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Application Proof of

诺令生物
Novlead Biotech

Nanjing Novlead Biotechnology Co., Ltd.
南京諾令生物科技股份有限公司

(the "**Company**")

(A joint stock company incorporated in the People's Republic of China with limited liability)

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诺令生物
Novlead Biotech

Nanjing Novlead Biotechnology Co., Ltd.
南京諾令生物科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to reallocation and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED], plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565%, and AFRC transaction levy of 0.00015% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**RMB[REDACTED] per H Share**

[REDACTED]

***Sole Sponsor, Sponsor-Overall Coordinator, Overall Coordinator,* [REDACTED]**

建银国际
CCB International

***Overall Coordinator,* [REDACTED]**

CMBI 招銀国际

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The final [**REDACTED**] is expected to be fixed by agreement between the Sponsor-Overall Coordinator (for itself and on behalf of the [**REDACTED**]) and the Company on the [**REDACTED**], which is expected to be on or before [**REDACTED**] (Hong Kong time). The [**REDACTED**] will be no more than HK$[**REDACTED**] per [**REDACTED**] and is currently expected to be not less than HK$[**REDACTED**] per [**REDACTED**] unless otherwise announced. If, for any reason, the final [**REDACTED**] is not agreed by 12:00 noon on [**REDACTED**] (Hong Kong time) between the Sponsor-Overall Coordinator (for itself and on behalf of the [**REDACTED**]) and the Company, the [**REDACTED**] will not proceed and will lapse.

The Sponsor-Overall Coordinator, on behalf of the [**REDACTED**], may, where considered appropriate and with the Company's consent, reduce the number of [**REDACTED**] and/or the indicative [**REDACTED**] below that which is stated in this document (which is HK$[**REDACTED**] to HK$[**REDACTED**] at any time on or prior to the morning of the last day for lodging [**REDACTED**] under the [**REDACTED**]. In such a case, an announcement will be published on the website of our Company at **www.novlead.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the [**REDACTED**] will be canceled and relaunched at the revised number of [**REDACTED**] and/or the revised [**REDACTED**] in accordance with the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new document (as appropriate)) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging [**REDACTED**] under the [**REDACTED**]. Further details are set forth in the sections headed "Structure of the [**REDACTED**]" and "How to Apply for [**REDACTED**]" in this document.

Prior to making an [**REDACTED**] decision, prospective [**REDACTED**] should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk Factors" in this document.

The obligations of the [**REDACTED**] under the [**REDACTED**] are subject to termination by the Sponsor-Overall Coordinator (for itself and on behalf of the [**REDACTED**]) if certain grounds arise prior to 8:00 a.m. on the [**REDACTED**]. See " [**REDACTED**]" in this document.

The [**REDACTED**] have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be [**REDACTED**], [**REDACTED**], pledged or otherwise [**REDACTED**] within the United States, or to, or for the account or benefit of U.S. persons (as defined in Regulation S), except that [**REDACTED**] may be [**REDACTED**], [**REDACTED**] or [**REDACTED**] outside the United States in offshore [**REDACTED**] in reliance on Regulation S.

[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

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IMPORTANT NOTICE TO PROSPECTIVE [REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [**REDACTED**] *in the H Shares.*

There are risks associated with any [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the H Shares are set out in "Risk Factors" of this document. In particular, we are a biotechnology company seeking to* [**REDACTED**] *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules as we do not meet the requirements under Rules 8.05(1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with* [**REDACTED**] *in companies like ours. Our Core Product is the product for the purpose of satisfying the eligibility requirements under Chapter 18A of the Rule and Chapter 2.3 of the Guide for New Listing Applicants. We may continue to incur substantial costs and expenses in relation to R&D activities for the Core Product and our Core Product may not be successfully marketed. Your* [**REDACTED**] *decision should be made in light of these considerations.*

OVERVIEW

Incorporated in 2018, we operate in the gas-based cardiopulmonary device market, with a focus on the development and commercialization of inhaled nitric oxide (iNO) therapy. As of the Latest Practicable Date, we had five approved products (including one Core Product, iNOwill) and five product candidates under development, spanning three major product lines addressing cardiopulmonary care across critical care, inpatient, outpatient and home-based disease management — (i) iNO therapy, (ii) cardiopulmonary circulatory support, and (iii) respiratory diagnostics. All our products are independently developed in-house. Our Core Product, iNOwill, was approved by the NMPA in 2022 and received EU CE certification in 2025. It delivers iNO as a selective pulmonary vasodilator, which is not curative but provides support primarily in acute and critical care settings for patients with severe cardiopulmonary disease such as pulmonary hypertension, requiring ICU and bedside hospital care. While our Core Product currently targets a specific patient subgroup with a relatively limited addressable market, we are pursuing indication expansion for iNOwill to broaden its potential clinical applications and addressable patient population, subject to successful clinical development and regulatory approval.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND/OR MARKET OUR CORE PRODUCT AND OTHER PIPELINE CANDIDATES.

OUR TECHNOLOGY PLATFORM AND PRODUCT PIPELINE

Our gas-liquid precision control technology platform integrates NO generation, real-time gas sensing and monitoring, and software-enabled flowpath/fluidic control to support accurate and reliable handling of target molecules in both gas and liquid media across different clinical settings. Leveraging our technology platform, we have established a product pipeline spanning three main categories: (i) iNO therapy, (ii) cardiopulmonary circulatory support, and (iii) respiratory diagnostics.

The following chart summarizes the status of our products and product candidates as of the Latest Practicable Date.

SUMMARY

Segment	Product[1]	Concept/ Application Scenario	Competent Authority/ Registration Classification	Indications	Pre-Clinical	Pipeline Progress Clinical Trials	Registration & Commercialization	Time of Approval	Upcoming Milestone and Timeline
Inhaled NO	★ iNOwill	iNO (ICU & Inpatient)	NMPA/III[4]	PH[5]	China		[3]	2022.4	2027Q2 New features upgrade
				COPD	China			-	2027Q2 Registrational trial initiation
				ARDS	China			-	2026Q4 Registrational trial initiation
				CAP	China			-	2029 Registrational trial initiation
			UDEM/IIb	PH[5]	China, EU			2025.9	2026Q3 PMCF study initiation
				ARDS	Multi-center (under evaluation)			-	2026Q4 Registrational trial initiation
			FDA[2][4]	PH	the United States			-	2026 Pre-submission review
				ARDS	the United States			-	2028Q1 Registrational trial initiation
	eNOaire	iNO (Inpatient & Transfer)	NMPA/III	PH	China		[3]	2024.2	Post-approval study
			UDEM/IIb	PH	China	[3]		-	2026Q4 Application review
Cardio-pulmonary Circulatory support	VQfit	Portable iNO (Outpatient & At-Home)	NMPA/III	COPD	China	[3]		-	2026Q4 Innovative Medical Device Application review
	▲ NovaPulse IABP	IABP (ICU & Inpatient)	NMPA/III	IABP therapy	China		[3]	2025.9	2026Q4 New features upgrade
	NovaVent	Ventilator (ICU & Inpatient)	NMPA/III	Respiratory support+PH				-	2027Q1 Type test
Respiratory Diagnosis	eNOglow	FeNO detection (ICU, Inpatient & Outpatient)	GMPA/II[6]	High-precision airway inflammation assessment	China		[3]	2024.6	Post-approval study
	PElink	FeNO detection & Spirometer (Outpatient & At-Home)	GMPA/II[6]	Pulmonary function, airway diseases	China	[3]		-	2026Q3 Application review

★ Core Product ▲ Key Product ▨ Among our product candidates, these class III devices completed the clinical evaluation through comparison of the same variety of medical devices, and the class II devices are exempted from clinical trial requirements

Abbreviations: FeNO=Fractional Exhaled Nitric Oxide. PH=Pulmonary Hypertension. COPD=Chronic Obstructive Pulmonary Disease. ARDS=Acute Respiratory Distress Syndrome. CAP=Community-Acquired Pneumonia.

Notes:

(1) All of our products and product candidates are self-developed.

(2) Following our Pre-Submission and subsequent communications with the FDA, the FDA confirmed that iNOwill would be regulated as a Class III device.

(3) The product has undergone clinical trials that are not required for regulatory registration, in order to generate medical evidence for further product improvement or more effective commercialization.

(4) Based on our consultations with the relevant Competent Authorities, clinical trials are required for our PRC Indication Expansion and U.S. Registration. On May 28, 2026, we consulted with the Yangtze River Delta Center for Medical Device Evaluation and Inspection of the NMPA ("**YDCDEI**") regarding the clinical trial requirements for the proposed expansion of iNOwill into COPD, ARDS and CAP. During the consultation, a Clinical Review Officer of the Review Department advised that registration clinical trials would be required for such indication expansion under the current regulatory framework, primarily because there are no approved equivalent products for these indications. Our PRC legal advisers are of the view that the YDCDEI is the appropriate channel through which we may obtain pre-application communication and guidance from the Center for Medical Device Evaluation of the NMPA (the "**CMDE**"), and that the review staff member of the clinical group of its Evaluation Department that we consulted with, is competent to address our enquiries in this regard and to provide the relevant confirmation. In late May 2026, we submitted a Pre-Submission to the FDA in relation to our proposed U.S. registration of iNOwill for PH, ARDS and COPD. The FDA provided written feedback in July 2026 and held a formal meeting with us in August 2026. Based on these communications, the FDA indicated that iNOwill would be regulated as a Class III medical device requiring premarket approval ("PMA") and advised that PH, ARDS and COPD would require new clinical evidence through clinical trials. For the neonatal PPHN indication, the FDA considered it reasonable for a PMA application to rely on comparative evidence consisting of existing published literature, the precedent of the comparable FDA-approved device, non-U.S. real-world evidence, post-market registry data and device nonclinical testing, and based on such feedback we currently expect that a new U.S. clinical trial under an IDE will not be required before submission of a PMA application for that indication. Based on their review of the FDA's organizational structure and the respective roles of the participating FDA officials, our U.S. legal advisers as to U.S. medical device regulatory matters are of the view that such officials possessed the requisite regulatory authority, technical expertise and institutional competence to provide official guidance regarding the applicable clinical and regulatory requirements for iNOwill.

(5) iNOwill is registered as a Class III medical device with the NMPA in the PRC and classified as Class IIb in the EU under the EU MDR. At the component level, the NO generation reactor of iNOwill is registered as a Class III medical device with the NMPA and is, in the EU, an accessory to iNOwill N200 classified as Class IIb under the EU MDR, while the tube accessories of iNOwill are applied for registration as a Class II medical device with the Guangxi MPA and are, in the EU, accessories to iNOwill N200 classified as Class IIa under the EU MDR.

(6) The Class II device is subject to approval and regulatory oversight by the provincial medical products authority, which in this instance is the Guangxi Medical Products Administration.

iNOwill — Our Core Product

iNOwill is a portable iNO therapy device that generates medically usable NO on demand at the point of care and integrates NO generation, delivery and real-time monitoring into a single system. iNOwill has been registered as a Class III medical device in China for PH since 2022 and certified as a Class IIb medical device under the EU MDR since 2025. From 2022 to 2023, we conducted two clinical trials for postoperative PH in pediatric and adult patient populations that support EU CE certification (collectively, the "**Clinical Trials**") in collaboration with collaborative hospitals, where we undertook sponsor equivalent obligations and were treated as the sponsor of the Clinical Trials by the UDEM for the purpose of EU CE certification. For details of the Clinical Trials and other key trials of iNOwill, see "Business — Our Product Pipeline."

Market opportunity and competitive landscape. The global iNO therapy market remains largely cylinder-based but is projected to shift toward instant-generation delivery. In 2025, cylinder-based iNO systems held 89.3% market share in the global iNO therapy market, in terms of wholesale sale. Globally, instant-generation iNO systems accounted for about US$0.11 billion in 2025 and are forecast to reach approximately US$0.49 billion by 2030 at a CAGR of 34.2%, far outpacing the low single-digit growth expected for cylinder-based workflows.

Competitive advantages. Building on our electrochemical instant-generation NO technologies, the iNOwill series replace the traditional "gas factory + cylinder logistics" paradigm with a "device + reactant" model. Compared with cylinder-based systems and other instant-generation technologies such as plasma- or N_2O_4-decomposition-based systems, iNOwill is designed to provide precise dosing, high gas purity and a favorable safety and usability profile.

NovaPulse IABP — Our Key Product

NovaPulse is an in-house developed IABP designed for cardiovascular and perioperative care in operating rooms, ICUs and catheter laboratories where temporary mechanical circulatory support is required. It provides temporary circulatory support through counter-pulsation, principally by augmenting coronary perfusion and reducing left ventricular afterload, for indications including heart failure, cardiogenic shock and perioperative support for high-risk interventional and surgical procedures. NovaPulse has been registered as a Class III medical device with the NMPA since September 2025.

Market opportunity and competitive landscape. In China, the IABP market has expanded rapidly from a relatively low base, increasing from RMB313.1 million in 2020 to RMB790.1 million in 2025, a CAGR of 20.3%, and is expected to reach RMB1,381.6 million in 2030 and RMB2,101.1 million in 2035, with CAGRs of 11.8% from 2025 to 2030 and 8.7% from 2030 to 2035. The market has historically been dominated by imported systems that set the benchmark for technical specifications and clinical use. In 2025, we were one of the two domestic pneumatic-pump IABP manufacturers which obtained NMPA registration.

