBI")
12/F CCB Tower, 3 Connaught Road, Central, Hong Kong

(Huatai, GF and CCBI together, as the "Joint Sponsors")

Re: U.S. Export Control and Sanctions Matters in Connection with Initial Public Offering of Xunfei Healthcare Technology Co., Ltd.

Ladies and Gentlemen,

We have acted as special United States ("U.S.") international trade counsel for Xunfei Healthcare Technology Co., Ltd., a joint stock company incorporated in the People's Republic of China ("PRC") with limited liability ("Xunfei Healthcare" or the "Company"), in connection with the Company's proposed initial public offering ("IPO") on The Stock Exchange of Hong Kong Limited ("HKEX"). We understand that the IPO will constitute the offer of up to 7,032,750 H shares of the Company, nominal value RMB 1.00 each (assuming the Over-Allotment Option (as defined in the Prospectus referred to below) is not exercised) (the "Shares"), and listing of the Shares on the Main Board of the HKEX, the details of which are set out in the Prospectus of the Company relating to the IPO filed with the Registrar of Companies in Hong Kong on or around December 18, 2024 (the "Prospectus"). The underwriters listed in "Underwriting – Hong Kong Underwrites" of the Prospectus (together, "the Underwriters") serve as underwriters for the proposed IPO. Huatai, GF and CCBI together (the "Joint Sponsors") serve as joint sponsors for the proposed IPO. Huatai, GF Securities (Hong Kong) Brokerage Limited and CCBI together (the "Joint Representatives") serve as joint representatives for the proposed IPO for themselves and on behalf of the other Underwriters. This letter is delivered to you at the request of the Company pursuant to the request of the Joint Sponsors and in accordance with HKEX Guide for New Listing Applicants (the "Guide").

The following provides our legal opinion regarding: (i) the applicability of the designation of iFlytek Co., Ltd. ("iFLYTEK") on the U.S. Department of Commerce, Bureau of Industry and Security's ("BIS") Entity List (the "Entity List") to iFLYTEK's subsidiary, Xunfei Healthcare; (ii) whether Xunfei Healthcare would be rendered a "Sanctioned Target" as defined in the Guide, as it relates solely to U.S. export controls and sanctions laws; (iii) U.S. export controls and sanctions risks for Xunfei Healthcare, its subsidiaries, and consolidated affiliated entities from time to time (the "Group");[1] (iv) whether and the extent to which any of the Group's activities as described in this opinion letter are subject to or may have violated U.S. export controls and sanctions laws; (v) whether Xunfei Healthcare would be deemed unsuitable for listing on the HKEX according to the terms of the Guide as it relates solely to U.S. export controls and sanctions laws; (vi) whether iFLYTEK would present a material sanctions risk to Xunfei Healthcare, with material sanctions including administrative or criminal penalties or the imposition of secondary sanctions under U.S. export controls and sanctions laws; and (vii) measures to mitigate the Company's U.S. sanctions and export control risks, including with respect to legal, operational, and reputational risks.

As further described in this letter and subject to the assumptions, qualifications and other limitations set forth herein, we are of the opinion that: (i) the designation of iFLYTEK on the BIS Entity List does not apply to Xunfei Healthcare; (ii) Xunfei Healthcare should not be deemed a "Sanctioned Target" as defined under the Guide; (iii) there are currently minimal U.S. export controls and sanctions risks for the Group; (iv) there is a low risk the Group's activities as described in this opinion letter may have violated such laws; (v) Xunfei Healthcare should not be deemed unsuitable for listing on the HKEX within the terms of the Guide; and (vi) iFLYTEK is unlikely to present a material sanctions risk to Xunfei Healthcare, with materials sanctions including administrative or criminal penalties or the imposition of secondary sanctions under U.S. export controls and sanctions laws. In addition, we identify measures that may mitigate the Company's U.S. sanctions and export control risks, including with respect to legal, operational, and reputational risks.

This letter is based solely on the documents and facts and representations provided to us by Xunfei Healthcare, an index of which we have been advised has been provided to the Joint Sponsors and Underwriters. We have not independently verified the facts or representations provided by Xunfei

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[1] As of the date of this opinion letter, the Group as defined in the Prospectus solely consists of Xunfei Healthcare and its following subsidiaries:

- Taizhou Xunfei Medical Artificial Intelligence Research Institute Co., Ltd., subsidiary of the Company;
- Yinchuan Xunfei Internet Hospital Co., Ltd., subsidiary of the Company;
- Anhui Imaging Union Cloud Health Technology Co., Ltd., subsidiary of the Company;
    - Yibin Imaging Union Cloud Health Technology Co., Ltd., subsidiary of Anhui Imaging Union
- Beijing Huiji Zhiyi Technology Co., Ltd., subsidiary of the Company;
    - Lvliang Keda Xunfei Medical Information Technology Co., Ltd., subsidiary of Beijing Huiji
    - Pu'er Keda Xunfei Information Technology Co., Ltd., subsidiary of Beijing Huiji
- Shanghai Xunfei Zhixin Medical Technology Co., Ltd., subsidiary of the Company;
- Anhui Xunfei Medical Intelligence Technology Co., Ltd., subsidiary of the Company;
- Beijing Anke Zhiyuan Medical Technology Co., Ltd., subsidiary of the Company;
- Zhejiang Xunyi Technology Co., Ltd., subsidiary of the Company; and
- Xunfei Healthcare Technology (Hong Kong) Limited, subsidiary of the Company.

Healthcare and we have assumed the accuracy and completeness of all documents provided to us.[2] We note that, as special U.S. international trade counsel to Xunfei Healthcare, we do not represent Xunfei Healthcare generally and there may be facts relating to the Company of which we have no knowledge. Our analysis is subject to change pending any new or different facts.

I. Overview of Xunfei Healthcare

A. Xunfei Healthcare's Affiliation with iFLYTEK

As described in the Prospectus, Xunfei Healthcare, a subsidiary of iFLYTEK,[3] develops technology related to deep neural networks, deep learning, and medical knowledge graphs, as well as speech recognition, image recognition, and natural language understanding. This technology is used to create products for the healthcare industry. These product offerings include primary medical and health products that provide artificial intelligence ("A.I.")-assisted general auxiliary diagnostics services to doctors designed to assist in the diagnosis and treatment of medical patients, smart hospital products used in the collection of electronic medical records, and the application of A.I. to hardware products for medical treatment. The Company's products and solutions are used in multiple stages of the healthcare cycle, including in screening, treatment, and post-discharge phases.

Xunfei Healthcare's offerings include: (1) Primary Health Care Services (consisting of the General Practice Clinical Decision Support System and chronic disease management tools), (2) Smart Hospital Assistant (consisting of the Smart Hospital Solutions and Intelligent Assistant), (3) Patient Services (consisting of the Post-discharge Management Platform, Cloud Medical Imaging Platform, and AI Hardware, which includes hearing aids and sphygmomanometers), and (4) Regional Healthcare Solutions (consisting of the Regional Administrator Platform Services and Medical Insurance Administrative Solutions).

The Intelligent Assistant is a doctor workstation featuring A.I.-assisted diagnosis and treatment functionalities, supplemental inquiries, prescription assistance, an A.I.-assisted health management system, and an A.I. voice care center which provides follow-up services for post-operative patients.

We understand and assume that Xunfei Healthcare's business is limited to the healthcare sector and that the Company does not develop or produce items for any other intended end users or end uses aside from medical or healthcare end users/end uses.

B. Entity List Designation of iFLYTEK

1. Overview

Effective October 9, 2019, BIS added "iFLYTEK", among 27 other entities, to the BIS Entity List. BIS stated that "these entities have been implicated in human rights violations and abuses in the implementation of China's campaign of repression, mass arbitrary detention, and high-technology

[2] We have reviewed an unofficial translation of the Chinese documents provided by the Company.

[3] iFLYTEK currently owns approximately 52.47% of the total issued share capital of Xunfei Healthcare.

surveillance against Uighurs, Kazakhs, and other members of Muslim minority groups" in the Xinjiang Uighur Autonomous Region ("XUAR").[4]

The Entity List, found in Supplement No. 4 to Part 744 of the U.S. Export Administration Regulations ("EAR"), is a list of names of foreign persons that are subject to specific license requirements for the export, reexport, and/or transfer (in-country) of items (commodities, software, and technology) subject to the EAR. BIS first published the Entity List in February 1997 as part of its efforts to inform the public of entities that have engaged in activities that could result in an increased risk of the diversion of items subject to the EAR.[5] Items subject to the EAR include not just U.S.-made items or items physically in the U.S., but also certain foreign-made commodities.[6] The license requirements imposed by the Entity List are independent of, and in addition to, license requirements otherwise imposed in the EAR.

