

OrbusNeich Medical Group Holdings Limited

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**China International Capital Corporation
Hong Kong Securities Limited ("CICC")**
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Our ref
13238/31044481

Date
13 December 2022

CCB International Capital Limited ("CCBI")
12/F, CCB Tower
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Hong Kong

BNP Paribas Securities (Asia) Limited ("BNP")
60/F-63/F Two International Finance Centre
8 Finance Street
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(CICC, CCBI and BNP for themselves and on behalf of the underwriters)

Dear Madams / Dear Sirs,

Confirmation of sanctions position

We have been engaged as International Sanctions Legal Advisors in relation to the proposed listing of OrbusNeich Medical Group Holdings Limited ("the **Company**") on the Hong Kong Stock Exchange ("**Proposed IPO**") to provide a sanctions risk analysis under US, EU, UK, Australian and UN laws relating to certain jurisdictions in which the Company conducts business.

Scope of this summary

We were asked to consider information with regard to the Company's business activities and the business activities of the Company's subsidiaries and affiliated companies (together "**the Group**") during the three years ended December 31, 2021 and the 6 month period ended June 30 2022 (the

**Chief Executive Officer
and Partner**
J J G D'Agostino, MH

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J M Copeman +
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**Senior Registered
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**Partner, Regional Head of Practice -
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"**Track Record Period**" or "**TRP**") and to advise on whether the Group's business activities violated United States, European Union, United Kingdom and Australian, as well as the sanctions measures adopted by the United Nations Security Council ("**Relevant Sanctions**"). We considered the Group's business activities and their compliance with Relevant Sanctions regimes applicable to the Russian Federation, Ukraine, Egypt, Iran, Lebanon, Syria Arab Republic, Myanmar, Belarus, Serbia, Tunisia and Turkey (the "**Relevant Jurisdictions**").

We are attorneys qualified in the United States, European Union, United Kingdom, and Australia. The opinions in this opinion letter are limited to the sanctions laws of the United States, European Union, United Kingdom, and Australia, as well as the sanctions measures adopted by the United Nations Security Council. We have not considered, and we express no opinion as to, the laws of any other jurisdiction other than the sanctions laws of the aforementioned jurisdictions as in effect as of December 5, 2022, being the Last Practicable Date ("**LPD**").

This assessment speaks to the matters and circumstances that existed during the TRP and the subsequent period up to the LPD (the TRP and the subsequent period up to the LPD are collectively referred to as "the **Relevant Period**"). The Company has confirmed to us that the Company's business activities in relation to the Relevant Jurisdictions have not changed in any material respect between the end of the TRP and the LPD. We assume no obligation to advise or to make any investigations as to any legal developments on any factual matters arising subsequent to the LPD that might affect the view expressed herein.

We express no opinion as to matters of fact in this opinion. We assume that there are no facts not disclosed to us, which could affect the conclusions in this opinion.

Assumptions

In rendering the opinions in this letter we have relied, without independent investigation, upon the following assumptions relating to the Group's business activities during the Relevant Period which are based on information provided by the Company:

- a. the Group's business activities in the Relevant Jurisdictions during the Relevant Period were limited to sales of balloon catheters and medical stents;
- b. sales were conducted solely through distributors and were generally to hospitals and clinics as end-users;
- c. none of the Group companies are incorporated in any of the Relevant Jurisdictions nor do any of the Group companies have any branch or representative office in any of the Relevant Jurisdictions. Moreover, none of the Group's employees are located in any of the Relevant Jurisdictions;
- d. the percentage of the Group's revenue generated through sales to the Relevant Jurisdictions throughout the Relevant Period was at all times well below 10%;
- e. the Group is not involved with the manufacturing or sale of any sensitive products (uranium mining or enrichment, arms dealing or manufacturing, and nuclear energy or biological pathogens) and the Group is not connected to the arms industry and has no business activities related to the military;
- f. in so far as products sold by the Group included US content, such materials and / or components supplied for the manufacture of the Group's products were limited to medical equipment that were either designated as EAR 99 or characterized as "No License Required";



- g. there have been no sales into the Crimea or Sevastopol regions of Ukraine, nor the regions of Donetsk, Luhansk, Kherson and Zaporizhzhia after imposition of embargoes on these regions following the Russian invasion of Ukraine in February 2022; and
- h. with regard to sales to Iran, none of the Group's US subsidiaries or affiliated companies or any US Persons employed or acting on behalf of the Group were involved in business dealings with Iran, and payments for sales to Iran were not made in US Dollars and did not involve the US financial system.

Unless explicitly stated in this summary, we have not examined any other agreement or document entered into by or affecting the Company or any other corporate records of the Company and have not made any other inquiry concerning it.

Assessment undertaken

We carried out an assessment of the Group's business activities based on the information provided by the Company. In carrying out our assessment, we have relied solely on the information provided to us. We have not independently verified the information received from the Company and have assumed the authenticity and completeness of all documents provided to us and the accuracy and completeness of all statements and representations made to us by representatives of the Company. We also assumed that no information which was material in the context of our assessment had been withheld.