Competitive advantages. NovaPulse is designed to provide reliable, easily deployed counter-pulsation support in complex cardiovascular and perioperative settings, enhancing hemodynamic safety, monitoring precision and workflow efficiency across operating rooms, catheter laboratories and critical-care units.

RESEARCH AND DEVELOPMENT

Our R&D team is led by our chief executive officer, Dr. Mao, and our chief technology officer, Mr. Zhang Yuyan. As of the Latest Practicable Date, our R&D team comprised 47 employees, representing approximately 27.5% of our total headcount. In 2024, 2025 and the six months ended June 30, 2025 and 2026, our R&D expenses were approximately RMB33.0 million, RMB34.7 million, RMB13.7 million and RMB20.3 million. Of these amounts, RMB12.3 million, RMB14.5 million, RMB5.1 million and RMB8.7 million were attributable to our Core Product, respectively, representing 37.4%, 41.8%, 37.2% and 42.9% of our total research and development costs in the corresponding years.

MANUFACTURING

During the Track Record Period, our commercialized products mainly included iNOwill, eNOaire, NovaPulse IABP, Reslink and eNOglow. As of June 30, 2026, we had two principal manufacturing facilities, which were separately located in Yangzhou, Jiangsu Province and Fangchenggang, Guangxi Zhuang Autonomous Region with aggregate areas of approximately 2,200.0 sq.m. and 1,400.0 sq.m., respectively.

SALES AND MARKETING

We sell our products primarily to distributors under a buyer and seller relationship, who then sell the products to hospitals and medical institutions. Our sales and marketing team engages physicians through frequent visits, on site product demonstrations and free educational sessions. Save for one of our former distributors, who was our connected person during the Track Record Period, to the best of our knowledge, our distributors were Independent Third Parties and they did not have any past or present relationships (business, trust, family, financing or otherwise) with us or our subsidiaries, shareholders, directors or senior management, or any of their respective associates.

OUR CUSTOMERS AND SUPPLIERS

Our customers were primarily distributors in the Chinese mainland who purchase our products and sell them directly or indirectly to hospitals or medical institutions. In 2024, 2025 and for the six months ended June 30, 2026, the aggregate sales to our five largest customers represented 25.6%, 29.6% and 39.0% of our revenue, respectively, and sales to our largest customer represented 7.4%, 12.9% and 17.1% of our revenue, respectively.

During the Track Record Period, we procured raw materials and fixed assets to be used in the manufacture of our medical devices. In 2024, 2025 and the six months ended June 30, 2026, the aggregate purchases from our five largest suppliers represented 30.4%, 40.7% and 36.3% of our total purchases, respectively, and our purchases from our largest supplier represented 9.2%, 10.0% and 10.4% of our total purchases, respectively. We generally have a credit term up to 30 days for certain suppliers.

In each year/period during the Track Record Period, all of our five largest customers and suppliers were Independent Third Parties, and none of our five largest suppliers was also our customer, vice versa.

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, we had 85 patents and 196 registered trademarks, as well as 73 patent applications in the Chinese mainland and 13 jurisdictions overseas, such as Canada, United States, Indonesia, Israel, Brazil and South Korea. Our patents, patent applications, registered trademarks and pending trademark applications cover key technology areas including instant NO generation, electrochemical catalytic reduction, plasma discharge, gas sensing and gas- and fluid-path control. We believe there is no material legal impediment for us to obtain the approvals for these pending patents and trademarks. As of the Latest Practicable Date, all of our 158 patents and patent applications (including those relating to our product candidates, including the Core Product and the key components thereof) were developed in-house and owned by us. Among these patents and patent applications, 42 of them (including 16 patents and 26 patent applications) were related to our Core Product, and six of them were related to our Key Product. Besides the patents and patent applications we owned, as of the Latest Practicable Date, we also in-licensed a total of six patents and patent applications relating to NO-releasing polymers and gas-delivery devices capable of generating and delivering NO containing gas streams from the Regents of the University of Michigan. We entered into the Michigan License Agreement at an early stage of our development to support our chosen technical route. Our Core Product has been independently developed by us and does not rely on, nor is directly based on, the Licensed Michigan IP. For details, see "Business — Major Research Collaborations and Licensing Arrangements — University of Michigan Licensing Arrangement."

During the Track Record Period and up to the Latest Practicable Date, we were not subject to, nor were we a party to, any intellectual property rights infringement claims or litigations and were not aware of any material infringement of our intellectual property rights that had or could have a material adverse effect on our business. We had complied with all applicable intellectual property

laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. Based on the freedom-to-operate analysis, there is no substantial risk of infringement of valid and enforceable issued patents of any third party in the Chinese mainland, Europe and the U.S. that may impact the development and commercialization of our Core Product in the Chinese mainland, Europe and the U.S. and there is no substantial risk of infringement of valid and enforceable issued patents of any third party in the Chinese mainland that may impact the development and commercialization of our Key Product in the Chinese mainland.

OUR COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors: (i) capabilities in product development and market adoption of instant-generation iNO therapy; (ii) proprietary technology platform and differentiated products; (iii) broad applications across the cardiopulmonary care continuum; (iv) capabilities across the product lifecycle; and (v) experienced global leadership team empowered by strategic investors.

OUR GROWTH STRATEGIES

We plan to execute the following strategies to achieve our mission and drive our future growth: (i) building a comprehensive iNO-centric ecosystem covering multiple indications and care scenarios; (ii) leveraging our ICU presence and technology synergies to broaden the cardiopulmonary diagnostic and therapeutic pipeline; (iii) expanding into home-based chronic respiratory disease management; (iv) expanding our global business footprint through targeted overseas commercialization; (v) strengthening commercial execution to solidify regional leadership; and (vi) enhancing our R&D infrastructure and manufacturing capabilities to support sustainable growth.

OUR SHAREHOLDING STRUCTURE

Our Single Largest Group of Shareholders

Our Single Largest Group of Shareholders comprises Dr. Mao, Jingning Noring, Mr. Cao Guiping and Lingxing Hainan. As of the Latest Practicable Date, each of Dr. Mao, Jingning Noring, Mr. Cao Guiping and Lingxing Hainan directly held approximately 7.14%, 21.41%, 5.35% and 0.71% of our issued Shares, respectively, totaling approximately 34.61% in aggregate. Pursuant to a concert party agreement dated October 10, 2021 entered into among Dr. Mao, Mr. Cao Guiping, Jingning Noring and Lingxing Hainan, each of parties therein agreed to act in concert with respect to their voting rights as shareholders in our Company, with Dr. Mao's opinion prevailing in case of disagreement. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), our Single Largest Group of Shareholders will control approximately [**REDACTED**]% of our issued Shares.

Pre-[REDACTED] Investments

We received five rounds of Pre-[**REDACTED**] Investments totalling RMB418 million from our Pre-[**REDACTED**] Investors which include established funds and venture capitals. Suzhou Lirun, Jichuang Xinyuan and Jichuang Fengyuan are our sophisticated investors which made meaningful investment to us, holding 12.08%, 8.16% and 3.27% in our Company respectively as of the Latest Practicable Date and will respectively hold approximately [**REDACTED**]%, [**REDACTED**]% and [**REDACTED**]% of our total issued share capital upon the completion of the [**REDACTED**]. Pursuant to the PRC Company Law, Shares issued by our Company prior to the [**REDACTED**] (including those held by the Pre-[**REDACTED**] Investors) will be subject to a lock-up period of one year from the [**REDACTED**]. For further details of the Pre-[**REDACTED**] Investors and the principal terms of the Pre-[**REDACTED**] Investments, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments."

SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss

The table below sets forth our consolidated statements of profit or loss for the years indicated derived from the Accountants' Report included in Appendix I to this document:

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)				*(unaudited)*			
Revenue	45,547	100.0	63,207	100.0	22,413	100.0	58,132	100.0
Cost of sales	(18,535)	(40.7)	(27,847)	(44.1)	(11,237)	(50.1)	(23,382)	(40.2)
Gross profit	**27,012**	**59.3**	**35,360**	**55.9**	**11,176**	**49.9**	**34,750**	**59.8**
Selling expenses	(31,197)	(68.5)	(30,479)	(48.2)	(12,530)	(55.9)	(23,216)	(40.0)
Administrative expenses	(26,067)	(57.2)	(24,832)	(39.3)	(11,824)	(52.8)	(14,562)	(25.0)
Research and development expenses	(32,982)	(72.4)	(34,678)	(54.9)	(13,741)	(61.3)	(20,251)	(34.8)
Other income	7,748	17.0	9,194	14.5	2,302	10.3	5,020	8.6
Other gains and losses	(867)	(1.9)	159	0.3	44	0.2	(247)	(0.4)
[**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Share of results of an associate	(93)	(0.2)	(243)	(0.4)	(33)	(0.1)	(44)	(0.1)
Impairment losses under expected credit loss model, net of reversal	(129)	(0.3)	(77)	(0.1)	(17)	(0.1)	6	0.0
Finance costs	(29,671)	(65.1)	(40,284)	(63.7)	(19,155)	(85.5)	(21,698)	(37.3)
Loss before tax	**(86,246)**	**(189.4)**	**(95,271)**	**(150.7)**	**(43,778)**	**(195.3)**	**(51,864)**	**(89.2)**
Income tax expenses	–	–	–	–	–	–	–	–
Loss for the year/period	**(86,246)**	**(189.4)**	**(95,271)**	**(150.7)**	**(43,778)**	**(195.3)**	**(51,864)**	**(89.2)**
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation from functional currency to presentation currency	13	0.0	(19)	(0.0)	(1)	0.0	(62)	(0.1)
Loss and total comprehensive expense for the year/period	**(86,233)**	**(189.3)**	**(95,290)**	**(150.8)**	**(43,779)**	**(195.3)**	**(51,926)**	**(89.3)**

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we use adjusted net loss margin (Non-IFRS measure) as non-IFRS measures, which are not required by, or presented in accordance with, IFRS.

We define adjusted net loss (Non-IFRS measure) as loss for the years/periods adjusted by adding back share-based payment expenses, interest expense on redemption liabilities and [**REDACTED**] expenses. Share-based payment expenses relate to our share incentive plan and are non-cash in nature. Interest expense on redemption liabilities is a non-cash accounting charge arising from the accretion of redemption amounts over time. The redemption right of our Shareholders shall be automatically terminated and the redemption liabilities shall be re-designated from liabilities to equity immediately upon the completion of the [**REDACTED**] as a result of the automatic conversion of the relevant shares into ordinary shares. [**REDACTED**] expense primarily

relates to the expense incurred in relation to this [**REDACTED**]. We define adjusted net loss margin (Non-IFRS measure) as adjusted net loss (Non-IFRS measure) divided by corresponding revenue of the year/period. We believe that Non-IFRS measures facilitate the comparisons of operating performance and provide useful information to [**REDACTED**] in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of Non-IFRS measures for the years/periods may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and [**REDACTED**] should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following tables reconcile Non-IFRS measures for the years presented with the nearest measures prepared in accordance with IFRS Accounting Standards.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands, except for percentages)		*(unaudited)*	
Loss for the year/period	**(86,246)**	**(95,271)**	**(43,778)**	**(51,864)**
add back:				
Share-based payment expenses	1,493	1,423	730	1,443
Interest expense on redemption liabilities	28,679	39,543	18,750	21,302
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted net loss (Non-IFRS measure)	**(56,074)**	**(44,914)**	**(24,298)**	**(17,497)**
Adjusted net loss margin (Non-IFRS measure)	**(123.1%)**	**(71.1%)**	**(108.4%)**	**(30.1%)**

For more details, see "Financial Information — Summary of Our Consolidated Statements of Profit or Loss."

The following table sets forth a breakdown of our revenue by segment, in absolute amounts and as percentages of total revenue, for the years/periods indicated.

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)				*(unaudited)*			
Medical devices								
iNO therapy devices	38,070	83.6	47,328	74.9	19,109	85.3	34,375	59.1
iNOwill	27,140	59.6	33,573	53.1	13,319	59.4	23,767	40.9
Cardiopulmonary circulatory support devices	–	–	6,536	10.3	–	–	19,047	32.8
Respiratory diagnosis devices	2,992	6.6	4,660	7.4	2,430	10.8	3,026	5.2
Subtotal	**41,062**	**90.2**	**58,524**	**92.6**	**21,539**	**96.1**	**56,448**	**97.1**
Others[(1)]	**4,485**	**9.8**	**4,683**	**7.4**	**874**	**3.9**	**1,684**	**2.9**
Total	**45,547**	**100**	**63,207**	**100.0**	**22,413**	**100.0**	**58,132**	**100.0**

Note:

(1) Consist of (i) contract development services where we conduct product development for customers based on our R&D capabilities, (ii) others, primarily including maintenance services provided to customers after the sales of our medical devices. Our maintenance services primarily cover the following with no additional charge: (i) after-sales services, including replacement of defective components, system upgrades, periodic equipment inspections, preventive maintenance and servicing; and (ii) post-sales technical training for our distributor engineers. Upon expiration of the warranty period, we may continue to provide maintenance services and replacement components at RMB150 to RMB41,000 for replacement components, RMB10,000 to RMB120,000 for maintenance services and RMB2,000 to RMB3,000 per distributor engineers trained. From time to time, we provide contract development services to customers when their demands align with our available R&D resources and overall development plans. Therefore, the contract development services we provided and revenue derived from it may subject to periodic changes.