The addition of iFLYTEK to the Entity List impacts exports, re-exports, or transfers (in-country) to iFLYTEK of items subject to the EAR, including EAR99 items.[7] This means that a U.S. or non-U.S. person must obtain a license in order to export, reexport, or transfer (in-country) to iFLYTEK any item subject to the EAR, including EAR99 items. This license requirement applies when iFLYTEK acts as, *e.g.,* a purchaser, intermediate consignee, ultimate consignee, or end-user of items subject to the EAR. License applications for iFLYTEK are subject to a "presumption of denial" standard, except for certain items, which are subject to a "case-by-case review."[8] License exceptions are not available for exports, reexports, or in-country transfers of items subject to the EAR to iFLYTEK.

Effective October 21, 2022, iFLYTEK, along with other entities, is also subject to a "Footnote 4" designation on the Entity List, which broadens the scope of non-U.S. made items that are subject to the EAR.[9] License applications for items controlled under the Footnote 4 foreign direct product rule ("Footnote 4 FDP Rule") are subject to a "presumption of denial" standard.[10]

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[4] *See* Addition of Certain Entities to the Entity List, 84 FR 54002 (October 9, 2019).

[5] *See* Entity List, 62 FR 4910 (February 3, 1997).

[6] *See* 15 CFR § 734.4 (*de minimis* rule) and 15 CFR § 734.9 (foreign direct product rules).

[7] EAR99 items are subject to the EAR but do not require a U.S. export license except where being shipped to countries or regions subject to comprehensive U.S. economic embargoes, to prohibited end users, or for prohibited end uses. Prohibited end users include individuals and entities on restricted party lists, such as the BIS Entity List.

[8] Items of the following Export Control Classification Numbers ("ECCNs") are subject to a case-by-case review: 1A004.c, 1A004.d, 1A995, EAR99 items described in the Note to 1A995, 1A999.a, 1D003, 2A983, 2D983, and 2E983. Additionally, effective July 22, 2020, in light of the COVID-19 pandemic, items subject to the EAR that are necessary to detect, identify and treat infectious disease are also subject to a case-by-case review.

[9] *See* Implementation of Additional Export Controls: Certain Advanced Computing and Semiconductor Manufacturing Items; Supercomputer and Semiconductor End Use; Entity List Modification, 87 FR 62186 (October 13, 2022).

[10] Pursuant to the Footnote 4 FDP Rule, a non-U.S. made item is subject to the EAR if it meets both the product scope and the end-user scope. The product scope is met if the non-U.S. made item is:

- a "direct product" of "technology" or "software" subject to the EAR and specified in certain ECCNs; or
- produced by any plant or 'major component' of a plant when the plant or 'major component' of a plant, whether made in the U.S. or a foreign country, itself is a "direct product" of U.S.-origin "technology" or "software" that is specified in certain ECCNs.

2. iFLYTEK's Designation Entry on the Entity List

The Entity List designation entry names "iFLYTEK" with the following address: National Intelligent Speech High-tech Industrialization Base, No. 666, Wangjiang Road West, Hefei City, Anhui Province, China. We understand that the registered address for Xunfei Healthcare was similar to the address listed on the Entity List designation entry for "iFLYTEK" until Xunfei Healthcare changed its registered address on February 22, 2024.[11] While we understand that the Entity List designation entry does not specify the full company name of the parent company (*i.e.,* iFLYTEK Co., Ltd.), we believe it is reasonable to conclude that the Entity List designation entry applies to iFLYTEK Co., Ltd. and not Xunfei Healthcare.

Pursuant to BIS guidance, "BIS works to revise and correct the entries on the Entity List on a regular basis, in order to ensure that each entry reflects the most accurate and recent information for the person named in that entry."[12] We have seen instances where BIS has revised an Entity List entry not long after its initial designation to accurately capture the entity's full corporate name.[13] In the event there are variations in the name of a listed entity, or if BIS is unsure of the

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The ECCNs are as follows: 3D001, 3D991, 3E001, 3E002, 3E003, 3E991, 4D001, 4D993, 4D994, 4E001, 4E992, 4E993, 5D001, 5D002, 5D991, 5E001, 5E002, or 5E991. A non-U.S. made item meets the end-user scope if there is "knowledge" that:

- the foreign-produced item will be incorporated into, or will be used in the "production" or "development" of any "part," "component," or "equipment" produced, purchased, or ordered by any entity with a footnote 4 designation; or
- any entity with a footnote 4 designation is a party to any transaction involving the foreign-produced item, e.g., as a "purchaser," "intermediate consignee," "ultimate consignee," or "end-user."

See 15 CFR 734.9(e)(2).

[11] As of February 22, 2024, Xunfei Healthcare's registered address is as follows: 10th Floor, Shangyuan Huizhan Science and Technology Park, Intersection of Huisheng Road and Yanglin Road, High Tech Zone, Hefei City, Anhui Province, China.

[12] *See* Bureau of Industry and Security Frequently Asked Question #127 *available at* https://www.bis.doc.gov/index.php/policy-guidance/faqs#faq_127.

[13] As examples, simultaneous with iFLYTEK's designation on October 9, 2019, BIS also added "Hikvision" and "Sense Time" to the BIS Entity List. On June 5, 2020, BIS modified the entries for Hikvision and Sensetime. Specifically, BIS modified the existing entry for Hikvision by adding an additional name "Hangzhou Hikvision Digital Technology Co., Ltd." and identifying "Hikvision" as an alias. BIS also modified the existing entry for Sensetime by adding an additional name "Beijing Sensetime Technology Development Co., Ltd.," an additional alias "Beijing Shangtang Technology Development Co., Ltd." and identifying "SenseTime" as an alias in the revised entry. Our understanding is that the revised name for Hikvision (*i.e.,* Hangzhou Hikvision Digital Technology Co., Ltd) captures the name of the official corporate parent company. We further understand that the revised name for Sensetime (*i.e.,* Beijing Sensetime Technology Development Co., Ltd.) captures the name of a subsidiary. It would be inaccurate to interpret a single Entity List designation to encompass an entire group of companies as Entity List designations are entity-specific. Here, absent other facts to the contrary, we believe it is reasonable to conclude that BIS intended its designation of iFLYTEK to mean iFLYTEK Co., Ltd., the ultimate parent company. To the extent BIS wishes to clarify its designation or identify alternate names of the same company, it may modify the Entity List designation and include these new alias names. We also cannot rule out the possibility that BIS could issue a modification to name an iFLYTEK entity other than iFLYTEK Co., Ltd. Because iFLYTEK was designated for its alleged involvement in human rights violations in the XUAR, if a specific iFLYTEK entity were to be at risk of designation, then it would most likely be an iFLYTEK entity contracting with the Public Security Bureaus in the XUAR or otherwise working with third parties who are using company software for surveillance purposes. We understand that Xunfei Healthcare has no such business activities given its sole focus on the medical sector and dealings with medical/healthcare end users.

correct name of the entity it intends to designate, BIS will include aliases in the Entity List designation entry. From prior discussions with BIS, the inclusion of alias names is intended to capture alternate names of a listed entity. The following Frequently Asked Question ("FAQ") from BIS supports this notion:[14]

> **Do the restrictions for a listed alias differ from the main entry?**
>
> No. All persons named in Entity List entries are subject to the main entry's licensing requirements and policy.

3. Applicability of Entity List Designation on Subsidiaries

The Entity List is intended to identify specific legal persons subject to U.S. export license requirements. BIS guidance is clear that the Entity List does not apply to distinct legal entities that are not individually listed. If BIS intends to designate a subsidiary or affiliate, then it individually designates each of those entities.[15] Pursuant to BIS guidance, the Entity List designation of a subsidiary does not extend to the subsidiary's parent company, supporting the notion that Entity List designations apply only to the listed entity.[16]

Additionally, the following BIS guidance states that Entity List designations do not apply to separately incorporated subsidiaries or legally distinct affiliates of a listed entity:[17]

> **Do the license requirements and policies of the Entity List apply to separately incorporated subsidiaries, partially owned subsidiaries, or sister companies of a listed entity?**
>
> Subsidiaries, parent companies, and sister companies are legally distinct from listed entities. Therefore, the licensing and other obligations imposed on a listed entity by virtue of its being listed do not per se apply to its subsidiaries, parent companies, sister companies, or other legally distinct affiliates that are not listed on the Entity List. If, however, such a company, or even an unaffiliated company, acts as an agent, a front, or a shell company for the listed entity in order to facilitate transactions that would not otherwise be permissible with the listed entity, then the company is likely violating, inter alia, General Prohibition 10, EAR section 764.2(b) (causing, aiding, or abetting a violation) and possibly other subsections of 764.2 as well.
>
> Those who export, reexport, or transfer items subject to the EAR with knowledge that the items are destined to a subsidiary, sister, parent, or other affiliate of a listed entity are

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[14] *See* Bureau of Industry and Security Frequently Asked Question #137 *available at* https://bis.doc.gov/index.php/policy-guidance/faqs#faq_137.

