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30 December 2024

Our Ref: MRC/BLUI/B6046-H25511

To:  
The Board of Directors

**BrainAurora Medical Technology Limited 脑动极光医疗科技有限公司**

offices of ICS Corporate Services (Cayman) Limited  
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Copy to:

**China International Capital Corporation Hong Kong Securities Limited ("CICC")**

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**SPDB International Capital Limited**

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(CICC and SPDBI, the "Joint Sponsors")

Dear Addressees

**BRAINAURORA MEDICAL TECHNOLOGY LIMITED 脑动极光医疗科技有限公司 (THE "COMPANY")**

We are Cayman Islands legal counsel to the Company in connection with your request that we advise you on certain aspects of Cayman Islands company law. The following is not intended to be exhaustive but merely to provide brief details and information which may be applicable to the Company.

This letter is addressed to the Company and copied to the Joint Sponsors, and may not be relied upon by any other party without our specific written consent; provided however that a copy of this letter may be provided to (a) specified persons if required by any applicable laws or regulations, (b) any regulatory, governmental or judicial authority or securities exchange having jurisdiction over the addressees, including but not limited to the Stock Exchange and the Hong Kong Securities and Futures Commission (SFC), or (c) in connection with any actual or potential dispute, claim or investigation in connection with the proposed initial public offering and listing of the shares of the Company on The Stock Exchange of Hong Kong Limited to which, among others, the addressees, their affiliates and/or legal advisors is a party; provided further that any such persons set out above will not be entitled to rely on this opinion letter for their own benefit or for the benefit of any persons, and we assume no responsibility or legal liability to them as a result of such disclosure or otherwise.

**Walkers (Hong Kong)**

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\*England and Wales; \*\*BVI; \*\*\*Cayman Islands; \*\*\*\*New South Wales (Australia); \*\*\*\*\*Bermuda

## 1 GENERAL

- 1.1 The principal statute in the Cayman Islands governing the formation and operation of companies is the Companies Act (as amended) of the Cayman Islands (the "**Companies Act**"). In general, many of the provisions of the Companies Act have been taken from the Companies Act, 1948 of the United Kingdom although their application has, in certain instances, been adapted to conform to general concepts of company law in the Cayman Islands. In some circumstances, however, certain statutory provisions differ quite substantially from their equivalent in the United Kingdom Companies Act. Generally, principles of English company law apply in Cayman Islands. Cayman Islands courts will look to English decisions for guidance in interpreting these principles, subject to the statutory differences. There is a growing body of Cayman Islands case law dealing with company law issues.
- 1.2 The Companies Act draws a distinction between companies which carry on their business activities in the Cayman Islands and those exempted companies whose objects are to be carried out mainly outside the Cayman Islands. Certain provisions of the Companies Act, therefore, do not relate specifically to exempted companies and, as such, are not considered further in this letter.

## 2 INCORPORATION

- 2.1 The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 April 2023 under the Companies Act.

## 3 COMPANY OPERATIONS

- 3.1 An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies and pay a fee which is based on the amount of its authorised share capital.

## 4 SHARE CAPITAL

- 4.1 Under the Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (a) paying distributions or dividends to members;

- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
  - (c) any manner provided in Section 37 of the Companies Act;
  - (d) writing-off the preliminary expenses of the company; and
  - (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.
- 4.2 Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.
- 4.3 Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.
- 5 FINANCIAL ASSISTANCE TO PURCHASE SHARES OF A COMPANY OR ITS HOLDING COMPANY**
- 5.1 There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.
- 6 PURCHASE OF SHARES AND WARRANTS BY A COMPANY AND ITS SUBSIDIARIES**
- 6.1 A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the



company shall be able to pay its debts as they fall due in the ordinary course of business.

- 6.2 Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Act.
- 6.3 A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.
- 6.4 A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

## **7 DIVIDENDS AND DISTRIBUTIONS**

- 7.1 Subject to a solvency test, as prescribed in the Companies Act, and the provisions, if any, of the company's memorandum and articles of association, company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.
- 7.2 For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

## **8 PROTECTION OF MINORITIES AND SHAREHOLDERS' SUITS**

- 8.1 It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of a company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.
- 8.2 Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may

make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

- 8.3 In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

## 9 DISPOSAL OF ASSETS

- 9.1 There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands' courts will ordinarily follow).

## 10 ACCOUNTING AND AUDITING REQUIREMENTS

- 10.1 A company must cause proper records of accounts to be kept with respect to:
- (a) all sums of money received and expended by it;
  - (b) all sales and purchases of goods by it; and
  - (c) its assets and liabilities.
- 10.2 Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.
- 10.3 If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (as amended) of the Cayman Islands (the "**TIA Act**"), make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

## 11 EXCHANGE CONTROL

- 11.1 There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

## 12 TAXATION

- 12.1 The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to

the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

**13 STAMP DUTY ON TRANSFERS**

- 13.1 No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

**14 LOANS TO DIRECTORS**

- 14.1 There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

**15 INSPECTION OF CORPORATE RECORDS**

- 15.1 The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

**16 REGISTER OF MEMBERS**

- 16.1 A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the TIA Act.

**17 REGISTER OF DIRECTORS AND OFFICERS**

- 17.1 Pursuant to the Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

**18 WINDING UP**

- 18.1 A Cayman Islands company may be wound up by:
- (a) an order of the court;

- (b) voluntarily by its members; or
  - (c) under the supervision of the court.
- 18.2 The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.
- 18.3 A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.
- 18.4 In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.
- 18.5 As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.
- 18.6 When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that:
  - (a) the company is or is likely to become insolvent; or
  - (b) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors.
- 18.7 A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.
- 18.8 For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or

more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on their appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

## **19 RECONSTRUCTIONS**

- 19.1 Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court their view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (ie the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

## **20 TAKE-OVERS**

- 20.1 Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands' courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

## **21 INDEMNIFICATION**

- 21.1 Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

## **22 SCHEME OF ARRANGEMENT**

- 22.1 Following amendments to the Companies Act that became effective on 31 August 2022, the majority-in-number "headcount test" in relation to the approval of



members' schemes of arrangement has been abolished. Section 86(2A) of the Companies Act provides that, if 75% in value of the members (or class of members) of a Cayman Islands company agree to any compromise or arrangement, such compromise or arrangement shall, if sanctioned by the Court, be binding on all members (or class of members) of such company and on the company itself. Where a Cayman Islands company is in the course of being wound up, such compromise or arrangement would be binding on the liquidator and contributories of the company. In contrast, section 86(2) of the Companies Act continues to require (a) approval by a majority in number representing 75% in value and (b) the sanction of the court, in relation to any compromise or arrangement between a company and its creditors (or any class of them).

Yours faithfully

A handwritten signature in cursive script, appearing to read 'Walkers', is positioned above the printed name.

**WALKERS (HONG KONG)**