We recorded net loss of RMB86.2 million, RMB95.3 million, RMB43.8 million and RMB51.9 million in 2024, 2025 and for the six months ended June 30, 2025 and 2026, respectively, primarily attributable to (i) research and development expenses incurred to support the development of various pipelines, (ii) selling expenses incurred to support our commercialization activities, (iii) administrative expenses incurred to support our ordinary course of business and (iv) finance costs incurred in connection with redemption right granted to our investors.

Summary of Consolidated Statements of Financial Position

The following table sets forth our consolidated statements of financial position as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
		(RMB in thousands)	
Total non-current assets	103,641	95,929	75,102
Total current assets	119,432	126,745	129,670
Total assets	**223,073**	**222,674**	**204,772**
Total non-current liabilities	434,112	522,458	542,157
Total current liabilities	44,192	48,973	61,855
Total liabilities	**478,304**	**571,431**	**604,012**
Net liabilities	**(255,231)**	**(348,757)**	**(399,240)**
Net current assets	**75,240**	**77,772**	**67,815**

For more details, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position."

During the Track Record Period, we had a net current assets position. The increase of net current assets from RMB75.2 million as of December 31, 2024 to RMB77.8 million as of December 31, 2025 was mainly attributable to (i) the increase of trade and other receivables by RMB12.7 million, as we started to commercialize certain medical device products and increased procurement of raw materials to support the production of commercialized medical devices, (ii) the increase of time deposits by RMB12.1 million, for the purpose of implementing our cash management measures and (iii) decrease in bank borrowings by RMB13.0 million, as we repaid certain portion with higher interest rates at the end of 2025, based on our need for operating cash; partially offset by (i) decrease of cash and cash equivalents by RMB20.7 million, in line with our use of cash for business operations and (ii) increase of trade and other payables by RMB12.8 million, primarily due to [**REDACTED**] expenses incurred for the [**REDACTED**] and an increase in trade payables in line with the expansion of our commercialization activities. Our net current asset decreased from RMB77.8 million as of December 31, 2025 to RMB67.8 million as of June 30, 2026, primarily due to (i) an increase in bank borrowings by RMB24.9 million and (ii) a decrease in time deposits by RMB12.2 million, as we ceased to make time deposits in light of the continued decline in prevailing interest rates for time deposits; partially offset by a decrease in trade and other payables by RMB12.9 million, as we recognized and paid for the accrued [**REDACTED**] expenses during the first half of 2026 and continued to negotiate for more favorable supplier payment terms.

We recorded net liabilities of RMB255.2 million as of December 31, 2024, primarily attributable to net liabilities of RMB170.5 million as of December 31, 2023, adjusted by loss for the year of RMB86.2 million and redemption liabilities of RMB98.0 million, which are offset by issue of Series C shares of RMB98.0 million. We recorded net liabilities of RMB348.8 million as of December 31, 2025, primarily attributable to net liabilities of RMB255.2 million as of December 31, 2024, adjusted by loss for the year of RMB95.3 million and redemption liabilities of RMB50.0 million, which are offset by issue of Series C shares of RMB50.0 million. The redemption right of our Shareholders shall be automatically terminated and the redemption liabilities shall be re-designated from liabilities to equity immediately upon the completion of the [**REDACTED**], resulting in net assets position. We recorded net liabilities of RMB399.2 million as of June 30, 2026, primarily attributable to net liabilities of RMB348.8 million as of December 31, 2025, adjusted by loss for the period of RMB51.9 million.

Summary of Consolidated Cash Flow Statements

The following table presents our consolidated cash flow data for the years indicated.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)		*(unaudited)*	
Net cash used in operating activities	(52,776)	(48,002)	(30,626)	(46,289)
Net cash (used in)/from investing activities	(9,329)	(8,150)	(31,631)	29,235
Net cash from financing activities	92,077	35,447	55,691	21,004
Net increase (decrease) in cash and cash equivalents	**29,972**	**(20,705)**	**(6,566)**	**3,950**
Cash and cash equivalents at the beginning of the year/period	39,115	69,100	69,100	48,376
Cash and cash equivalents at the end of the year/period	**69,100**	**48,376**	**62,533**	**52,264**

We incurred net operating cash outflow during each year of the Track Record Period, as we incurred large research and development expenses, selling expenses and administrative expenses to support our research and business activities, as well as paid finance costs in connection with redemption right granted to our investors.

For more details, see "Financial Information — Liquidity and Capital Resources."

WORKING CAPITAL

The Directors are of the opinion that, taking into account of the following financial resources available to us, including our future operating cash flows and our cash and cash equivalents as of June 30, 2026, available equity and debt financing, and the estimated net [**REDACTED**] from the [**REDACTED**], we have sufficient working capital to cover at least 125% of our costs, including R&D expenses, selling and distribution expenses, administrative expenses, finance costs and other expenses for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly amount of net cash used in operating activities and capital expenditures. We had cash and cash equivalents of RMB52.3 million and time deposits of RMB79.0 million as of June 30, 2026. We estimate that we will receive net [**REDACTED**] of approximately RMB[**REDACTED**] after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], at the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], assuming the [**REDACTED**] is not exercised. Assuming an average cash burn rate going forward of [**REDACTED**] the level [in 2025], we estimate that our cash and cash equivalents and time deposits as of June 30, 2026, will be able to maintain our financial viability for [**REDACTED**] or, if we take into account the estimated net [**REDACTED**] from the [**REDACTED**], [**REDACTED**] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

KEY FINANCIAL RATIO

In 2024, 2025 and for the six months ended June 30, 2025 and 2026, our gross profit margin was 59.3%, 55.9%, 49.9% and 59.8%, respectively.

[**REDACTED**]

DIVIDEND

No dividend was paid or declared by us or any of our subsidiaries since our incorporation. After the Track Record Period and as of the date of this document, we did not declare any dividends to our Shareholders. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries. As advised by the PRC Legal Advisor, we can not pay dividends in view of our accumulated loss position. For more details, see "Financial Information — Dividend."

FUTURE PLANS AND USE OF [**REDACTED**]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**], after deducting [**REDACTED**], fees and other estimated expenses in connection with the [**REDACTED**] to be paid and payable by us, assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per H share.

We intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- approximately HK$[**REDACTED**] (or approximately [**REDACTED**]% of the net [**REDACTED**]) will be used for the further development and registration of our Core Product iNOwill;
- approximately HK$[**REDACTED**] (or approximately [**REDACTED**]% of the net [**REDACTED**]) will be used for the development and registration of our other products and product candidates targeting different care settings;
- approximately HK$[**REDACTED**] (or approximately [**REDACTED**]% of the net [**REDACTED**]) will be used to strengthen our domestic and overseas commercialization capabilities;
- approximately HK$[**REDACTED**] (or approximately [**REDACTED**]% of the net [**REDACTED**]) will be used to upgrade our R&D infrastructure and product line automation;
- approximately HK$[**REDACTED**] (or approximately [**REDACTED**]% of the net [**REDACTED**]) will be used for working capital, business development and general corporate purposes.

For more details, see "Future Plans and Use of [**REDACTED**]."

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. These risks are set out in "Risk Factors" in this document. Some of the major risks we face include: (i) We face substantial competition and rapid market changes, and our competitors may discover, develop or commercialize competing products before or more successfully than we do, or respond and adapt to the market changes more quickly and effectively; (ii) If we are unable to successfully develop our products for new indications or commercialize our products in new jurisdictions, develop and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed; (iii) Our revenue during the Track Record Period substantially relied on our commercialized products; (iv) Product development involves a lengthy and expensive process with an uncertain outcome, and unsuccessful clinical trials or procedures relating to our products and product candidates could have a material adverse effect on our prospects; and (v) Guidelines, recommendations and studies published by various organizations could disfavor our product candidates.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration, or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition, or reputation and compliance. As confirmed by our PRC Legal Advisor, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. As advised by our EU Legal Advisor, our business activities subject to applicable EU laws and regulations had been conducted in compliance with such laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. Based on the due diligence conducted by our U.S. legal advisers as to U.S. medical device regulatory matters within the scope of their engagement, nothing has come to their attention that would cause them to believe that we were in material non-compliance with the applicable U.S. laws and regulations reviewed by them during the Track Record Period and up to the Latest Practicable Date.

[**REDACTED**] EXPENSES

Our [**REDACTED**] expenses mainly include (i) [**REDACTED**] expenses, such as [**REDACTED**] fees and [**REDACTED**], and (ii) [**REDACTED**] expenses, comprising professional fees paid to our legal advisors and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately [**REDACTED**]% of our gross [**REDACTED**]. Among such estimated total [**REDACTED**] expenses, we expect to pay [**REDACTED**] of HK$[**REDACTED**], professional fees for our legal advisors and reporting accountants of HK$[**REDACTED**] and other fees and expenses of HK$[**REDACTED**]. An estimated amount of HK$[**REDACTED**] for our [**REDACTED**] expenses, accounting for approximately [**REDACTED**]% of our gross [**REDACTED**], is expected to be expensed through the statement of profit or loss and an estimated amount of HK$[**REDACTED**] is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. We recognized [**REDACTED**] expenses of [**REDACTED**], RMB[**REDACTED**], and RMB[**REDACTED**] in 2024, 2025 and for the six months ended June 30, 2026, respectively.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of the document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since June 30, 2026, the end of the period reported on the Accountants' Report included in Appendix I to this document; and there has been no event since June 30, 2026, which would materially affect the information presented in the Accountants' Report set out in Appendix I to this document. We expect an increase in net loss in 2026, primarily due to (i) fluctuations in changes in the carrying amounts of redemption liabilities as a result of changes in our valuation; and (ii) our continuous investment in research and development of our product pipeline.

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are defined in the section headed "Glossary of Technical Terms" in this document.

"Accountants' Report"	the accountants' report of our Company for the Track Record Period from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong (formerly known as the Financial Reporting Council of Hong Kong)
"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted on February 5, 2026 with effect from the [**REDACTED**], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix III to this document
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board of Directors" or "Board"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are open generally for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"Changsha Nuoshi"	Changsha Nuoshi Biotechnology Co., Ltd.* (長沙諾什生物科技有限公司), a limited liability company established in the PRC on June 2, 2021, and a subsidiary of our Company

"China," "Chinese Mainland" or "PRC"	the People's Republic of China, which for the purpose of this document and for geographical reference only, excludes Hong Kong and the Macau Special Administrative Region of the People's Republic of China and Taiwan China
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	Nanjing Novlead Biotechnology Co., Ltd. (南京諾令生物科技股份有限公司) (previously known as Nanjing Nuoquan Biomedical Technology Co., Ltd.* (南京諾全生物醫療科技有限公司) and Nanjing Novlead Biotechnology Co., Ltd.* (南京諾令生物科技有限公司)), a limited liability company established in the PRC on April 16, 2018 and converted into a joint stock company with limited liability on January 8, 2026
"Competent Authority"	has the meaning ascribed to it under Chapter 18A of the Listing Rules
"Compliance Advisor"	Rainbow Capital (HK) Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Core Product"	has the meaning ascribed to it under Chapter 18A of the Listing Rules and in this context, refers to iNOwill
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDCC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)

[**REDACTED**]

"Director(s)" or "our Director(s)"	the director(s) of our Company
"Dr. Mao"	Dr. Mao Wen (毛雯), the chairperson of the Board, chief executive officer and a member of our Single Largest Group of Shareholders
"EIT"	the PRC enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

"Frost & Sullivan" or "Industry Consultant"	Frost & Sullivan Consulting Co., Ltd., our industry consultant
"Frost & Sullivan Report"	the industry report commissioned by our Company and independently prepared by Frost & Sullivan, a summary of which is set out in the section headed "Industry Overview" in this document

[**REDACTED**]

"Group", "our Group", "we", "us" or "our"	our Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company having become the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guangxi Nuogang"	Guangxi Nuogang Biotechnology Co., Ltd.* (廣西諾港生物科技有限公司), a limited liability company established in the PRC on August 31, 2023, and a wholly-owned subsidiary of our Company
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	overseas [**REDACTED**] foreign share(s) in the share capital of our Company with a nominal value of RMB[**REDACTED**] each, which is/are to be subscribed for and [**REDACTED**] in HK dollars and to be [**REDACTED**] on the Stock Exchange
	[**REDACTED**]
"HK$", "HKD" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
	[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China

[**REDACTED**]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[**REDACTED**]

"IFRSs"	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》)
"Independent Third Party(ies)"	any person(s) or entity(ies) who/which is not a connected person of our Company within the meaning of the Listing Rules

[**REDACTED**]

"Jingning Noring"	Jingning Noring Team Biotechnology Partnership Enterprise (Limited Partnership)* (景寧諾令團隊生物科技合夥企業(有限合夥)), a limited partnership established in the PRC on February 20, 2020 ultimately controlled by Dr. Mao, details of which are set out in "History, Development and Corporate Structure — Corporate Development", and a member of our Single Largest Group of Shareholders