[15] For example, Huawei's designated subsidiaries and affiliates are individually identified on the Entity List in separate entries.

[16] *See* Bureau of Industry and Security Frequently Asked Question #136 *available at* https://www.bis.doc.gov/index.php/policy-guidance/faqs#faq_136.

[17] *See* Bureau of Industry and Security Frequently Asked Question #134 *available at* https://www.bis.doc.gov/index.php/2011-09-12-20-18-59/export-and-reexport-faqs/cat/33-entity-list-faqs#faq_134.

> encouraged to take extra due diligence steps to ensure that (i) the items are not ultimately destined for the listed entity and (ii) the affiliate is a separate legal entity (as opposed to a branch or operating division of the listed entity). If one is uncertain whether a planned transaction involving an actor with some relationship to a listed entity would be affected by the obligations pertaining to the listed entity, one may seek an advisory opinion from BIS pursuant to section 748.3.

Branch offices and operating divisions of a listed entity are not legally distinct entities and are therefore, by definition, part of the listed entity.[18]

While a separately incorporated subsidiary is not subject to the Entity List because its parent company is on the Entity List, as reflected in the above-referenced published BIS guidance, a subsidiary must not act as an agent, front, or a shell company for the listed entity in order to facilitate transactions that would not otherwise be permissible with the listed entity. BIS has previously taken action where it believes an entity poses a risk of diversion and/or takes action intended to mislead or evade U.S. law. This occurs, for example, when a subsidiary receives items subject to the EAR and ultimately diverts such items to the listed entity.

4. Application of iFLYTEK's Entity List Designation to Xunfei Healthcare

As indicated above, we have been asked to advise on: (i) the applicability of the designation of iFLYTEK on the Entity List to iFLYTEK's subsidiary, Xunfei Healthcare, which is not itself designated on the Entity List. As discussed above, the Entity List does not apply to separately incorporated and legally distinct subsidiaries that are not listed on the Entity List. Accordingly, Xunfei Healthcare is itself not subject to the additional U.S. export license requirements imposed by the Entity List.

iFLYTEK's designation on the Entity List may inherently cause practical and logistical challenges for Xunfei Healthcare as iFLYTEK is the controlling shareholder of Xunfei Healthcare. Despite the fact that Xunfei Healthcare is not designated on the Entity List, U.S. and non-U.S. parties may "de-risk" and choose not to transact with Xunfei Healthcare due to iFLYTEK's designation on the Entity List and the potential risk of diversion. We also cannot rule out the possibility that BIS may change its policies and interpretations in the future to treat subsidiaries of companies designated on the Entity List as being subject to these added restrictions.

BIS encourages those who export, reexport, or transfer items subject to the EAR with knowledge that the items are destined to a subsidiary of a listed entity to take extra due diligence steps to ensure that (i) the items are not ultimately destined for the listed entity and (ii) the subsidiary is a separate legal entity. Third parties may therefore make inquires and/or seek representations from Xunfei Healthcare certifying that no items subject to the EAR would be re-exported by Xunfei Healthcare to iFLYTEK.

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[18] *See* Bureau of Industry and Security Frequently Asked Question #135 *available at* https://www.bis.doc.gov/index.php/policy-guidance/faqs#faq_135.

Like any other U.S. or non-U.S. person, Xunfei Healthcare cannot export to iFLYTEK items subject to the EAR without a license. This includes not just physical commodities but any "software" or "technology" subject to the EAR as each term is defined at EAR §772.1.

Further, as noted above, it is our understanding that Xunfei Healthcare's registered address was similar to the address listed in iFLYTEK's Entity List designation entry until February 22, 2024. Specifically, we understand that the address listed in iFLYTEK's Entity List designation entry is associated with various office buildings. Until February 22, 2024, Xunfei Healthcare's registered address was associated with specific floors of one office building at the location of the address listed in iFLYTEK's Entity List designation entry.

Pursuant to BIS guidance, companies having near matches to names or addresses of designated entities, or being co-located with a designated entity are viewed as "red flags." In these situations, BIS recommends that the exporter engage in due diligence and look at various factors (e.g., name, address, corporate officers, business activities, and contact information) to assess whether the entity involved is the same as the listed entity:

> **What if a company I want to export to is at the same address as (e.g., co-located with) a listed entity?**
>
> This is a "red flag" and the exporter must undertake sufficient due diligence to verify that the company co-located with the listed entity is not, in fact, the listed entity and does not intend to transfer (in-country) the requested items to the listed entity.[19]
>
> **What if the name or address of the company I want to export to is a near match to a name or address on the Entity List?**
>
> As this is a "red flag", BIS recommends that detailed due diligence be undertaken. You should conduct due diligence by examining other factors to determine if the company you want to export to is the same as the listed entity. Such factors may include, but are not limited to, the company's name, address, corporate officers, business activities, contact information, etc. You may be able to locate this information via the company's website or through internet search results.[20]

The fact that Xunfei Healthcare was located at a similar address as iFLYTEK until February 22, 2024, would be viewed as a "red flag" for an exporter who would need to conduct further due diligence to ensure items subject to the EAR are not transferred to a listed entity. However, co-location does not mean that all subsidiaries of a designated parent at this location are now considered subject to the added licensing requirements imposed by the Entity List. Further, Xunfei Healthcare's registered address is no longer similar to the registered address of iFLYTEK.

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[19] *See* Bureau of Industry and Security Frequently Asked Question #125 *available at* https://bis.doc.gov/index.php/policy-guidance/faqs#faq_125.

[20] *See* Bureau of Industry and Security Frequently Asked Question #126 *available at* https://bis.doc.gov/index.php/policy-guidance/faqs#faq_126.

5. Distinction Between Entity List and U.S. Economic Sanctions

The Entity List imposes a U.S. export license requirement on persons exporting items subject to the EAR to designated entities. This licensing requirement is different from economic sanctions that may be imposed by the U.S. Department of Treasury Office of Foreign Assets Control ("OFAC"). OFAC has the authority to prohibit U.S. persons from engaging in transactions involving countries or regions or with individuals or entities designated on OFAC's Specially Designated Nationals and Blocked Persons List ("SDN List"). U.S. persons are prohibited from doing business with SDNs and all property or interests in property of an SDN (and any entities directly or indirectly owned 50 percent or more in the aggregate by one or more SDNs) that are in the possession or control of a U.S. person must be blocked.

Designation on the Entity List does not create an absolute bar prohibiting U.S. or non-U.S. persons from doing business with named entities. Rather, as indicated above, an Entity List designation imposes U.S. export license requirements on exports, re-exports, or in-country transfers of items subject to the EAR to the listed entity. The property of a person on the Entity List is not blocked, and financial transactions and other commercial activity unrelated to the export, re-export, or in-country transfer of items subject to the EAR are not prohibited.

iFLYTEK's Entity List designation does not impose a blanket prohibition on Xunfei Healthcare from doing business with iFLYTEK and does not prohibit IFLYTEK from holding a majority shareholder interest in the Company. In addition, iFLYTEK's Entity List designation does not prohibit an investor from purchasing its publicly traded securities.[21] Rather, iFLYTEK's Entity List designation means that Xunfei Healthcare, like any other U.S. or non-U.S. person, may not export, re-export, or in-country transfer to iFLYTEK items subject to the EAR without a U.S. export license.[22]

Accordingly, we are of the opinion that iFLYTEK's designation on the Entity List and its relationship and activities with Xunfei Healthcare do not preclude – as a matter of U.S. sanctions or export control laws – Xunfei Healthcare's participation in an IPO in which U.S. persons or persons otherwise subject to U.S. jurisdiction will also participate.