In addition to obtaining information from the Company regarding its operations in the Relevant Jurisdictions, and information relevant to the applicability to it of the Relevant Sanctions, we ran the names of the Company, its shareholders and directors as well as the names of the distributors used for the Group's sales into the Relevant Jurisdictions (the "**Distributors**"), as provided to us by the Company, against sanctions lists kept under the Relevant Sanctions regimes (the "**Sanctions Lists**").

Opinion

None of the names of the Company, its shareholders and directors as well as the names of the Distributors provided to us were listed on Sanctions Lists kept under the Relevant Sanctions regimes. We were not provided with details of owners and directors, or employees of the Distributors. We were also not provided with details regarding the ultimate customers save that we were told that these were largely hospitals and clinics. However, we understand that the Company was not aware of, and did not have any reasonable grounds to believe or suspect, that any of the owners, directors, or employees of the Distributors or any of the ultimate customers in the Relevant Jurisdictions were sanctioned persons under any of the Relevant Sanctions regimes.

We have reviewed and evaluated the internal control measures of the Group set out in the prospectus and are of the view that these measures are consistent with guidance published by OFAC regarding sanctions compliance programs, and these measures appear adequate and effective for the Group based on its products and risk assessment, to comply with applicable international sanctions laws and address sanctions risks.

Based on the assessment undertaken we did not identify any violation of Relevant Sanctions by the Group and assessed the sanctions risk faced by the Group's business activities as being low, in particular:



Date
13 December 2022
Letter to
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- A. The Group's transactions related to Iran and Syria did not violate U.S. sanctions or other Relevant Sanctions laws as (1) none of the Company's subsidiaries in the U.S. nor any U.S. Persons employed by or acting on behalf of the Group were involved in business dealings with Iran or Syria; (2) the payments for sales to Iran were not made in U.S. dollars, and did not involve the U.S. financial system; and (3) while payments for the export to Syria were carried out using U.S. dollars, this does not raise an issue in relation to the sales of medical devices to Syria in light of the General Licence which allows for the exportation of services (including clearing of USD payments) incidental to sales of non-U.S. origin medical devices which would be designated as EAR 99 under the EAR, if they were subject to the EAR.
- B. The Group's transactions related to the other Relevant Jurisdictions (i.e. the Russian Federation, Ukraine, Egypt, Lebanon, Myanmar, Belarus, Serbia, Tunisia and Turkey) also did not violate U.S. sanctions nor other Relevant Sanctions laws. Consequently, the Group did not engage in any Primary Sanctioned Activity during the Track Record Period and up to the LPD that violate applicable sanctions law or regulation.
- C. The Group's secondary sanctions exposure is low due to the facts that (i) none of the distributors located in the Relevant Jurisdictions are specifically identified on Sanctions Lists, (ii) based on information provided to us there are no reasonable grounds to believe that any of the owners, controllers or directors of the distributors are on such lists, and (iii) the Group's sales do not involve industries or sectors that are currently subject to specific sanctions imposed by the United States, the European Union, the United Nations, the United Kingdom, and Australia.

Given the scope of the global offering and the expected use of proceeds as set out in this prospectus, we are also of the view that the involvement by parties in the global offering of the Company will not implicate any applicable Relevant Sanctions on such parties, including the Company and its subsidiaries, the respective Directors and employees of the Company and its subsidiaries, the Company's or its subsidiaries' investors, shareholders as well as The Stock Exchange of Hong Kong Limited and group companies, or any person involved in the global offering. Hence, the sanction risk exposure to the Company, its investors and shareholders, and persons who might, directly or indirectly, be involved in permitting the listing, trading and clearing of the Company's shares (including The Stock Exchange of Hong Kong Limited and related group companies) is low.

Addressees and responsibility

This analysis addresses the US, EU, UK, UN, and Australian sanctions regimes as they exist at the LPD being December 5, 2022. The US sanctions advice has been prepared by Herbert Smith Freehills New York LLP; the EU and UK sanctions advice has been prepared by Herbert Smith Freehills LLP; and the Australian sanctions advice has been prepared by Herbert Smith Freehills, an Australian partnership. Each of those foregoing entities/partnerships is responsible only for those parts of the note that they have prepared.

We understand that the analysis summarised in this note is for the benefit of the Company and the joint sponsors, joint global coordinators and underwriters for the listing of the Company or its listing vehicle only and solely for their consideration in connection with the Proposed IPO. This analysis should not be relied upon by any other person or for any other purpose unless otherwise agreed in writing with us. Inspection or receipt of a copy of the letter by any person other than the Company does not create an attorney-client relationship between that person and us, constitute the provision



HERBERT
SMITH
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Letter to
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of legal advice by us to that person, or give rise to any duty of care on our part to that person unless otherwise agreed in writing with us.

This opinion is given by Herbert Smith Freehills which assumes liability for and is solely responsible for it.

Yours faithfully,

Herbert Smith Freehills

Herbert Smith Freehills