"Jingning Nuoming"	Jingning Nuoming Biotechnology Partnership (Limited Partnership)* (景寧諾明生物科技合夥企業(有限合夥)), a limited partnership established in the PRC on January 14, 2026, details of which are set out in "History, Development and Corporate Structure — Pre-[**REDACTED**] Employee Incentive Scheme"
	[**REDACTED**]
"Key Product"	refers to NovaPulse
"Latest Practicable Date"	August 18, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document before its publication
"Lingxing Hainan"	Lingxing (Hainan) Biotechnology Partnership Enterprise (Limited Partnership)* (令行(海南)生物科技合夥企業(有限合夥)), a limited partnership established in the PRC on August 25, 2021 ultimately controlled by Dr. Mao, details of which are set out in "History, Development and Corporate Structure — Corporate Development", and a member of our Single Largest Group of Shareholders
	[**REDACTED**]
"Listing Committee"	the listing committee of the Stock Exchange
	[**REDACTED**]
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NHC"	the National Health Commission of the PRC (formerly known as the National Health and Family Planning Commission) (中華人民共和國國家衛生健康委員會)
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), the successor to the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of our Board
"Novlead Beijing"	Beijing Novlead Biotechnology Co., Ltd.* (北京諾令生物科技有限公司), a limited liability company established in the PRC on January 21, 2022, and a wholly-owned subsidiary of our Company
"Novlead HK"	Novlead Biotech Hong Kong Limited (諾令生物香港有限公司), a limited liability company established in Hong Kong on January 2, 2025, and a wholly-owned subsidiary of our Company
"Novlead US"	Novlead, Inc., a limited liability company established in the United States on July 23, 2021, and a non-wholly-owned subsidiary of our Company
"Novlead Yangzhou"	Novlead Biotechnology (Yangzhou) Co., Ltd.* (諾令生物科技(揚州)有限公司), a limited liability company established in the PRC on February 19, 2024, and a wholly-owned subsidiary of our Company
"Novlead Yulin"	Novlead Biotechnology (Yulin) Co., Ltd.* (諾令生物科技(玉林)有限公司), a limited liability company established in the PRC on March 14, 2025, and a wholly-owned subsidiary of our Company

"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)

[**REDACTED**]

"Overall Coordinators"	the Overall Coordinators as named in the section headed "Directors and Parties Involved in the [**REDACTED**]" in this document
"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 which became effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC Legal Advisor"	Jingtian & Gongcheng, the legal advisor to our Company as to the PRC laws

"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"Pre-[**REDACTED**] Investment(s)"	the investment(s) in our Group before the [**REDACTED**], details of which are set out in the paragraph headed "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments" in this document
"Pre-[**REDACTED**] Investor(s)"	the investor(s) who acquired interest in our Group pursuant to the relevant share subscription agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this document

[**REDACTED**]

"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), the predecessors of which is the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)

"SAT"	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB[**REDACTED**] each upon the completion of the [**REDACTED**]; before the completion of the [**REDACTED**], ordinary share(s) in the share capital of our Company with a nominal value of RMB1.0 each
	[**REDACTED**]
"Shareholder(s)"	holder(s) of our Shares
"Single Largest Group of Shareholders"	refers to Dr. Mao, Jingning Noring, Mr. Cao Guiping and Lingxing Hainan
"Sole Sponsor" or "Sponsor-Overall Coordinator"	the Sole Sponsor and the Sponsor-Overall Coordinator as named in the section headed "Directors and Parties Involved in the [**REDACTED**]" in this document
"sophisticated investor(s)"	has the meaning ascribed to it under paragraph 10 of Chapter 2.3 of the Guide for New Listing Applicants
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Codes" or "Hong Kong Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs published by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the two financial years ended December 31, 2025 and the six months ended June 30, 2026

"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB[**REDACTED**] (taking into account the [**REDACTED**]), which is/are not listed on any stock exchange
"US$" or "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"VAT"	value-added tax

[**REDACTED**]

"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

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* *For identification purposes only*

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"AE"	adverse event, any untoward medical occurrence in a patient or clinical investigation subject, which does not necessarily have a causal relationship with the treatment
"ARDS"	acute respiratory distress syndrome, a type of respiratory failure characterized by rapid onset of widespread inflammation in the lungs and severe hypoxemia
"BPD"	bronchopulmonary dysplasia, a form of chronic lung disease that commonly affects premature newborns who have required mechanical ventilation and oxygen therapy
"breath-synchronized delivery"	an intelligent dosing mode where the device triggers gas delivery precisely during the patient's inspiratory phase to optimize efficacy and reduce gas waste
"by-product management"	the technical processes of monitoring and filtering out undesirable gases, such as nitrogen dioxide, produced during nitric oxide generation
"CAGR"	compound annual growth rate, a measure used to describe the mean annual growth rate of an investment or business metric over a specified period of time
"CAP"	community-acquired pneumonia, an infectious disease of the lungs that is acquired outside of a hospital or healthcare facility
"cardiopulmonary homeostasis"	the state of steady internal physical and chemical conditions maintained by the heart and lungs in response to changing external environments
"CER"	Clinical Evaluation Report, a technical document that assesses and analyzes clinical data to verify the clinical safety and performance of a medical device in accordance with regulatory requirements
"chemical cassette approach"	a method of generating nitric oxide through a controlled chemical reaction initiated within a pre-packaged disposable cartridge or cassette
"chemiluminescence"	a high-sensitivity gas detection technology that measures the light emitted during a chemical reaction to determine the concentration of nitric oxide

"closed-loop control"	an automated control mechanism where the system adjusts its output based on real-time feedback from sensors to maintain a target therapeutic level
"COPD"	chronic obstructive pulmonary disease, a chronic inflammatory lung disease that causes obstructed airflow from the lungs
"CRF"	case report form, a printed, optical, or electronic document designed to record all of the protocol-required information to be reported to the sponsor on each trial subject
"CTCAE"	common terminology criteria for adverse events, a standardized classification and grading system used for the reporting of adverse events in clinical trials
"CVP"	central venous pressure, the blood pressure in the central veins, close to the right atrium of the heart, reflecting the amount of blood returning to the heart
"ECG"	electrocardiogram, a record or display of a person's heartbeat produced by electrocardiography used for hemodynamic monitoring
"ECMO"	extracorporeal membrane oxygenation, a life support machine that provides prolonged cardiac and respiratory support to patients with severe heart or lung failure
"electrical impedance tomography"	a non-invasive imaging technique that provides real-time images of regional lung ventilation and perfusion
"electrolytic cell"	an electrochemical device that uses electrical energy to drive a non-spontaneous chemical reaction for nitric oxide generation
"ESG"	environmental, social and governance, a set of standards for a company's operations that socially conscious [**REDACTED**] use to evaluate corporate responsibility
"fail-safe mechanisms"	design features that automatically revert a system to a safe condition in the event of a failure or malfunction to ensure patient safety
"FDA"	Food and Drug Administration, the federal agency of the United States Department of Health and Human Services responsible for regulating medical devices
"FeNO"	fractional exhaled nitric oxide, a quantitative measure used to assess airway inflammation, typically in patients with respiratory conditions

GLOSSARY OF TECHNICAL TERMS

"FIM"	first-in-man, a type of clinical trial where a new medical device or drug is tested on human subjects for the first time
"fluidic engineering"	the engineering discipline focused on the design and control of complex gas and liquid flow paths within a medical device
"gas-path architecture"	the structural design and logical configuration of internal airways, filters, and sensors within a gas delivery or monitoring device
"GB 9706"	a series of Chinese national standards for the safety and essential performance of medical electrical equipment
"GCP"	good clinical practice, an international ethical and scientific quality standard for designing, conducting, and reporting clinical trials
"guanylate cyclase–cGMP pathway"	a biochemical signaling pathway through which nitric oxide induces smooth muscle relaxation and vasodilation by increasing cGMP levels
"IABP"	intra-aortic balloon pump, a mechanical circulatory support device used to help the heart pump blood and improve myocardial oxygen perfusion
"ICU"	intensive care unit, a special department of a hospital that provides intensive care medicine for patients with life-threatening illnesses or injuries
"indication expansion"	the process of seeking regulatory approval to use a previously approved medical device or drug for additional clinical conditions or populations
"iNO"	inhaled nitric oxide, a clinical therapy that involves the inhalation of nitric oxide gas to treat various cardiopulmonary disease
"ISO 13485"	an international standard that specifies requirements for a quality management system for the design and manufacture of medical devices
"KOL"	key opinion leader, an influential expert in a specific clinical or scientific field whose opinions are respected and followed by the medical community
"MDR"	Medical Device Regulation, specifically referring to Regulation (EU) 2017/745, the legal framework governing the safety, clinical evaluation, and market placement of medical devices within the European Union

"mechanical ventilation"	a form of life support where a machine helps a patient breathe when they are unable to breathe enough on their own
"methemoglobin"	a form of hemoglobin that cannot bind oxygen; its concentration is a key safety indicator monitored during nitric oxide therapy
"N_2O_4 decomposition system"	a system designed to generate nitric oxide gas through the controlled thermal or chemical decomposition of nitrogen tetroxide
"NICU"	neonatal intensive care unit, an intensive care unit specializing in the care of ill or premature newborn infants
"NO_2 adsorption media"	substances used in a gas-path architecture to selectively remove nitrogen dioxide from the therapeutic gas stream
"NT-proBNP"	N-terminal pro-B-type natriuretic peptide, a laboratory test used as a biomarker for the diagnosis and assessment of heart failure severity
"PCI"	percutaneous coronary intervention, a non-surgical procedure used to treat narrowing of the coronary arteries of the heart
"PH"	pulmonary hypertension, a type of high blood pressure that affects the arteries in the lungs and the right side of the heart
"plasma discharge"	an electrical discharge that ionizes gas, often air, into plasma and can occur in thermal high-temperature or non-thermal forms
"PMCF"	post-market clinical follow-up, a continuous process to update the clinical evaluation of a medical device after it has been placed on the market
"point-of-care production"	the capability to generate medical-grade gases directly at the site of patient care, eliminating the need for high-pressure gas cylinders
"ppb"	parts per billion, a unit of concentration used for the high-precision monitoring of trace gases in medical applications
"PPHN"	persistent pulmonary hypertension of the newborn, a serious condition where a newborn's circulatory system fails to transition properly after birth
"ppm"	parts per million, a unit of concentration commonly used to define the therapeutic dosage of inhaled nitric oxide

"precursors"	raw chemical substances or materials used as starting materials to generate therapeutic or diagnostic gases
"SAE"	serious adverse event, any adverse event that results in death, life-threatening experience, hospitalization, or significant disability
"SCI"	Science Citation Index, a citation index that covers thousands of the world's most significant scientific and technical journals
"selective pulmonary vasodilation"	a physiological effect where inhaled nitric oxide relaxes pulmonary blood vessels without affecting systemic blood pressure
"SOP"	standard operating procedure, a set of detailed, written instructions to achieve uniformity in the performance of a specific function
"TEAE"	treatment-emergent adverse event, an adverse event that occurs or worsens after the administration of a treatment or device
"TFDA"	Taiwan Food and Drug Administration, the competent authority responsible for the management, safety, and quality of food, drugs, and medical devices in Taiwan China
"the Two Invoice System"	a regulatory policy in the PRC which requires a maximum of two invoices to be issued in the medical consumables distribution chain, with one invoice issued by the manufacturer to the distributor and the second invoice issued by the distributor to the medical institution
"tidal breath"	the normal volume of air displaced between normal inhalation and exhalation when extra effort is not applied
"titratable dosing"	the capability of a device to adjust the dosage of a therapy in precise, small increments to meet individual patient needs
"UDEM"	an EU designated Notified Body responsible for assessing the conformity of medical devices under the MDR framework to ensure they meet essential safety and performance requirements. For EEA regulations of Medical Devices, see "Regulatory Overview — Overview of Laws and Regulations in European Union — EEA Regulations of Medical Devices"

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "aspire," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "schedule," "seek," "should," "target," "vision," "will," "would," and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in "Risk Factors" and elsewhere in this document, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate, including but not limited to interest rates, foreign exchange rates;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain relationship with, and the actions and developments affecting, our major business partners, suppliers and future customers;
- our ability to maintain the market leading positions and the actions and developments of our competitors;
- our ability to effectively control costs and operating expenses;
- the ability of business partners to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies, including our medical device development plans, commercialization strategies and geographic expansion plans; and
- all other risks and uncertainties described in "Risk Factors."

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this document.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

An* [REDACTED] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to* [REDACTED] *in our H Shares. Particularly, we are seeking to* [REDACTED] *on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules. Our operations and the biotech industry involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all your* [REDACTED] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the* [REDACTED] *of our H Shares could decline, and you may lose all or part of your* [REDACTED]*. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.

RISKS RELATING TO THE DEVELOPMENT AND COMMERCIALIZATION OF OUR PRODUCTS AND PRODUCT CANDIDATES

We face substantial competition and rapid market changes, and our competitors may discover, develop or commercialize competing products before or more successfully than we do, or respond and adapt to the market changes more quickly and effectively.

The iNO therapy market, IABP therapy market and FeNO diagnostics market are highly competitive, and characterized by predominance of preexisting therapeutic options, technological changes, frequent new product introductions, and evolving industry standards. For example, globally, iNO therapy grew from US$892.1 million in 2020 to US$1,054.1 million in 2025, at a 3.4% CAGR. From 2025 to 2030E, the market is projected to reach US$1,580.4 million at a 8.4% CAGR, and from 2030E to 2035E, the market is projected to reach US$2,721.0 million, at 11.5% CAGR. Currently, the market is still dominated by cylinder-based iNO systems, which held 89.3% market share in the global iNO therapy market by revenue in 2025.

Potential competitors include domestic and foreign companies, academic institutions and other public and private research organizations that engage in the research, development and commercialization of cardiopulmonary diagnostic and therapeutic devices. If we do not offer products in competitive quality and prices, or introduce new products in a timely manner, our products may become obsolete and our operating results may suffer.