II. Other U.S. Export Control Implications for Xunfei Health

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

[21] In contrast, U.S. persons are prohibited from engaging in the purchase or sale of any publicly traded securities of companies designated on the Chinese Military-Industrial Complex Companies ("CMIC") List, which is a list issued by OFAC. Neither iFLYTEK nor Xunfei Healthcare is currently designated on the CMIC List.

[22] This includes not only physical commodities but any "software" or "technology" subject to the EAR as each term is defined at EAR §772.1.

A. U.S. Export Control Framework

The EAR, 15 C.F.R. § 730, *et seq.*, administered by BIS controls the export, reexport, and transfer (in-country) of "dual-use" commodities, software and technology.[23] The EAR applies to all items "subject to the EAR" as defined at EAR §§ 734.2 – 734.5. Items subject to the EAR include U.S.-made items and items physically in the United States as well as certain foreign-made items.[24] Therefore, U.S. persons and foreign persons (including foreign companies) must determine if their items are subject to the EAR.

The U.S. asserts jurisdiction over goods, software and technology subject to the EAR located anywhere in the world. Depending on the destination country, end-user and the classification of the item on the Commerce Control List,[25] exporting or re-exporting an item subject to the EAR may require a U.S. export license unless a license exception is available.[26]

B. October 2023 Amendments to Export Controls Related to Advanced Computing and Semiconductor Manufacturing Equipment

On October 17, 2023, BIS announced amendments to existing export controls relating to advanced computing and semiconductor manufacturing equipment. The amendments follow the October 7, 2022, rulemaking in connection with advanced computing integrated circuits ("ICs"), supercomputers, and semiconductor manufacturing equipment.

First, the October 17, 2023 interim final rule modified ECCN 3A090 by adjusting the controls on certain chips based on a new defined term of "total processing performance" and "performance density."[27] Second, BIS further amended the foreign direct product rule on certain advanced ICs ("the Advanced Computing FDP Rule"), which treats certain non-U.S. made items as subject to the EAR if the item meets the product scope in new EAR § 734.9(h)(1)[28] and destination scope in

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

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

[25] The Commerce Control List is found at Supplement No. 1 to EAR Part 774.

[26] License exceptions are found at EAR Part 740.

[27] Effective November 17, 2023, ECCN 3A090 captures the following chips:

a) Integrated circuits having one or more digital processing units having either of the following: (i) a total processing performance of 4800 or more; or (iii) a total processing performance of 1600 or more and a performance density of 5.92 or more.

b) Integrated circuits having one or more digital processing units having either of the following: (i) a total processing performance of 2400 or more and less than 4800 and a performance density of 1.6 or more and less than 5.92; or (ii) a total processing performance of 1600 or more and a performance density of 3.2 or more and less than 5.92.

[28] Specifically, the product scope applies when either of the following criteria are met:

1) The non-U.S. made item meets both of the following conditions:

paragraph (h)(2).[29] Third, BIS imposed new end use controls that generally impose a license requirement on items subject to the EAR (or depending on the end use, for certain items subject to the EAR) when used in the development or production of a "supercomputer" located in or destined to the PRC or integrated circuits at a semiconductor fabrication "facility" in China that meets certain criteria. Lastly, the October 17, 2023 interim final rules included other amendments, such as changes to the restrictions on activities of U.S. persons[30] and the creation of new Notified Advanced Computing ("NAC") License Exception.[31]

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

Transactions involving the export, reexport or (in country) transfer of items subject to the EAR are subject to ten general prohibitions.[32] Acting contrary to any one of these prohibitions would expose a party to a violation. These general prohibitions are:

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a) The non-U.S. made item is the "direct product" of "technology" or "software" subject to the EAR and specified in the following ECCNs: 3D001, 3D991, 3E001, 3E002, 3E003, 3E991, 4D001, 4D090, 4D993, 4D994, 4E001, 4E992, 4E993, 5D001, 5D002, 5D991, 5E001, 5E991, or 5E002; and
b) The non-U.S. made item is:
   i) Specified in ECCN 3A090, 3E001 (for 3A090), 4A090, or 4E001 (for 4A090); or
   ii) An integrated circuit, computer, "electronic assembly," or "component" meeting the performance parameters in ECCNs 3A001.z, 4A003.z, 4A004.z, 4A005.z, 5A002.z, 5A004.z, or 5A992.z;

OR

2) The non-U.S. made item meets both of the following conditions:
   a) The non-U.S. made item is produced by any complete plant or 'major component' of a plant that is located outside the United States, when the plant or 'major component' of a plant, whether made in the United States or a foreign country, itself is a "direct product" of U.S.-origin "technology" or "software" that is specified in ECCN 3D001, 3D991, 3E001, 3E002, 3E003, 3E991, 4D001, 4D090, 4D993, 4D994, 4E001, 4E992, 4E993, 5D001, 5D991, 5E001, 5E991, 5D002, or 5E002; and
   b) The non-U.S. made item is:
      i) Specified in ECCN 3A090, 3E001 (for 3A090), 4A090, or 4E001 (for 4A090); or
      ii) An integrated circuit, computer, "electronic assembly," or "component" meeting the performance parameters in ECCNs 3A001.z, 4A003.z, 4A004.z, 4A005.z, 5A002.z, 5A004.z, or 5A992.z.

See 15 CFR § 734.9(h)(1).

[29] A non-U.S. made item meets the destination scope of the Advanced Computing FDP Rule if there is "knowledge" that the foreign-produced item is:

1) Destined to a destination specified in Country Groups D:1, D:4, or D:5 (which includes the PRC), excluding any destination also specified in Country Groups A:5 or A:6, or will be incorporated into any "part," "component," "computer," or "equipment" not designated EAR99 that is destined to a destination specified in Country Groups D:1, D:4, or D:5 (which includes the PRC), excluding any destination also specified in Country Groups A:5 or A:6, or worldwide to any entity headquartered in, or whose ultimate parent company is headquartered in, either Macau or a destination specified in Country Group D:5; or
2) Technology developed by an entity headquartered in, or whose ultimate parent company is headquartered in, either Macau or a destination specified in Country Group D:5 (which includes the PRC), for the "production" of a mask or an integrated circuit wafer or die.

See 15 CFR § 734.9(h)(2).

[30] *See* 15 CFR § 744.6.

[31] *See* 15 CFR § 740.8. On March 9, 2024, BIS issued an interim final rule clarifying and correcting its October 2023 interim final rules. The clarifications and corrections included separating former License Exception NAC into two distinct license exceptions under 15 CFR § 740.8: License Exception NAC and License Exception Advanced Computing Authorized ("ACA"). *See* 89 FR 23876.

[32] *See* 15 CFR § 736.2(b).

(1) **General Prohibition One** — Export and reexport of controlled items to listed countries without a required license or license exception.
(2) **General Prohibition Two** — Reexport and export from abroad of foreign-made items incorporating more than a de minimis amount of controlled U.S. content without a required license or license exception.
(3) **General Prohibition Three** — Reexport of foreign-produced "direct product" of specified "technology" and "software."
(4) **General Prohibition Four** — Engaging in actions prohibited by a denial order.
(5) **General Prohibition Five** — Export or reexport to prohibited end-uses or end-users.
(6) **General Prohibition Six** — Export or reexport to embargoed destinations.
(7) **General Prohibition Seven** — Support of proliferation activities and certain military-intelligence end uses and end users.
(8) **General Prohibition Eight** — In transit shipments and items to be unladen from vessels or aircraft to certain countries without a license or license exception.
(9) **General Prohibition Nine** — Violation of any order, license term or condition.
(10) **General Prohibition Ten** — Proceeding with transactions with knowledge that a violation has occurred or is about to occur.

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

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

- ***Evasion.*** No person may engage in any transaction or take any other action with intent to evade the provisions of the EAR.

Penalties for violating the EAR can include:

- Fines of up to $364,992 per violation or twice the value of each transaction;[33]
- Loss of export privileges; and/or
- Suspension or termination of EAR export authorizations.

Penalties for criminal violations may include imprisonment and fines of up to $1 million per violation for companies, as well as imprisonment and fines of up to $250,000 per violation for individuals. Penalties may aso include designation on the BIS Denied Persons List.