Given that our products target specific patient subgroups and the currently limited sizes of their addressable markets, our business opportunities could be reduced or eliminated if our competitors develop and commercialize products that have higher quality, are less expensive or more convenient than any products that we commercialize or are developing. Our competitors in the global market may also apply for commercialization approvals in jurisdictions for products with the same intended uses as our products and product candidates. They may obtain approvals from the regulatory authorities more rapidly than we do, which may allow our competitors to establish a strong market position before we are able to enter the market.

Many of our competitors have longer operating history, significantly greater financial resources, expertise and experience in research and development, and are more capable than us in conducting preclinical studies and clinical trials. They may also obtain regulatory approvals more quickly or marketing their products more successfully than we do. Furthermore, mergers and acquisitions in the medical device industries may result in even more resources being concentrated among a small number of our competitors.

If we are unable to successfully develop our products for new indications or commercialize our products in new jurisdictions, develop and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.

Our business growth depends on our ability to successfully develop our products for new indications or commercialize our products in new jurisdictions. As of the Latest Practicable Date, we have five commercialized products, namely iNOwill, eNOaire, NovaPulse IABP, Reslink and eNOglow. In addition, our business also depends on our ability to successfully develop and commercialize our product candidates. We had a broad pipeline of product candidates that are in various stages of development, including VQfit and NovaVent, among others, as of the Latest Practicable Date.

The development and commercialization of our products and product candidates will depend on several factors, including but not limited to: (i) completion of clinical trials and preclinical studies; (ii) favorable safety and efficacy data from our clinical trials and other studies; (iii) the ability to conduct our clinical trials safely, efficiently, and in accordance with specified laws, regulations trial protocols and policies; (iv) the performance by any third parties we may retain in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data; (v) obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity while making sure we do not infringe, misappropriate or otherwise violate intellectual property rights of third parties; (vi) obtaining required regulatory approvals, commercialization authorizations and successfully launching our product candidates cost effectively in targeted markets, if and when approved, in a timely manner; (vii) obtaining favorable governmental and private medical reimbursement for our products; (viii) appropriately pricing our products and timely collecting payments; (ix) enhancing our marketing and distribution capabilities in an efficient manner; (x) winning competition with other comparable products; (xi) continued acceptable safety profile and efficacy of our products and product candidates following regulatory approval and (xii) allocate resources to pursue product candidates that prove to be more profitable or for which there is a greater likelihood of success. If we do not achieve one or more of these factors in a timely manner, or at all, we could experience significant delays or be unable to obtain approval or achieve commercialization for our products and product candidates, which would materially harm our business and financial performance.

Our revenue during the Track Record Period substantially relied on our commercialized products. We may not achieve the expected sales and profit margin for our products, as demand for such products may not reach the levels as anticipated.

Our revenue is primarily derived from the sales of medical devices, which comprise of our commercialized products, including iNOwill, our Core Product, and other medical devices. In 2024, 2025 and the six months ended June 30, 2025 and 2026, sales of medical devices amounted to RMB41.1 million, RMB58.5 million, RMB21.5 million and RMB56.4 million, respectively, accounting for 90.2%, 92.6%, 96.1% and 97.1% of our total revenue in the same periods, respectively. Also, in the same periods indicated, we recorded overall gross profit margins of 59.3%, 55.9%, 49.9% and 59.8%, respectively. We expect that sales of our products will continue to account for a significant portion of our total revenue in the near future.

However, we cannot assure you that demand for our products will continue to reach the levels as anticipated. There is also no assurance that we will be able to achieve the expected sales and profit margin for our products, which may be adversely affected by many factors outside of our control, including introduction of substitute products marketed by our competitors, pricing pressure caused by changes in market competition, shifting customer demands, disruptions in manufacturing or sales, issues with respect to product quality or severe adverse events incurred after the procedure, coverage of medical insurance and disputes over intellectual property or other matters with third parties, and expiration of patent protection. If we are unable to achieve the expected sales volumes, pricing levels or profit margins of the above-mentioned products, our business, financial condition and results of operations may be materially and adversely affected.

Product development involves a lengthy and expensive process with an uncertain outcome, and unsuccessful clinical trials or procedures relating to our products and product candidates could have a material adverse effect on our prospects.

Clinical trials and demonstration procedures can be lengthy, expensive and subject to inherent uncertainties. There can be no assurance that these trials or procedures will be completed in a timely or cost-effective manner or result in a commercially viable product or expanded indication.

If we encounter difficulties in the enrollment of subjects to our clinical trials, our clinical development activities could be delayed or otherwise adversely affected. Identifying, screening and enrolling of clinical trial participants are critical to our success. We may not be able to identify and enroll a sufficient number of trial participants with the required or desired characteristics in accordance with the eligibility criteria defined in our protocols to complete our clinical trials in a timely manner. Furthermore, even if we are able to enroll a sufficient number of eligible patients or other subjects in our clinical trials, we may experience enrollment delays related to increased or unforeseen regulatory, legal and logistical requirements at certain clinical trial sites.

Failure can occur at any time during the procedures or clinical trial process. The results of preclinical studies and previous clinical trials of our product candidates may not be predictive of the results of subsequent clinical trials, and initial or interim results of a trial may not be predictive of the final results. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. In addition, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations or other trial participants, including differences in physical conditions, and the rate of dropout among clinical trial participants. In the case of any trials we conduct, results may differ from earlier trials due to the larger number of clinical trial sites and additional countries and languages involved in such trials. Severe adverse events and complications may incur in some cases. If our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities, or if they cause undesirable adverse events, we may incur additional costs, experience delays, or ultimately be unable to complete development, obtain regulatory approval or achieve successful commercialization.

We may experience numerous unexpected events during clinical trials, such as (i) regulators or ethics committees may not authorize us or research partners we may cooperate with to commence a clinical trial or conduct a clinical trial at a prospective trial site; (ii) our inability to reach agreements on acceptable terms with prospective clinical sites and hospitals as trial centers; (iii) the supply or quality of materials and services necessary to conduct clinical trials of our product candidates may be insufficient or inadequate and (iv) regulatory agencies or other authorities may require us to suspend or terminate clinical trials if they find non-compliance incidents or unacceptable health risks.

Even if we successfully complete the clinical trial, successful commercialization is not guaranteed. For example, we may be delayed in obtaining or not obtain regulatory approval for our product candidates or the approval we obtained for indications are not as broad as intended.

Guidelines, recommendations and studies published by various organizations could disfavor our product candidates.

Influential recommendations, guidelines and quality metrics issued by various organizations and government authorities may significantly affect customers' willingness to purchase our products and services. For example, iNO therapy is recommended by the "Expert Consensus on Clinical Application of Inhaled Nitric Oxide Therapy in Critical Illness" (《吸入一氧化氮治療在急危重症中的臨床應用專家共識》) and the "Expert Consensus on Clinical Application of Inhaled Nitric Oxide Therapy (2024 Edition)" (《一氧化氮吸入療法臨床應用專家共識(2024版)》). If any such recommendations, guidelines and quality metrics that are currently favorable to us are later updated, overturned or modified, or otherwise interpreted in a manner unfavorable to us, our results of operations and prospects may be adversely affected.

Clinical guidelines and clinical practices relating to the use of iNO therapy devices vary across jurisdictions and may continue to develop over time. The adoption of our products by physicians and hospitals in our target markets, including China, may take time. If we are unable to enhance awareness of our products or support their appropriate clinical use through lawful academic and clinical engagement, the market adoption of our products and our results of operations may be adversely affected. We cannot assure you as to the timing or content of any future updates to the relevant clinical guidelines or whether our products will be referenced therein.

If physicians and hospitals are not receptive to our products, our results of operations may be negatively affected.

We sell our cardiopulmonary diagnostic and therapeutic devices to hospitals through our distributors. Physicians and hospitals play important roles in recommending and deciding what products to be used. They not only provide professional advice but also offer help throughout the entire therapeutic procedures from candidate screening, operation assistance to post-operation follow-up visit. Our in-house marketing team works with physicians and hospitals, communicate

with KOLs, as well as attend industry conventions and academic meetings to introduce and promote our products. However, our efforts to introduce the distinctive characteristics, advantages, safety, efficacy and cost effectiveness of our products may not be successful. If our products and product candidates (upon commercialization) are not widely accepted by physician and hospital communities, our sales of our currently commercialized products may decline, and we may not be able to effectively market our other product candidates, such as other iNO therapy devices, cardiopulmonary circulatory support devices and respiratory diagnosis devices upon commercialization.

In addition, many of our products or product candidates represent novel therapies in China or even globally. Physicians face a learning process to become proficient in the use of some of our products and product candidates, which may take a longer time than we expected. Encouraging physicians to dedicate their time and energy necessary for adequate training remains challenging, and we may not be successful in these efforts. If physicians are not properly trained, they may misuse or ineffectively use our products and product candidates, which may result in unsatisfactory patient treatment outcomes, patient injury, negative publicity or lawsuits against us, any of which could have a significant adverse effect on our reputation, business, financial condition, results of operations and prospects. Following completion of training, we also rely on trained physicians to advocate the benefits of our products in the marketplace. If we are not able to enhance our product awareness and receive recognition from these physicians, other physicians and hospitals may not be inclined to use our products, and our results of operations may be adversely affected.

We rely heavily on our distributors to sell our products, and any failure by them to perform their obligations, including in hospital tender processes, could materially adversely affect our business, results of operations and financial condition.

During the Track Record Period, we primarily relied on our network of distributors to distribute our products, and we expect that sales through distributors will continue to account for a substantial majority of our revenue for the foreseeable future. We generally enter into distribution agreements directly with our tier-one distributors and manage channel coverage on a regional basis. In larger regions, we may appoint multiple regional tier-one distributors, each responsible for designated prefecture-level cities, based on their capability and willingness to undertake coverage and service obligations. Our distributors are responsible for collecting payments from hospitals and medical institutions and assume exposure to operational risk that may arise with end-customers.

We generated the majority of our revenue from sales to our distributors of RMB41.8 million, RMB60.0 million, RMB21.2 million and RMB57.8 million, accounting for 91.7%, 95.0%, 94.4% and 99.5% of our total revenue in 2024, 2025 and for the six months ended June 30, 2025 and 2026, respectively. As of December 31, 2024, 2025 and June 30, 2026, we collaborated with 144, 192 and 212 tier-one distributors worldwide, with whom we generally enter into distribution agreements directly and manage channel coverage on a regional basis. Our ability to maintain and grow our business depends on our ability to maintain, expand and optimize effective distribution channels that ensure timely distribution of our products to the relevant markets.

However, we have relatively limited control over our distributors. Our distributors may fail to distribute our products in the manner we contemplate, breach our agreements with them, sell products outside their designated territories, or fail to comply with applicable regulatory requirements, including but not limited to failing to obtain and maintain requisite licenses, or violating anti-corruption, anti-bribery and competition laws. In addition, our distributors may terminate their relationships with us, and we may be unable to find alternative distributors in a cost-effective and timely manner.

Furthermore, the growth and success of our business significantly depends on the performance of our distributors in hospital tender processes. Hospitals and medical institutions may organize public tenders for procurement of medical devices, the procedures and timing of which may vary from hospital to hospital and from region to region. We may not always be able to locate a sufficient number of experienced local distributors to secure the bids in such tender processes. Even where our distributors participate in such tenders, our products may not be chosen for a number of reasons, including where: (i) our prices are not competitive; (ii) our products fail to meet the technical or quality requirements imposed by the hospitals or are less clinically effective than competing products; (iii) our reputation is adversely affected by unforeseeable events; or (iv) our service quality or any other aspect of our operations fails to meet the relevant requirements.

The occurrence of any of the foregoing could disrupt our product sales, result in difficulties in maintaining the existing level of sales of our products and in selling our product candidates upon commercialization, and cause our revenue to decline, which could in turn negatively affect our business operation, financial performance and reputation.

We have relatively limited experience in marketing and sales of our products.

We have relatively limited experience in launching and commercializing our product candidates and in the sales and marketing of our products. We started to commercialize our Core Product, iNOwill, in May 2022. Our ability to successfully commercialize our product candidates may involve more inherent risks, take longer and cost more than it would if we were a company with sufficient experience commercializing product candidates.

The success of our sales and marketing efforts depends on our ability to attract, motivate and retain more qualified and professional employees in our sales and marketing team who have, among other things, sufficient clinical and marketing experience for medical devices and extensive industry connections with distributors and hospitals, and are able to communicate effectively with medical professionals. However, due to the intense competition for experienced personnel, we may be unable to attract, motivate and retain a sufficient number of qualified sales and marketing employees to support our business development and expansion, and our sales revenue and results of operations may be negatively affected.

If we fail to effectively expand our overseas business, our business prospects may be adversely affected.