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

D. U.S. Export Control Risks and Risks of Violations of U.S. Export Controls

We understand the Group has limited dealings with iFLYTEK, which is currently named on the Entity List. Amongst its dealings with iFLYTEK, we understand the Company receives certain office supplies and customer gifts from iFLYTEK (e.g., iFLYTEK conference headphones), as well as licenses from iFLYTEK its general-purpose software model that Xunfei Healthcare uses to self-develop software products, technologies and certain smart hardware products for medical and healthcare end uses.[34] Further, based on the Company's representations, we understand that prior to iFLYTEK's Footnote 4 designation, effective October 21, 2022, Xunfei Healthcare sold certain smart hearing aids and sphygmomanometers to iFLYTEK. The Company has also represented that it has entered into subcontract agreements with iFLYTEK where Xunfei Healthcare served as the subcontractor in connection with projects for certain hospitals and healthcare facilities. Xunfei Healthcare has confirmed that in its role as a subcontractor, the Company is not acting as an agent for iFLYTEK, transferring any items to iFLYTEK, or otherwise facilitating transactions that would not otherwise be permissible with iFLYTEK pursuant to the EAR.

[33] The current inflation adjusted amount is $364,992. This amount may change in the future.

[34] We understand the Company's dealings with iFLYTEK consist of the following: (i) Trademark Licensing Framework Agreement: pursuant to this agreement, iFLYTEK grants Xunfei Healthcare the right to use certain of its licensed trademarks on a royalty-free basis, (ii) Products Provision Framework Agreement: Xunfei Healthcare provides iFLYTEK with certain A.I. hardware products for resale and its own use, (iii) Services and Products Procurement Framework Agreement: iFLYTEK provides a wide spectrum of supporting services and products (e.g., technology and software services and administrative services), and (iv) Bidding Cooperation Framework Agreement: Xunfei Healthcare and iFLYTEK agree to cooperate with each other to bid on certain projects.

Based solely on representations made by the Company, which we have not independently verified but do not have reason to believe are inaccurate,[35] we are of the view that since the addition of iFLYTEK to the Entity List, Xunfei Healthcare has not exported, re-exported, or transferred (in-country) to iFLYTEK any items subject to the EAR, including items subject to the EAR under the Footnote 4 FDP Rule.[36] Accordingly, we are not aware of any instances where Xunfei Healthcare has exported, re-exported, or transferred an item to iFLYTEK in violation of the EAR. The Entity List does not apply to the export, re-export, or in-country transfer of items that are not subject to the EAR.

Based on the Company's representations, we understand the other entities within the Group have limited dealings with iFLYTEK. Specifically, based on the Company's representations, we understand the only other entity within the Group aside from Xunfei Healthcare that has provided goods, technology, or services to iFLYTEK since iFLYTEK's designation on the Entity List is Yinchuan Xunfei Internet Hospital Co., Ltd. ("Yinchuan Xunfei"). The Company has represented that, in 2023, Yichuan Xunfei entered into a three-year subcontract agreement with iFLYTEK under which Yichuan Xunfei serves as the subcontractor to iFLYTEK and provides iFLYTEK with access to a medical platform called "Xunfei Internet Hospital Service System" through an Application Programming Interface connection. Based on the Company's representations, we understand that no items subject to the EAR, including items subject to the EAR under the Footnote 4 FDP Rule, are provided to iFLYTEK under this agreement.

Accordingly, based solely on representations made by the Company, which we have not independently verified but do not have reason to believe are inaccurate, we are of the view that since the addition of iFLYTEK to the Entity List, the Group has not exported, re-exported, or transferred (in-country) to iFLYTEK any items subject to the EAR, including items subject to the EAR under the more restrictive Footnote 4 FDP Rule. Accordingly, to our knowledge, we are not aware of any instances where the Group has exported, re-exported, or transferred an item to iFLYTEK in violation of the EAR.

In connection with the October 2023 export control rules, based on the Company's representations, we understand that the Company is not involved in the development or production of ICs, and moreover, solely uses ICs as incorporated components in its office computers. Therefore, the

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[35] Our review of the Company's compliance with the EAR consisted of written questionnaire exchanges and oral discussions with the Company. We have not independently assessed whether any Company products are subject to the EAR nor individually reviewed specific transactions by the Company for compliance with the EAR. However, based on our discussions with the Company, our experience as U.S. international trade counsel, and our general understanding of the Company's products and business activities, we do not have reason to believe the Company's representations are inaccurate.

[36] Regarding the hearing aids, Xunfei Healthcare conducted an export control classification analysis and confirmed that the hearing aids are not subject to the EAR under the *de minimis* (15 CFR § 734.4) or national security foreign direct product rule (15 CFR § 734.9(b)), but may be subject to the EAR under the Footnote 4 FDP Rule. Accordingly, Xunfei Healthcare stopped selling such hearings aids to iFLYTEK as of its Footnote 4 designation. In addition, regarding the sphygmomanometers, Xunfei Healthcare received confirmation from the third-party original design manufacturer (ODM), Bioland Healthcare Equipment (Shenzhen) Co., Ltd., that such items are not subject to the EAR. Out of an abundance of caution, Xunfei Healthcare stopped selling such items to iFLYTEK as of its Footnote 4 designation.

Company is not producing or developing any items, software, or technology subject to the October 2023 export control rules.

Accordingly, we are not aware of any instances in which the Group has not acted in compliance with U.S. export control laws and regulations since the designation of iFLYTEK on the Entity List. Based on the Company's representations, there are currently minimal U.S. export control risks for the Group based on its current activities. As outlined in Section IV of this letter, we understand that Xunfei Healthcare has implemented various internal controls to mitigate its U.S. export controls and sanctions risks.

III. U.S. Sanctions Implications for Xunfei Healthcare

As indicated above, we have been asked to advise on, among other things, (i) U.S. sanctions risks for the Group; (ii) whether and the extent to which any of the Group's activities as described in the index are subject to or may have violated such laws; and (iii) whether iFLYTEK presents a material sanctions risk to Xunfei Healthcare, with material sanctions including administrative or criminal penalties or the imposition of secondary sanctions under U.S. export controls and sanctions laws.

A. U.S. Sanctions Framework

1. Overview

OFAC administers regulations imposing economic sanctions on countries and designated individuals and entities. These regulations implement Executive Orders issued by the President under the International Emergency Economic Powers Act ("IEEPA").[37]

The United States maintains a set of complex restrictions on transactions involving embargoed countries and regions.[38] As of the date of this letter, Cuba, Iran, North Korea, Syria, and the Crimea, Donetsk and Luhansk regions of Ukraine are the subject of comprehensive U.S. embargoes. Other sanctions programs target activities such as terrorism, drug trafficking, human rights, and other matters of importance to U.S. national security and foreign policy.

OFAC implements "primary" and "secondary" sanctions with specific restrictions unique to each individual sanctions program. Under each sanctions program, OFAC has issued general licenses authorizing particular types of transactions (such as humanitarian aid or mail and

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

[38] In addition to countries and regions subject to comprehensive U.S. economic embargoes, OFAC may separately impose more tailored sanctions restricting certain types of activities in a particular country. For example, OFAC currently administers "sectoral" sanctions against Russia in response to the ongoing crisis in Ukraine. These targeted sanctions are meant to limit certain sectors of the Russian economy from gaining access to U.S. capital and debt markets, as well as U.S. technology and expertise in the energy sector. OFAC has also blocked the "Government of Venezuela," which is defined to include the Government of Venezuela and persons owned or controlled by the government, as further outlined in Executive Order 13884.

telecommunications) without the need to apply for a specific license. When a general license is not available, OFAC may issue a specific license authorizing the transaction.

2. Primary Sanctions

Under U.S. law, primary sanctions apply to activities of U.S. persons that are subject to OFAC regulations. The term "U.S. person" is defined in most OFAC regulations as any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States.[39] Primary sanctions also apply to activities subject to U.S. jurisdiction, including activities involving the U.S. financial system, such as clearing U.S. dollar ("USD") payments through U.S. intermediary financial institutions.

3. Secondary Sanctions

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

The designation of a secondary sanctions target generally involves a consideration of policy and diplomatic issues. For example, involvement in activities pertaining to human rights abuses could trigger the imposition of sanctions under the Global Magnitsky Human Rights Accountability Act.[40] Activities involving certain sanctioned countries such as Iran could trigger secondary sanctions exposure under the sanctions program unique to that country.[41] Additionally, transactions with SDNs may expose a party to the risk of a secondary sanctions designation depending on the authority under which the SDN was designated.