We plan to broaden our sales and expand our presence globally to benefit from wider market opportunities. We have obtained the Class IIb CE certification with UDEM under the EU MDR in 2025 of our Core Product and have completed a Pre-Submission consultation with the FDA in relation to the proposed U.S. registration of iNOwill. As of the Latest Practicable Date, we had not submitted any marketing application to the FDA, and we cannot assure you that we will obtain FDA approval on a timely basis, or at all. See "— We may not obtain FDA approval for iNOwill in the United States on a timely basis or at all, and the feedback we received from the FDA at the Pre-Submission meeting is not binding on the FDA" below. However, our limited experience in overseas markets may expose us to risks and uncertainties, including the risks associated with dealing with regulatory regimes and government policies that may differ materially from those that we may be familiar with; substantial time that may be required for us to obtain approval for registering and selling our products in multiple countries; high costs in constructing and maintaining effective sales force in jurisdictions with which we have limited experience and established no sales and marketing infrastructure; costs incurred to resolve product liability litigation and regulatory scrutiny and our insurance coverage may be insufficient to protect us; unexpected changes in economic and trade policies and requirements; compliance with relevant laws and regulations, including but not limited to tax, employment, immigration, labor laws for employees traveling abroad; the effects of applicable foreign tax structures and potentially adverse tax consequences; currency fluctuations; workforce uncertainty and labor unrest; and business interruptions resulting from general economic factors.

We may be exposed to potential product liability claims if our products contain significant defects, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur.

Certain of our current products and product candidates are classified as Class III medical devices. Such classifications represent a high risk to the human body and require a high level of supervision to ensure safety and effectiveness. We may be subject to product liability claims if our products have quality issues. For example, we may be sued if our product candidates are perceived to cause injury or are found to be otherwise unsuitable during clinical testing. Product liability claims may also arise out of allegations of defects in design, component failure, a failure to warn of dangers inherent in the medical device product, negligence or strict liability. Further, we cannot ensure that physicians will strictly and accurately follow our instructions on the proper usage of our products and product candidates. If our product or product candidates are used incorrectly by physicians, injury may result, which could require review and corrective action by us or even give rise to product liability claims against us. Any serious failures or defects could cause us to withdraw or recall products, and subject us to product liabilities, which may damage our brand name and may have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, we provide warranties for our products, committing that product quality complies with the quality standards issued by relevant authorities. If our customers suffers losses due to quality issues with the product, we may be liable for damages. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material customer complaint or product return from customers.

We have purchased property insurance, which covers, among other things, public liability and product liability. However, our insurance may be unable to cover all the liabilities that may arise. In this regard, if we cannot successfully defend ourselves against, obtain indemnification from our collaborators for product liability claims, or acquire sufficient product liability insurance at an acceptable cost, we may incur substantial liabilities or be required to limit commercialization of our product candidates, and our business, financial condition, results of operations and prospects may be materially adversely affected.

Our ability to sell our products and product candidates, if approved for commercial sale, may be affected by the coverage of price guideline and medical insurance reimbursement list of the medical services utilizing our products.

Hospitals and medical institutions purchase our medical devices through distributors and use them in providing medical services to patients. Having the medical services included in the government price guideline is critical to market demand. Hospitals and medical institutions will be more inclined to adopt our products in offering medical services if such services are included in categories and price guidelines set forth by regulatory agencies. Conversely, if the medical services are not included in price guidance, patients and hospitals may be less inclined to adopt our products for lack of clarity and transparency. In addition, our ability to sell our products and product candidates, if approved for commercial sale, may be affected by the then-available public and private medical insurance coverage. If medical services using our products are not included in the public medical insurance reimbursement list, hospitals may be less inclined to purchase our products, which will adversely affect our sales volume. As of the Latest Practicable Date, medical services utilizing some of our products (such as iNO therapy) have been included in the price guidance and public medical insurance reimbursement list in several provinces in China. However, to be included in such list and reimbursement requires substantial time and cost to demonstrate the safety, efficacy and other aspects of our products, and we cannot assure you that our applications will be granted on time or at all. In the absence of price guideline or sufficient medical insurance coverage, market demand for, and sales of, our products may decline, which could materially and adversely affect our business, financial condition and results of operations.

In addition, we may experience downward pressure in the pricing of our products and product candidates from governmental pricing regulation and adjustment measures and some other sources, many of which may be beyond our control. For example, the PRC government may issue pricing guidance for our products and product candidates, as well as similar products offered by other parties. In this case, such pricing guidance may negatively impact our pricing strategies.

RISKS RELATING TO MANUFACTURE AND SUPPLY OF OUR PRODUCTS

Fluctuations in prices of our raw materials and equipment, and supply interruptions may have a material adverse effect on us.

During the Track Record Period, our raw materials and equipment primarily include injection mold component, sheet metal machine, printed circuit board assembly (PCBA), sensor pumps and valves. In 2024, 2025 and for the six months ended in June 30, 2026, we collaborated with 248, 263 and 204 suppliers both domestically and overseas, respectively. Most of our raw materials and equipment are procured from domestic suppliers, and only a small portion of our raw materials and equipment are procured from overseas suppliers. Raw materials and components may be susceptible to fluctuations in price and availability and affected by a number of factors, including market supply and demand, tariffs, and the PRC or international environmental and regulatory requirements, natural disasters, and the global economic conditions. A significant increase in the costs of raw materials or shortage of raw materials may increase our procurement costs, disrupt our product timeline, and negatively affect our business and financial performance. We cannot assure you that such situation will continue in the future.

In addition, general economic conditions could adversely affect the financial viability of our suppliers, resulting in their inability to provide materials and components used in the manufacture of our products. During the Track Record Period, we relied on a limited number of suppliers for procurement of raw materials and equipment. In 2024, 2025 and for the six months ended June 30, 2026, purchases from our five largest suppliers in aggregate accounted for 30.4%, 40.7% and 36.3% of our total purchases, respectively, and purchases from our largest supplier accounted for 9.2%, 10.0% and 10.4% of our total purchases in each year/period indicated, respectively. If our suppliers fail to supply products that meet our demands or satisfy our quality standards, our product development process, costs, and overall operation and financial performance may be adversely impacted.

Delays in completing and receiving regulatory approvals for our manufacturing facilities, or damage to, destruction of or interruption of production at such facilities, could delay our development plans or commercialization efforts.

As of the Latest Practicable Date, we operated a Class III medical device production base in Yangzhou, Jiangsu Province, and a Class II medical device production base in Fangchenggang, Guangxi Province. We may expand our manufacturing facilities in line with our business. If we establish new facilities, we need to apply for a change of our manufacturing permit to include our new facilities, which requires regulatory approval. The facilities may encounter unanticipated expenses due to a number of factors, including complying with ongoing regulatory requirements.

Our facilities may be harmed or rendered inoperable by physical damage from fire, floods, earthquakes, typhoons, tornadoes, power loss, telecommunications failures, break-ins, and similar events. If our manufacturing facilities or the equipment are damaged or destroyed, we may not be able to timely or cost-effectively locate quality replacement manufacturer or at all. Even if we could transfer manufacturing to a qualified third party, such new facility would need to comply with the necessary regulatory requirements and we may need to seek regulatory approval before selling any products manufactured at that facility. Such an event could delay our clinical trials or reduce our product sales. In addition, our insurance coverage may not reimburse us, or may not be sufficient to reimburse us, for any expenses or losses we may suffer. Any interruption in manufacturing operations at our manufacturing facilities could result in our inability to satisfy the demands of our clinical trials or commercialization, which could materially harm our business, financial condition and operating results.

The manufacture of our products is highly complex and subject to strict quality controls. If we or one of our suppliers encounter manufacturing problems, our business could suffer.

We have limited experience in manufacturing medical device products on a commercial scale. The manufacture of many of our products is highly complex and subject to strict quality controls, due in part to rigorous regulatory requirements. Quality issues may bring serious and costly consequences and can arise during the manufacturing process for a number of reasons, including equipment malfunction, failure to follow protocols and procedures, raw material problems, software problems, or human error. Furthermore, if contaminants are discovered in the supply of our products or product candidates or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. Stability failures and other issues relating to the manufacture of our products or product candidates could occur in the future. In addition, disruptions can occur during implementation of new equipment and systems to replace aging equipment, as well as during production line transfers and expansions. As we expand into new markets, we may face unanticipated surges in demands for our products which could strain our production capacity. If these problems arise or if we otherwise fail to meet our internal and regulatory quality standards, we could become subject to a safety alert or a recall, incur product liability and other costs, experience delayed product approvals, and our reputation and business could be adversely affected.

The size of our addressable markets and the demand for our products and product candidates may not increase as rapidly as we anticipate due to a variety of factors, which could materially and adversely affect our business, results of operations, financial condition and prospects.

According to Frost & Sullivan, instant-generation iNO systems accounted for approximately US$0.11 billion globally in 2025 and are forecast to reach approximately US$0.49 billion by 2030 at a CAGR of 34.2%. In China, the IABP market has expanded rapidly from a relatively low base, increasing from RMB313.1 million in 2020 to RMB790.1 million in 2025 at a CAGR of 20.3%, and is expected to reach RMB1,381.6 million by 2030 and RMB2,101.1 million by 2035, at CAGRs of 11.8% from 2025 to 2030 and 8.7% from 2030 to 2035. In China, FeNO diagnostic device market accounted for about RMB226.7 million in 2025 and are forecast to reach approximately RMB953.0 million by 2030 and RMB6,032.3 million by 2035, with CAGRs of 33.3% from 2025 to 2030 and 44.6% from 2030 to 2035. For more details, see "Industry Overview — Global iNO Therapy Market," "Industry Overview — China IABP Therapy Market," and "Industry Overview — China FeNO Diagnostics Market."

However, our projections of the scope of applications and addressable market opportunities of our products and product candidates are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including scientific literature, surveys of clinics or market research and may prove to be incorrect. They also depend on several factors, including, among others, acceptance by the medical community and patient access, pricing and reimbursement. Furthermore, new studies and technologies may change the market needs for our products and

product candidates. As a result, the potentially addressable areas of precision medicine and market size for our product candidates may be smaller than our estimates, which could have a material and adverse effect on the profitability of our products and product candidates when commercialized.

RISKS RELATING TO GOVERNMENT REGULATIONS

If we are not able to obtain, or experience delays in obtaining, required regulatory approvals, we will not be able to commercialize our product candidates, and our ability to generate revenue will be materially impaired.

Obtaining regulatory approvals is a lengthy, expensive and uncertain process. We intend to focus our activities in the major markets of China and other international jurisdictions such as the United States, the EU, the Asia-Pacific region and the Middle East. China has comprehensive regulation on medical devices, including regulation of product development, approval, manufacturing, sales and marketing and distribution of medical devices.

We currently market and intend to continue to market a substantial portion of our products in China in the foreseeable future. We are required to obtain the NMPA's or its local counterpart's approval before we can market our products in China. Significant time, effort and expense are required to bring our products to market in compliance with the regulatory process, and we cannot assure you that any of our products will be approved for sale. After we submit a filing application to the NMPA, the NMPA will decide whether to accept or reject the submission for filing according to relevant laws or regulations. We cannot be certain that any submissions will be accepted for filing and review by the NMPA. The NMPA may also slow down, suspend or cease review of our applications according to relevant laws or regulations, any of which could prolong the registration process of our product candidates. Even if regulatory approval or clearance of our products is granted, the approval or clearance could limit the uses for which our products may be labeled and promoted according to relevant laws or regulations, which may in turn limit the market for our products. Any failure to obtain, or delay in obtaining, regulatory approvals or clearances or to renew registrations for our products could prevent us from successfully commercialization of our products, which could materially and adversely affect our business, financial condition and results of operations.

Our product candidates could fail to receive the regulatory approval of the NMPA or a comparable regulatory authority in other jurisdictions for many reasons, including but not limited to: (i) disagreement with the design or implementation of our clinical trials; (ii) failure to demonstrate that a product candidate is safe and effective and potent for its proposed indication; (iii) failure of our clinical trial results to meet the level of statistical significance required for approval; (iv) failure of our clinical trial process to pass relevant regulatory inspections; (v) failure to report any serious or potentially serious incidents; (vi) disagreement with our interpretation of data from preclinical studies or clinical trials; (vii) insufficient data collected from the clinical trials of our product candidates; (viii) failure of our product candidates to pass current regulatory inspections during the regulatory review process or across the production cycle of our product candidates; (ix) failure of our clinical sites to pass audits carried out by regulatory authorities, resulting in a potential invalidation of our research data; (x) changes in approval policies or regulations that render our preclinical and clinical data insufficient for obtaining approvals; or (xi) failure of our clinical trial process to keep up with any scientific or technological advancements required by approval policies or regulations.

Comparably, regulatory authorities outside of China also have requirements for approval of medical devices for commercial sale with which we must comply prior to marketing in those areas. However, regulatory requirements can vary widely from jurisdiction to jurisdiction. Obtaining regulatory approval in one jurisdiction does not mean that the regulatory approval will be obtained in any other jurisdiction. Approval processes vary among jurisdictions and can involve additional product testing and validation, and additional administrative review periods. Seeking foreign regulatory approval may include all of the risks associated with obtaining NMPA approval, and could require additional nonclinical studies or clinical trials. For these reasons, we may incur substantial time and financial resources to bring our products to targeted markets overseas in compliance with different regulatory processes. The introduction of our product candidates in these targeted markets could be delayed or prevented, and we may not obtain relevant regulatory approvals on a timely basis, or at all.

We may not obtain FDA approval for iNOwill in the United States on a timely basis or at all, and the feedback we received from the FDA at the Pre-Submission meeting is not binding on the FDA.