4. Specially Designated Nationals and Blocked Persons

The U.S. Government maintains a number of lists of sanctioned individuals and entities. These sanctioned parties are designated because of their involvement in supporting terrorism, narcotics trafficking, development of weapons of mass destruction, or other reasons. Sanctioned persons are identified on OFAC's SDN List. All assets of SDNs are blocked and U.S. persons are generally prohibited from dealing with them. A U.S. person (including a U.S. bank) that comes in possession or control over SDN property must freeze the interest and place it into a blocked account. OFAC

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[39] *See, e.g.,* 31 C.F.R. §589.312; 31 C.F.R. §542.319; 31 C.F.R. §560.314.

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

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

has adopted a 50% rule in determining whether an entity is treated as an SDN. This means that an entity that is owned, individually or in the aggregate, 50% or more by an SDN is treated as an SDN and is subject to the same sanctions as an SDN even if the entity itself is not identified on the SDN List.

Signed into law in 2016, the Global Magnitsky Act authorizes the President to impose targeted sanctions, including the blocking of property and denying entry into the United States, on any foreign person determined to be "responsible for extrajudicial killings, torture, or other gross violations of internationally recognized human rights," or a government official responsible for, or complicit in, ordering, controlling, or directing, acts of significant corruption.

Pursuant to the President's authority under IEEPA and the Global Magnitsky Act, on December 21, 2017, the U.S. President issued Executive Order ("E.O.") 13818 on "Blocking the Property of Persons Involved in Serious Human Rights Abuse or Corruption." E.O. 13818 authorizes OFAC to add individuals and entities to the SDN List if they are determined to, among other things, be responsible for or complicit in, or to have directly or indirectly engaged in, serious human rights abuse.

E.O. 13818 further authorizes OFAC to add to the SDN List the following:

- Persons who are or have been a leader or official of an entity that has engaged in, or whose members have engaged in, serious human rights abuse relating to the leader or official's tenure;

- Persons who have attempted to engage in serious human rights abuse; or

- Persons who have materially assisted, sponsored, or provided financial, material or technological support for, or goods or services to or in support of, the targeted activities under E.O. 13818 or those persons already sanctioned under E.O. 13818.

In July 2020, OFAC added Xinjiang Public Security Bureau ("XPSB"), Xinjiang Production and Construction Corps ("XPCC"), and various current or former government officials to the SDN List in connection with "serious human rights abuses against ethnic minorities" in the XUAR.[42] Further, on March 22, 2021, OFAC added two current Chinese government officials to the SDN List for similar reasons.[43] All designations were made pursuant to E.O. 13818.

B. Consequences for Violations of U.S. Sanctions

Civil penalties for violating OFAC regulations may include fines amounting to the greater of $368,136 per violation or twice the value of each transaction.[44] Also, OFAC may withold, deny,

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[42] *See* Treasury Sanctions Chinese Entity and Officials Pursuant to Global Magnitsky Human Rights Accountability Act, Press Release (July 9, 2020), *available at* https://home.treasury.gov/news/press-releases/sm1055, and Treasury Sanctions Chinese Entity and Officials Pursuant to Global Magnitsky Human Rights Executive Order, Press Release (July 31, 2020), *available at* https://home.treasury.gov/news/press-releases/sm1073.

[43] *See* Treasury Sanctions Chinese Government Officials in Connection with Series Human Rights Abuse in Xinjiang (March 22, 2021), *available at* https://home.treasury.gov/news/press-releases/jy0070.

[44] $368,136 is the current inflation adjusted amount. This amount may change in the future.

suspend, or revoke license authorizations. Penalties for criminal violations may include fines of up to $1 million per violation and imprionment for individuals for up to 20 years. If prosecuted criminally by the U.S. Department of Justice ("DOJ"), other consequences may include the imposition of a corporate monitor and the prosecution of individuals involved in any illicit activity. The U.S. Government could also place visa restrictions on non-U.S. corporate executives/officers. Pursuant to the Immigration and Nationality Act, the Secretary of State has the authority to restrict visas to non-U.S. persons who "would have potentially serious adverse foreign policy consequences for the United States."

C. Risks of Violation of U.S. Sanctions

Based on our review of the information provided by the Company, including representations made by the Company upon which we are acting in reliance without independent verification, we are of the opinion that: (i) there are currently minimal U.S. sanctions risks for the Group; (ii) there is a low risk the Group's activities may have violated such laws; and (iii) it is unlikely that iFLYTEK would present a material sanctions risk to Xunfei Healthcare, with material sanctions including administrative or criminal penalties or the imposition of secondary sanctions under U.S. export controls and sanctions laws.

1. Primary Sanctions

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

We understand that Xunfei Healthcare's customers primarily consist of government departments (e.g., National Health Commission), hospitals, primary healthcare institutions, and individuals. The Company's sales to government departments and hospitals are through direct sales to customers as well as through distributors that Xunfei Healthcare selects based on business qualifications and distribution capabilities. The Company's sales to individuals are mainly through online sales channels.

Further, we understand that Xunfei Healthcare has a formal screening process to screen the names of its potential customers and suppliers against U.S. Government restricted party lists, including the SDN List. In relying on the Company's representations, we understand that Xunfei Healthcare currently has business dealings with a few hospitals under the administration of the Bureau of Health of the XPCC. Specifically, the XPCC Hospital, the XPCC 6th Division Hospital, and the Qitai Hospital of the XPCC 6th Division (collectively, the "XPCC Hospitals"). The Company does not currently have any other business dealings with customers or other business partners on the SDN List. iFLYTEK is not currently designated on any OFAC sanctions lists. Based on the Company's representations, we understand the other entities within the Group do not currently have any business dealings with customers or other business partners on the SDN List. Dealings with iFLYTEK are discussed in Section II of this letter.

As noted earlier, the XPCC was added to the SDN List on July 31, 2020, in connection with alleged human rights abuses in the XUAR. Our understanding is that the XPCC Hospitals are under the administration of the Bureau of Health of the XPCC. As such, we believe that OFAC would likely treat the XPCC Hospitals as blocked parties that are subject to U.S. sanctions given that the XPCC Hospitals are likely ultimately owned by the XPCC.[45]

The Company confirmed that, of its personnel, only Xunfei Healthcare's Executive Director and General Manager, Tao Xiaodong, is a U.S. person. Based on OFAC guidance, U.S. persons are not permitted to enter into *any* contract that is signed by an SDN. In addition, U.S. persons may not engage in negotiations or process transactions involving an SDN who is acting on behalf of a non-blocked entity that the SDN controls.[46] Here, the Company confirmed that Tao Xiaodong does not have any past or current involvement with the Company's activities with the XPCC Hospitals. This includes confirming that Tao Xiaodong did not have any involvement in contract negotiations, the bidding process, or signing contracts with XPCC Hospitals. Further, the Company confirmed that its contracts with the XPCC Hospitals do not involve payments or otherwise involve financial transfers to or from U.S. financial institutions (including foreign branches of U.S. banks). This is consistent with our review of the Company's contracts with the XPCC Hospitals, which are identified in the index. Accordingly, to our knowledge, we are not aware of any facts to suggest the Company's dealings with the XPCC Hospitals involve any U.S. persons or are otherwise subject to OFAC's primary sanctions jurisdiction.

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

Therefore, based on the aforementioned information, to our knowledge, we believe it is reasonable to conclude that the Group has not engaged in activity prohibited by U.S. primary sanctions.

2. Secondary Sanctions

Various activities could give rise to secondary sanctions risks based on existing U.S. statutes and regulations. Examples of sanctionable activities include engaging in transactions that implicate human rights abuses, activities in countries subject to comprehensive U.S. economic embargoes, and providing material support to SDNs.[47]

Based solely on our review of the information provided by the Company, including representations made by the Company upon which we have relied upon without independent verification, it is our

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[45] OFAC would likely view the XPCC Hospital, XPCC 6th Hospital, and Qitai Hospital of the XPCC 6th Division as part of the XPCC and would consider each hospital as being individually sanctioned. Even if this were not the case, OFAC could in turn view each hospital as an entity that is not individually sanctioned but nonetheless considered a blocked party based on OFAC's "50% rule." To the extent the XPCC Hospitals are separate legal entities which are not owned by the XPCC and solely controlled by XPCC, OFAC may take the view that the XPCC Hospitals are not blocked entities. For purposes of our analysis, we presume that the XPCC Hospitals are owned 50% or more by the XPCC and are thus considered blocked parties.

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

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

understanding that the entities within the Group do not engage in activities intended to support human rights abuses. For example, the Company develops products tailored for the medical and healthcare sectors. Based on the information provided by the Company, we understand the Group does not currently engage in any business activities with persons on any of the U.S. sanctions or export controls lists (aside from iFLYTEK and the XPCC Hospitals for Xunfei Healthcare), and does not source any goods, technology, or services from the XUAR.