In late May 2026, we submitted a Pre-Submission to the FDA in relation to the proposed U.S. registration of iNOwill for PH, ARDS and COPD. The FDA provided written feedback in July 2026 and held a Pre-Submission meeting with us in August 2026, at which the FDA indicated that iNOwill would be regulated as a Class III medical device requiring premarket approval ("PMA") and advised that the PH, ARDS and COPD indications would require new clinical evidence generated through clinical trials. For the neonatal PPHN indication, the FDA considered it reasonable for a PMA application to rely on comparative evidence consisting of existing published literature, the precedent of the comparable FDA-approved device, non-U.S. real-world evidence, post-market registry data and device nonclinical testing, and based on such feedback we currently expect that a new U.S. clinical trial under an Investigational Device Exemption ("IDE") will not be required before submission of a PMA application for that indication. See "Business — Material Communications with Competent Authorities — United States — The FDA".

However, feedback provided by the FDA at a Pre-Submission meeting is advisory in nature and does not constitute a binding commitment by the FDA to accept, review or approve any specific submission, and the FDA may modify or depart from its prior feedback, including as a result of new scientific or safety information, changes in FDA policies, guidance or personnel, or the content of our eventual submissions. Upon review of a PMA application, the FDA may disagree with our interpretation of the published literature, real-world evidence or registry data on which we intend to rely, may determine that such evidence is insufficient to demonstrate a reasonable assurance of safety and effectiveness, or may require additional nonclinical testing or one or more clinical trials in the United States under an IDE, any of which could substantially delay or increase the cost of, or prevent, FDA approval of iNOwill. The PMA review process is lengthy and resource-intensive, and the FDA may refer an application to an advisory committee, require pre-approval inspections of our manufacturing facilities in the PRC (which could be delayed or prevented by geopolitical tensions or travel restrictions), or impose post-approval requirements, conditions or restrictions on labeling.

In addition, our U.S. commercialization will initially depend on obtaining PMA approval for the neonatal PPHN indication, and the expansion of iNOwill's U.S. indications to PH, ARDS and COPD will require clinical trials for which the design and evidence requirements remain subject to further FDA feedback, and which will require substantial time and financial resources and may not yield favorable results. We have limited experience in interacting with the FDA and in preparing, submitting and supporting a PMA application, and we rely on external U.S. regulatory and legal advisers in this regard. Any failure to obtain, or delay in obtaining, or restriction or condition imposed on, FDA approval for iNOwill could materially and adversely affect our overseas expansion strategy, business, financial condition, results of operations and prospects.

Our products and any product candidates will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expenses.

Our products and any additional product candidates that are approved by the regulators are and will be subject to ongoing regulatory requirements with respect to manufacturing, labeling, advertising, promotion, sampling, record-keeping, conduct of post-market studies, submission of safety, efficacy and other post-market information, and other requirements of regulatory authorities in jurisdictions where we market or sell our products.

Regulatory approvals for our products and any approvals that we receive for our product candidates are and may be subject to limitations on the indicated uses for which our product may be marketed. The approvals we obtain may also be subject to other conditions that may require potentially costly post-market testing and surveillance to monitor the safety and efficacy of our products or product candidates. Such limitations and conditions could adversely affect the commercial potential of our products. The NMPA and other comparable regulatory authorities strictly regulate the marketing, labeling, advertising and promotion of products placed on the market. As such, we are and will be subject to continual review and inspections by the regulators to assess our compliance with applicable laws, requirements, and adherence to commitments we made in any application materials with the NMPA or other comparable regulatory authorities. Accordingly, we must continue to devote time, money and effort to all areas of regulatory compliance.

Later discovery of previously unknown problems with our products or product candidates or with our manufacturing processes may result in revisions to the approved labeling or requirements to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution restrictions or other restrictions. All of these could result in significant additional expenses.

We cannot predict the likelihood, nature or extent of governmental policies or regulations that may arise from future legislation or administrative actions in various jurisdictions, where the regulatory environment is constantly evolving. If we are slow to adapt to changes in existing requirements or the adoption of new requirements or policies, we may lose any regulatory approval that we have obtained and we may not achieve or sustain profitability.

If parties with whom we cooperate fail to maintain the necessary licenses for the development, production, sales and distribution of our products, our ability to conduct our business could be materially impaired.

Our business partners, including research institutions, clinical research organizations ("**CROs**"), distributors, suppliers and lessors, are required to obtain, maintain and renew various permits, licenses and certificates to develop, produce, promote and sell our products. Any failure to comply with such regulations could result in the termination of ongoing research, administrative penalties imposed by regulatory bodies or the disqualification of data for submission to regulatory authorities. This could harm our reputation, business, financial condition, results of operations and prospects. Specifically, companies producing medical devices in China are required to obtain permits and licenses issued by various government authorities, including but not limited to the medical device production permit (《醫療器械生產許可證》) and medical device production record-filing (《醫療器械生產備案》). For details, see "Regulatory Overview — Relevant Laws and Regulations in the PRC."

Third parties with whom we cooperate may be also subject to regular inspections, examinations, inquiries or audits by regulatory authorities, an adverse outcome of which may result in the loss or nonrenewal of the relevant permits, licenses and certificates. Moreover, the interpretation and enforcement of existing laws and regulations may be subject to future implementations, or new regulations may come into effect. There can be no assurance that our business partners will be able to adapt to these changes in a timely and efficient manner, and obtain and maintain permits, licenses and certificates that are material to the operation of their businesses. If our business partners fail to to maintain or renew material permits, licenses and certificates, or failure to comply with the regulatory requirements, their ability to conduct business could be materially impaired, which may materially affect our business operation, performance and financial condition.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

If we are unable to obtain and maintain patent protection for our products and product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us and our ability to successfully commercialize any product and product candidate we developed may be adversely affected.

We seek to protect our product candidates and technologies that we consider commercially important primarily by filing patent applications in China, the U.S., EU and other countries or regions as well as relying on trade secrets, regulatory protection or employing a combination of these methods. However, filing, prosecuting, maintaining and defending patents in all countries throughout the world could be prohibitively expensive for us, and our intellectual property rights in some countries can have a different scope and strength than do those in some other countries. We may not be able to file and prosecute all necessary or desirable patent applications and secure other intellectual property protection in all relevant jurisdictions in a timely manner. It is also possible that we or our business partners will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, we or our business partners may fail to timely identify third-party infringement of our intellectual property rights and take necessary actions to defend and enforce our rights, or at all.

We cannot assure you that all of our patent applications will be granted. Patent applications may not be granted for a number of reasons, including a late application date, known or unknown prior art, deficiencies in the patent application or the lack of novelty or non-obviousness of the underlying invention or technology. China, the U.S. and Europe have adopted the "first-to-file" system, under which the first inventor to file a patent application will be awarded the patent if all other patentability requirements are met. Moreover, patent applications in China, the U.S. and other

jurisdictions are typically not published until an 18-month waiting period after filing, or in some cases, at all. In addition, under the PRC Patent Law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to file in advance to the China National Intellectual Property Administration ("**CNIPA**") for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted. Therefore, we cannot be certain that we were the first to make the inventions claimed in our owned or licensed patents or pending patent applications or that we were the first to file for patent protection of such inventions.

In addition, periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and patent applications are due to be paid and will be paid to the CNIPA, the United States Patent and Trademark Office and other applicable patent agencies in several stages over the lifetime of a patent. Such applicable patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. There are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include the failure to respond to official actions within prescribed time limits, non-payment of fees, and the failure to properly legalize and submit formal documents. In any such event, our competitors might be able to enter the market, which would have a material and adverse effect on our business.

We may not be able to protect our intellectual property rights or prevent unfair competition by third parties.

The scope and enforcement of intellectual property rights differ across jurisdictions. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries, or from selling or importing products made using our inventions in and into certain jurisdictions. Competitors may use our patented technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may be able to circumvent our patents by developing similar or alternative products and technologies in a non-infringing manner, may develop and commercialize products and technologies similar or identical to ours and compete directly against us after the expiration of our patent rights, or may export otherwise infringing products to certain jurisdictions where we have patent protection, but where enforcement rights differ from those in certain other countries. These products may compete with our products and product candidates and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

The legal systems of some countries provide different levels of protection and enforcement for patents, trade secrets and other intellectual properties, particularly those relating to medical device products, which could make it difficult in those jurisdictions for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights, or the marketing of competing products in violation of our proprietary rights. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, put our patents at risk of being invalidated or interpreted narrowly, put our patent applications at risk of not issuing, and provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial benefit from the intellectual property that we develop or license. Any of the foregoing could materially and adversely affect our business, financial conditions, operating results and prospects.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful and may delay us from developing or commercializing our product candidates.

Competitors may infringe or misappropriate our intellectual property, and enforcing our rights may require costly and time-consuming litigation that diverts management and scientific resources. Such actions could prompt counterclaims alleging infringement of third-party rights, and there is a risk that our patents or trademarks could be found invalid, unenforceable or narrowly construed, limiting our ability to exclude competitors or, in the case of trademarks, forcing us to cease use of certain marks. Even if we prevail, litigation may not result in commercially meaningful damages and could require extensive discovery that risks disclosure of confidential information. In addition, we may lack sufficient resources to pursue or sustain prolonged IP enforcement actions, and the costs and distractions associated with such proceedings may outweigh any potential benefits, adversely affecting our competitive position, business prospects and financial condition.

We may be subject to intellectual property infringement claims or other disputes, which could be costly and time-consuming to defend, and could prevent or delay us from developing or commercializing our product candidates.

We may receive in the future, notices that claim our technologies or certain other aspects of our business have infringed, misappropriated or misused other parties' intellectual property rights. Whether third-party intellectual property claims are with or without merit, there is no assurance that a court would find in our favor on questions of infringement, validity, enforceability or priority. A court of competent jurisdiction may hold that these third-party patents are valid, enforceable and infringed, which could materially and adversely affect our ability to commercialize any product candidates or technologies covered by the asserted third-party patents. Defending against claims of patent infringement, misappropriation of trade secrets or other violations of intellectual property rights involves an analysis of complex legal and factual issues, the determination of which is often uncertain, and thus it could be costly and time-consuming, regardless of the outcome. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could result in a substantial diversion of management resources and burden us with substantial unanticipated costs. Moreover, some of our competitors are larger than we are and are able to mobilize substantially greater resources than we do. They are, therefore, likely to be able to sustain the costs of complex intellectual property litigation longer than we could. In addition, the uncertainties associated with litigation could have a material and adverse effect on our ability to raise the funds necessary to conduct our clinical trials, continue our internal research projects, in-license needed technologies, or enter into strategic partnerships that would help us bring our product candidates to market.

We may not have the right to control the preparation, filing, prosecution, maintenance, extension, enforcement and defense of patents and patent applications covering the technologies that we license from third parties, which could have a material and adverse effect on us.

As of the Latest Practicable Date, we had 85 patents and 196 registered trademarks, as well as 73 patent applications in the Chinese mainland and 13 overseas jurisdictions, such as Canada, United States, Indonesia, Israel, Brazil and South Korea. Among these, we in-licensed a total of six patents and patent applications. We may not have the right to control the preparation, filing, prosecution, maintenance, enforcement or defense of patents and patent applications covering the technologies that we have in-licensed or may in-license from third parties in the future. Therefore, we cannot be certain that these patents and patent applications will be prepared, filed, prosecuted, maintained, enforced and defended in a manner consistent with the best interests of our business. If we continue to enter into in-licensing agreements in the future, and such future licensing partners fail to prosecute, maintain, enforce or defend the patents we license in, or lose rights to those patents or patent applications, the rights we will have licensed may be reduced or eliminated, and our right to develop and commercialize any of our products and product candidates that are subject of such potential licensed rights could be adversely affected.

Changes in patent law in the jurisdictions where we operate could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

The scope of patent protection varies across jurisdictions. Changes in patent laws or their interpretations may diminish our ability to protect our inventions, obtain, maintain, defend, or enforce our intellectual property rights and, more generally, could affect the value of our intellectual property. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will provide us with sufficient protection. The coverage claimed in patent applications can be significantly reduced before the patents are issued, and their scopes can be reinterpreted after issuance.

Even if patent applications we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us. In addition, the patent position of medical device companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years.

If our trademarks and trade names are not adequately protected, then we may not be able to build brand recognition in our markets of interest and our business may be adversely affected.

We currently hold registered trademarks and have trademark applications pending, any of which may be the subject of a governmental or third-party objection, which could prevent the registration or maintenance of the same. If we are unsuccessful in obtaining trademark protection for our primary brands, we may be required to change our brand names, which could materially adversely affect our business. Moreover, as our products mature, our reliance on our trademarks to differentiate us from our competitors will increase, and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, or engaging in any conduct that constitutes unfair competition, defamation or other violation of our rights, our business could be materially adversely affected.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets and other intellectual properties of their former employers.

In addition to our issued patents and pending patent applications, we rely on trade secrets, including unpatented know-hows, technologies and other proprietary information, to maintain our competitive position and to protect our product candidates. We entered into non-disclosure and confidentiality agreements or include such undertakings in the agreement with parties that have access to them, such as our employees, advisers and other third parties. Such agreements with our employees, adviser and other third parties may not adequately prevent disclosures of our trade secrets and other proprietary information. Any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time consuming, and the outcome is unpredictable. If any of our trade secrets were lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed. Further, our employees, advisers or other third parties may be subject to claims by their former employers or other business partners, which could result in additional costs, litigation, or restrictions on our ability to commercialize our products.

Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage.

Our intellectual property rights may not be sufficient to prevent third parties from developing or commercializing competing products or technologies, and our patent applications may not result in issued patents or provide meaningful competitive protection. If we fail to maintain or enforce effective intellectual property protection, our competitive position, business, financial condition, results of operations and prospects could be materially and adversely affected.