As described above, the Company confirmed that it has business with certain hospitals in the XUAR where Xunfei Healthcare provides A.I.-assisted medical services for doctors and patients.

Xunfei Healthcare's business activities with the XPCC Hospitals pose some U.S. sanctions risk given that OFAC would likely consider each hospital as a sanctioned party. However, we believe the Company's current business as we understand it does not pose a material risk of Xunfei Healthcare becoming individually designated on OFAC's SDN List.

We understand that Xunfei Healthcare's dealings with the XPCC Hospitals are limited to providing medical products and services to assist doctors and patients at the XPCC Hospitals.[48] As noted above in Section III.A.4, the XPCC was added to the SDN List pursuant to the Global Magnitsky Act and its implementing E.O. 13818, which specifically targets persons involved in serious human rights abuse or corruption. E.O. 13818 authorizes OFAC to add to the SDN List certain persons, including those who have provided material assistance, goods, or services to SDNs sanctioned under E.O. 13818. Given that the XPCC was added to the SDN List pursuant to E.O. 13818 for alleged human rights abuses, we believe that OFAC would be most likely to sanction persons determined to provide support to the XPCC for enabling the XPCC's alleged human rights activities. This is consistent with prior designations of parties for providing "material support" to SDNs.[49]

We are of the opinion that the provision of medical solutions and products to the XPCC Hospitals should not present a material risk of individual sanctions designation because such activity generally would not entail or enable serious human rights abuses. Rather, supplying medical hardware and software products should help improve treatment and medical services, ultimately benefitting the hospital's patients.[50]

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

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[48] As an example, based on public research, it appears that the 6th Division of the XPCC is tied to agriculture and does not have military-related touchpoints. This provides further support for the argument that Xunfei Healthcare's business activities with the XPCC 6th Hospital are not tied to activities that are of concern to the U.S. Government – specifically, military-related activities and human rights abuses.

[49] Parties designated for providing "material support" to SDNs have largely consisted of those providing support to SDNs in a manner that contravenes U.S. laws (*e.g.*, supporting an Iranian SDN oil company to export its oil in contravention of U.S. sanctions laws, supporting Iranian SDN airlines in obtaining U.S.-origin aircraft without proper licenses, or providing oil to North Korea). Additionally, the nature of the support provided is a key factor, particularly with respect to whether that support is tied to the underlying rationale behind a party's designation.

[50] Our analysis is subject to change should the XPCC Hospitals or any other third party divert Company products in a manner that enables human rights abuses.

countries or regions subject to comprehensive U.S. embargoes (*i.e.,* Cuba, Iran, North Korea, Syria, and the Crimea, Donetsk and Luhansk regions of Ukraine) and it does not have any business relationships with third parties who are known to have business in such countries or regions. Further, while the Company has business activities with the XPCC Hospitals, these activities involve the supply of medical hardware and software products to help improve treatment and medical services, which we understand, based on the Company's representations to us, do not enable human rights abuses. In addition, the Company has represented that it receives certain subsidies from the PRC government, which we understand are largely in connection with the research and application of AI technology to create products tailored for the medical industry and are not intended for purposes other than medical and health care.

Based solely on our review of the information provided by the Company, including the aforementioned representations made by the Company upon which we have relied upon without independent verification, to our knowledge, it is reasonable to conclude there is not a material risk of the entities within the Group, including Xunfei Healthcare, being individually named on the SDN List.

D. Conclusions

Based solely on our review of the information provided by the Company, including representations made by the Company upon which we have relied upon without independent verification, to our knowledge, we believe it is reasonable to conclude that the entities within the Group have not engaged in any activity prohibited by U.S. primary sanctions. The entities within the Group are not U.S. persons and do not have any business activities in regions subject to comprehensive U.S. economic sanctions or with third parties in such regions.

Additionally, to our knowledge, we are of the opinion that it is reasonable to conclude that entities within the Group are unlikely to be the target of a secondary sanctions designation based on our review of the information provided by the Company, including representations made by the Company. For example, we understand the Group does not engage in activities that directly or indirectly support human rights abuses and does not have business activities in any regions subject to comprehensive U.S. economic sanctions or with third parties in such regions. While the Company has business activities with the XPCC Hospitals, such activities are for the benefit of doctors and patients in order to improve treatment and medical services.

Lastly, we believe there is a low risk that iFLYTEK would present a material sanctions risk to Xunfei Healthcare, with material sanctions including administrative or criminal penalties or the imposition of secondary sanctions. iFLYTEK's majority ownership interest in Xunfei Healthcare may expose the Company to increased scrutiny from the U.S. government; however, the Company's exposure to a sanctions risk is primarily based on its own activities.

Based solely on our review of the information provided by the Company, including representations made by the Company upon which we have relied upon without independent verification, to our knowledge, we are not aware of any instances in which Xunfei Healthcare has not acted in compliance with OFAC regulations or has engaged in activity that presents a material risk of designation on a U.S. sanctions list.

IV. Risk Mitigation Measures

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

- Compliance Manual – Xunfei Healthcare currently adopts a U.S. Export Control and Sanctions Compliance Manual ("Manual") that was drafted by outside counsel in English and Chinese, which records and disseminates Xunfei Healthcare's compliance policies and practices. The Manual outlines the respective trade compliance roles and responsibilities for all company personnel and provide personnel with relevant export control and sanctions compliance guidance. The Manual is based on BIS' Export Compliance Guidelines and incorporates BIS' recommended eight elements for an effective export compliance program.

- Senior Management Commitment – pursuant to BIS' Export Compliance Guidelines, senior management commitment is the most important factor in the success of a U.S. export compliance program. Accordingly, having a senior management officer, such as a Chief Compliance Officer, responsible for overseeing U.S. export control compliance should help affirm the Company's commitment to export compliance and dedication of appropriate resources towards the compliance function. Similarly, having sufficient resources devoted to compliance, such as an internal export control team consisting of personnel from the legal (which has the leading role), procurement, and sales departments to execute day-to-day compliance functions relating to imports, exports, reporting and registrations, if applicable, should also help mitigate risks.

- Training – BIS also states that a good training program is critical to an effective U.S. export compliance program. Characteristics of a good program include training that provides job-specific knowledge based on need, communicates the export responsibilities for each employee, and holds employees accountable through assessments. Accordingly, Company annual training to all Company relevant employees (including senior management) as well as targeted training to personnel in key positions (e.g., logistics, shipping, accounting, and sales positions) regarding compliance with U.S. sanctions and export controls, is another measure that may help mitigate risks. We understand the Company does conduct annual training on export compliance, including training of its senior management.

- Screening – the Company can mitigate risk by continuing to screen the names of potential customers and suppliers against the Consolidated Screening List,[51] which is a compilation of different U.S. Government restricted party lists, including the Entity List, Military End User List, and the SDN List. Any flags identified during the screening process are to be escalated to the legal team to review.

- Supply Chain Due Diligence – the Company can mitigate risk by continuing to work with its legal department or outside counsel, as appropriate, to undertake an analysis to

[51] The Consolidated Screening List is available at https://www.trade.gov/data-visualization/csl-search.

determine the classification of certain physical items, technology, and software in its possession, including those obtained from suppliers and other third parties.

- Certifications – if the Company has not already done so, the Company can mitigate risk by obtaining signed certifications from its third-party partners to ensure that such parties will not transfer items subject to the EAR to any party on the Entity List, including iFLYTEK.

- Contractual Agreements – if the Company has not already done so, the Company can mitigate risk by ensuring that all contractual agreements related to the provision of hardware, software, or technology include export control and sanctions compliance clauses.

Finally, the Company can mitigate risk by continuing to remain legally and operationally distinct from iFLYTEK, including by ensuring that iFLYTEK does not have any influence on the Company's decision making and the Company's management personnel is distinct and independent from iFLYTEK's management personnel.

V. Xunfei Healthcare's Listing on the Hong Kong Stock Exchange

The Guide identifies the types of sanctions-related activities that the HKEX may consider when evaluating a listing applicant's suitability for listing. The Guide outlines the following three areas of concern:

1) the listing applicant has engaged in Primary Sanctioned Activity;
2) the listing applicant has engaged in Secondary Sanctionable Activity; and
3) the listing applicant is: (i) a Sanctioned Target, (ii) located, incorporated, organized, or resident in a Sanctioned Country, or (iii) a Sanctioned Trader.

These three areas of concern are analyzed below solely with respect to U.S. federal laws and regulations relating to U.S. export controls and sanctions (referred to in this Section V as "applicable U.S. federal law").

A. Framework for Assessing Suitability for Listing on the HKEX

1. Primary and Secondary Sanctions

The Guide defines "Primary Sanctioned Activity" as "any activity in a Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in a property of, a Sanctioned Target by a listing applicant incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation."

The Guide defines "Secondary Sanctionable Activity" as "certain activity by a listing applicant 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 listing applicant is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus with that Relevant Jurisdiction."

The framework for primary and secondary sanctions under applicable U.S. federal law is outlined above in Section III.A of this letter.

2. Sanctioned Target or Sanctioned Trader

The final area of concern is whether the listing applicant is (i) a Sanctioned Target, (ii) located, incorporated, organized, or resident in a Sanctioned Country, or (iii) a Sanctioned Trader.

"Sanctioned Target" is defined in the Guide as "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)." For purposes of the analysis in this letter, we assume Sanctioned Targets include entities designated on U.S. sanctions or export control lists (e.g., persons on the SDN List or the Entity List) and include persons who are subject to U.S. sanctions as a result of being owned or controlled by a sanctioned party.[52]

"Sanctioned Trader" is defined in the Guide as "any person or entity that does a material portion (10% or more) of its business with Sanctioned Targets and Sanctioned Country entities or persons."

B. Xunfei Healthcare's Suitability for Listing

Based solely on our review of the information provided by the Company, including representations made by the Company, we are of the opinion that Xunfei Healthcare is suitable for listing pursuant to the Guide as it relates solely to applicable U.S. federal law on the basis that Xunfei Healthcare does not fall within any of the three areas of concern outlined in the Guide with respect to applicable U.S. federal law.

1. Primary Sanctions

Our analysis of primary sanctions is outlined above in Section III.C.1 of this letter. Based solely on our review of the information provided by the Company, including representations made by the Company upon which we have relied upon without independent verification, to our knowledge, we are of the opinion that it is reasonable to conclude that Xunfei Healthcare has not engaged in "Primary Sanctioned Activity" with respect to applicable U.S. federal law.

2. Secondary Sanctions

Our analysis of secondary sanctions is outlined above in Section III.C.2 of this letter. Based solely on our review of the information provided by the Company, including representations made by the Company upon which we have relied upon without independent verification, to our knowledge,

[52] The Guidance document does not clarify whether "Sanctioned Target" refers only to parties on the SDN List or whether it also includes parties on the Entity List. For purposes of this opinion, we have interpreted "Sanctioned Trader" to include parties designated on the Entity List.

we are of the opinion that it is reasonable to conclude that Xunfei Healthcare has not engaged in "Secondary Sanctionable Activity" with respect to applicable U.S. federal law.

3. Sanctioned Target or Trader

The final area of concern addressed in the Guide is whether the listing applicant is (i) a Sanctioned Target, (ii) located, incorporated, organized, or resident in a Sanctioned Country, or (iii) a Sanctioned Trader, under applicable U.S. federal law.

First, Xunfei Healthcare is currently not a Sanctioned Target under U.S. law. As described above in Section I, Xunfei Healthcare is a separately incorporated subsidiary of iFLYTEK. Xunfei Healthcare is itself not designated on the Entity List and therefore not subject to the additional U.S. export license requirements imposed on iFLYTEK by its Entity List designation. Further, unlike the SDN List, the Entity List does not apply to entities owned 50% or more by SDNs. Therefore, Xunfei Healthcare is currently not a Sanctioned Target under applicable U.S. federal law.

Second, Xunfei Healthcare is not located, incorporated, organized, or resident in a Sanctioned Country (*i.e.,* Iran, North Korea, Cuba, Syria, and the Crimea, Donetsk and Luhansk regions of Ukraine) under applicable U.S. federal law.

Lastly, the Guide introduces the concept of a Sanctioned Trader, which is defined as any person or entity that conducts 10% or more of its business with sanctioned targets and sanctioned country entities or persons.[53]

The Company has represented that its sales with iFLYTEK accounted for 2.59% in 2021, 1.65% in 2022, 1.08% in 2023, and 2.50% during January – June 30, 2024, of the Company's total sales.[54] Further, in 2022, the Company's sales with the XPCC Hospitals accounted for 2.04% of

[53] The Guide does not specify whether "business" refers solely to revenue-generating activities or whether it encompasses all of a company's business operations, including the procurement of supplies and operations. We have researched public guidance but have not found guidance on this point. Absent clear guidance, we believe it is reasonable to conclude that, with respect to iFLYTEK, "business" can be read to include only those business activities which involve an export, re-export, or transfer (in-country) to iFLYTEK.

First, it is unclear whether iFLYTEK would be considered a "Sanctioned Target" as it is not designated on any list pursuant to U.S. sanctions related laws or regulations. It is designated on a U.S. export control list administered by the U.S. Commerce Department's Bureau of Industry and Security rather than an economic sanctions list administered by the U.S. Treasury Department's Office of Foreign Assets Control (*e.g.*, SDN List).

Assuming iFLYTEK were considered a "Sanctioned Target", iFLYTEK's designation only impacts exports, re-exports, or transfers (in-country) to iFLYTEK. Accordingly, receiving items from iFLYTEK, absent other facts, would not be a "business" dealing which is within the scope of iFLYTEK's export control restriction even if that supply arrangement involved an item subject to the EAR.

As the Guide does not provide clarity, it is possible the HKEX could interpret the term "Sanctioned Trader" differently.

[54] As detailed in Footnote 34, Xunfei Healthcare stopped selling smart hearing aids and sphygmomanometers to iFLYTEK in 2022 due to the Footnote 4 FDP Rule. Sales with iFLYTEK in 2023 and January – June 30, 2024

the Company's sales. In 2023, the Company's sales with the XPCC Hospitals accounted for 0.08% of the Company's sales. Lastly, in 2024 (January – June 30, 2024), the Company did not have any business dealings with the XPCC Hospitals. Therefore, Xunfei Healthcare's revenue from both iFLYTEK and the XPCC Hospitals is well below the 10% threshold.[55]

Based solely on our review of the information provided by the Company, including representations made by the Company which we have relied upon without independent verification, to our knowledge, we are of the opinion that Xunfei Healthcare is not a "Sanctioned Trader" or "Sanctioned Target" (as those terms are defined in the Guide) under applicable U.S. federal law.

VI. Assumptions, Qualifications and Disclosure

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

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

Whenever we qualify a statement in this letter with the words "to our knowledge," "we are not aware" or similar wording, it indicates that in the course of our representation of Xunfei Healthcare as special U. S. international trade counsel in connection with its IPO, no information that would give us current actual knowledge of the inaccuracy of such statement has come to the attention of the lawyers in this firm who have rendered legal services in connection with Xunfei Healthcare's IPO. Please be advised that only Jack Ko, Nancy Fischer, Matthew Rabinowitz, Roya Motazedi, and Fang Wang have been so involved. We have not made any independent investigation to determine the accuracy of any such statement, except as expressly described herein, and any

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consist of Xunfei Healthcare's subcontract agreements with iFLYTEK for various hospitals and healthcare facilities, as well as related R&D and delivery-related support (e.g., on-site installation, testing, and maintenance) for such projects.

[55] As noted in Footnote 50, the Guide does not clarify whether "Sanctioned Target" includes parties designated on the Entity List. For purposes of this opinion, we have interpreted "Sanctioned Target" to include parties on the Entity List (*i.e.,* iFLYTEK) as well as the SDN List. Notwithstanding our interpretation as detailed in Footnote 49 that "business" with respect to iFLYTEK only includes those business activities that involve an export, re-export, or transfer (in-country) to iFLYTEK, the Company's combined sales and procurement with iFLYTEK are below the 10% threshold and are as follows: approximately 9.95% in 2021, 6.57% in 2022, and 4.91% for 2023, and 8.23% for January – June 30, 2024. The Company did not have any procurement activities with the XPCC Hospitals in 2021, 2022, 2023 or January – June 30, 2024.

limited inquiry undertaken by us during the preparation of this letter should not be regarded as such an investigation. No inference as to our knowledge of any matters bearing on the accuracy of such statement should be drawn from our representation of Xunfei Healthcare in other matters in which such lawyers are not involved.

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

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

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

Very truly yours,

Pillsbury Winthrop Shaw Pittman LLP

Pillsbury Winthrop Shaw Pittman LLP