RISKS RELATING TO OUR GENERAL OPERATIONS

If the third parties with which we contract for pre-clinical studies and clinical trials do not perform in an acceptable manner, or if we suffer setbacks in these activities, we may be unable to develop and commercialize our product candidates as anticipated.

We rely on third parties, including clinical sites we contract with to collect data for improving our products, and clinical trial institutions, public hospitals, and/or CROs, to assist us in designing, implementing and monitoring our clinical trials. We rely on these parties for execution of our algorithm training, pre-clinical studies and clinical trials and do not control all aspects of their activities. If any of these parties terminates its agreements with us, we may not be able to enter into arrangements with alternative third parties that meet our standards, or on commercially reasonable terms, or at all, and the development of the product candidates covered by those agreements could be substantially delayed. In addition, these third parties may not successfully carry out their contractual obligations, meet expected deadlines or follow regulatory requirements, including clinical and laboratory guidelines. Our reliance on these third parties may result in delays in completing, or in failing to complete, these studies if they fail to perform in accordance with the contractual arrangements. Furthermore, if any of these parties fail to perform their obligations under our agreements with them in the manner specified in those agreements, the NMPA or other comparable regulatory authorities may not accept the data generated by those studies or may require us to perform additional clinical trials before approving our commercialization applications, which would increase the cost of and the development time for the relevant product candidate. If any of the pre-clinical studies or clinical trials of our product candidates is affected by any of reasons described above, we will be unable to meet our anticipated development or commercialization timelines, which would have a material adverse effect on our business and prospects.

We have entered into collaborations, and may establish or seek collaborations or strategic alliances or enter into licensing arrangements in the future, and we may not realize the benefits of such collaborations, alliances or licensing arrangements.

We may from time to time establish or seek strategic alliances, form joint ventures or collaborations, or enter into licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our existing product candidates and any future product candidates that we may develop. For example, we commenced patient enrollment for pediatric postoperative PH clinical trial in collaboration with Shanghai Children's Medical Center to support the EU CE certification for our Core Product. We also entered into patent license agreement with the Regents of the University of Michigan to obtain sublicenses for certain patents and patent applications relating to NO-releasing polymers and gas-delivery devices capable of generating and delivering NO containing gas streams.

We may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our product candidates because they may be deemed to be at too early stage of development for collaborative effort and third parties may not view our product candidates as having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with a third party for development and commercialization of a product candidate, we can expect to relinquish some or all of the control over the future success of that product candidate to the third party. For any products or product candidates that we may seek to in-license from third parties, we may face significant competition from other medical device companies with greater resources or capabilities than us, and any agreement that we do enter may not result in the anticipated benefits.

If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities.

We may from time to time become subject to various litigations, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our current and former employees, suppliers, customers, contractors, business partners and other third parties that we engage for our business operations. On-going or threatened litigations, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources. We cannot assure you that we will not be subject to any similar claims, disputes or legal proceedings, related to, or in connection with, our share incentive scheme, or other aspects in the ordinary course of business in the future. Any such claims, disputes or legal proceedings involving us or our employees may result in damages or liabilities, as well as legal and other costs and may cause a distraction to our management.

Any failure to offer patient support may adversely affect our relationships with our existing and prospective patients, and in turn our business, results of operations and financial condition.

Our patients and healthcare professionals will depend on our customer and patient support to properly use and upgrade our iNO therapy, FeNO detection and IABP products, and resolve issues in a timely manner. We may be unable to respond quickly enough to accommodate short-term increases in demand for customer and patient support. Increased demand for support could increase costs and adversely affect our results of operations and financial condition. Any failure to maintain high-quality customer and patient support, or the market perception that we do not maintain high quality customer and patient support, could adversely affect customer and patient satisfaction and their willingness to continue to use our products or the willingness of physicians to prescribe or recommend our products, which in turn could harm our business, results of operations and financial condition.

Our future success depends on our ability to retain key executives and to attract, hire, retain and motivate other qualified and highly skilled personnel.

Our future success depends on the continued service of our senior management and other key personnel. The loss of any such individuals, including due to departures to competitors or the inability to replace them in a timely manner, could materially and adversely affect our business, financial condition and results of operations. We may also face challenges in attracting and retaining senior management and key personnel on acceptable terms. In addition, our growth depends on our ability to recruit and retain qualified personnel with expertise in medical devices and life sciences. Competition for such talent is intense across industry, academia and research institutions, and high turnover could limit our ability to develop our technologies, pursue collaborations and execute our business strategy.

Our operations and business plans may be adversely affected by natural disasters, civil and social disruption.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, swine influenza caused by the H1N1 virus, or H1N1 influenza or the Ebola virus, may materially and adversely affect our business, financial condition and results of operations. An outbreak of a contagious disease or other adverse public health developments in China or elsewhere could have a material adverse effect on our business operations. These events could cause temporary suspension of our manufacturing facilities, laboratory operations, or clinical trials, and could disrupt our supply chain and sales activities. For instance, our operations could be disrupted if any of our employees or employees of our distributors or other business partners were suspected of contracting or contracted a contagious disease, since this could require us and our distributors and other business partners to quarantine some or all of these employees and disinfect facilities used for operations. In addition, the commencement of new clinical trials for product candidates in our development pipeline could also be delayed or prevented by any delay or failure in subject recruitment or enrollment. Our commercialization plan for commercial-ready or near commercial-ready assets could also be disrupted.

Moreover, geographies where we market our products have experienced natural disasters such as earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in these geographies may materially and adversely affect its economy and our business. We cannot assure you that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases or the measures taken by the government in response to such contagious diseases will not seriously disrupt our operations or those of our customers, which may materially and adversely affect our business, financial condition and results of operations.

We are subject to risks relating to leased properties.

We do not own the real property for our current major operations. As of the Latest Practicable Date, we had six leased properties in the PRC, with a total aggregate gross floor area of approximately 11,541.45 sq.m. Upon expiration of the leases, we will need to negotiate for renewal of the leases and may have to pay increased rent. We cannot assure you that we will be able to renew our leases on terms which are favorable or otherwise acceptable to us, or at all. If we fail to renew any of our leases or if any of our leases are terminated or if we cannot continue to use any of our leased property, we may need to seek an alternative location and incur expenses related to such relocation, and our operations and businesses may also be disrupted or even suspended if we are not able to complete the relocation, including the reconstruction of relevant facilities in the new location, in a timely manner.

We are subject to other risks related to our leased properties. Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, we had not completed the relevant property leasing registrations for five of our leased properties, which are used for our operating center and manufacturing facilities. For details relating to such noncompliance, see "Business — Legal Proceedings and Compliance."

Our technology infrastructure may experience unexpected system failure, interruption, inadequacy, security breaches or cyberattacks.

Despite the implementation of security measures, our internal computer systems are vulnerable to damage from computer viruses and unauthorized access. If any material system failure or security breach were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations.

Our internal computer systems store a wide variety of business critical information including research and development information, commercial information and business and financial information. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our Company or vendors that provide information systems, networks, or other services to us pose increasing risks. Such disruptions may be caused by events such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could have an adverse impact on us and our business, including loss of data and damage to equipment and data. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover all eventualities. Significant events could result in a disruption of our operations, damage to our reputation or a loss of revenue. In addition, we may not have adequate insurance coverage to compensate for any losses associated with such events.

We may be subject, directly or indirectly, to applicable anti-bribery laws, anti-kickback laws, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Physicians and other healthcare service providers play a primary role in the recommendation and use of any products for which we obtain regulatory approval. Our operations are subject to various applicable anti-bribery laws, anti-kickback laws, false claims laws, fraud and abuse laws or similar healthcare and security laws and regulations in China, including, without limitation, Criminal Law of the PRC and the PRC Anti-Unfair Competition Law. These laws may impact, among other things, our proposed sales, marketing and education programs. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including penalties, fines and/or exclusion or suspension from governmental healthcare programs and debarment from contracting with the PRC or other government.

Law enforcement authorities are increasingly focused on enforcing fraud and abuse laws, and some of our practices may be challenged under these laws. Efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. Governmental authorities could conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in governmental healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

In addition, we and our business partners are subject to equivalents of each of the healthcare laws described above in other jurisdictions, among others, some of which may be broader in scope and may apply to healthcare services reimbursed by any source, not just governmental payors, including private insurers. There are ambiguities as to what is required to comply with these requirements, and if any of the physicians or other healthcare service providers with whom we do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs, which may also adversely affect our business.

Our insurance coverage may not completely cover the risks related to our business and operations, which could expose us to significant costs and business interruptions.

We maintain insurance policies that are required under PRC laws and regulations as well as other insurance policies based on our assessment of our operational needs and industry practice. We have elected not to maintain certain types of insurances, such as cargo insurance for goods. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. Any uninsured risks may result in substantial costs and the diversion of resources, which could adversely affect our business, financial condition, and results of operations.

Our business significantly depends on our reputation and customer perception of us, and any negative publicity on us or failure to maintain and enhance our recognition and reputation may materially adversely affect our business, financial condition and results of operations.

Our brand Novlead is important to attracting and retaining partners and our success depends on our ability to maintain and enhance our brand image and reputation. Maintaining, promoting and growing our brands depend largely on the success of our ability to provide consistent, high-quality services, our marketing efforts and our ability to successfully secure, maintain, and defend our rights to use our brands and trade names. Our brand could be harmed if we fail to achieve these objectives.

Our brand value also depends on our ability to maintain a positive perception of our corporate integrity, purpose and brand culture. Any negative publicity concerning us, our management, employees, affiliates and partners, even if untrue, could adversely affect our reputation and business prospects. There can be no assurance that negative publicity about us or any of our management, employees or affiliates and partners would not damage our brand image or have a material adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

We have incurred significant net loss from operations historically. We may continue to incur significant net loss from operations in the near future, which may materially adversely affect our business operations, results of operations, financial position and profitability.

We have a history of significant operating expenses and net losses and have experienced, and expect to continue to experience, negative operating cash flows, requiring us to finance our operations primarily through equity investments. In 2024, 2025 and for the six months ended June 30, 2025 and 2026, we recorded net losses of RMB86.2 million, RMB95.3 million, RMB43.8 million and RMB51.9 million, respectively. Our net loss position primarily resulted from costs incurred in connection with our research and development, selling activities and administrative expenses associated with our operations, as well as finance costs in connection with redemption right granted to our investors. In particular, we have invested heavily in our research and development efforts. We incurred research and development expenses of RMB33.0 million, RMB34.7 million, RMB13.7 million and RMB20.3 million in 2024, 2025 and for the six months ended June 30, 2025 and 2026, respectively. As we expect to further expand our product pipeline, we expect that our R&D expenses to increase in the absolute amount. See "Financial Information — Description of Key Components of Consolidated Statements of Profit or Loss."

We expect our net losses to continue in the foreseeable future as we expand our development of, and seek regulatory approvals for, our product candidates, and commercialize our products. Typically, it takes many years to develop one new product from the time it is designed to when it is available for commercial sales. We will also incur costs in support of our growth. The size of our future net losses will depend, in part, on the number and scope of our product development programs and the associated costs of those programs, the cost of commercializing any approved products, our ability to generate revenue and the timing and amount of milestones and other payments we make or receive with arrangements with third parties. If we are unable to effectively manage increases in operating expenses or net losses, our business, results of operations and financial position could be materially and adversely affected.

We incurred net liabilities during the Track Record Period and may continue to incur net liabilities in the future.

We incurred net liabilities during the Track Record Period. Our net liabilities were primarily due to our significant amounts of redemption liabilities. As of December 31, 2024, 2025 and June 30, 2026, we recorded redemption liabilities of RMB429.9 million, RMB519.5 million and RMB540.8 million, respectively. Our redemption liabilities are in relation to our redemption obligations arising from the redemption rights granted to certain Shareholders. Immediately upon the completion of the [**REDACTED**], the redemption rights shall be automatically terminated and our redemption liabilities shall be converted into equity.

Net liabilities may constrain our operational flexibility. If we continue to incur net liabilities, we may curtail or defer our business expansion plans, or encounter difficulties in obtaining loans or external financing, which could materially and adversely impact our business, financial position and results of operations.

We may be exposed to liquidity risk due to a long cash conversion cycle.

Our cash conversion cycle was 178 days, 155 days and 125 days in 2024, 2025 and for the six months ended June 30, 2026, respectively. The cash conversion cycle is calculated by adding inventory turnover days and trade receivables turnover days, then subtracting trade payable turnover days. The decrease of our cash conversion cycle throughout the Track Record Period was primarily driven by our inventory turnover days, which decreased from 204 days in 2024 to 172 days in 2025 and further to 129 days for the six months ended June 30, 2026, respectively. The decrease of inventory turnover days was primarily due to (i) improved inventory management efficiency, including negotiating with suppliers to provide requested materials in batches and shorten the supply cycle and (ii) refined manufacturing processes which improve production effeciency and optimize our demands for inventory. See "Financial Information — Discussion of Certain Selected Items From the Consolidated Statements of Financial Position — Assets" for more information. A long cash conversion cycle may increase our reliance on working capital or external financing to support our operations and growth. If we are unable to manage our inventory and receivables efficiently or to secure adequate financing on acceptable terms, our liquidity position, financial condition, and results of operations could be materially and adversely affected.

We will need to obtain additional financing to fund our operations and we had net cash outflows from our operating activities during the Track Record Period. If we are unable to obtain that financing, we may be unable to complete the development and commercialization of our product candidates.

Our product candidates will require completion of clinical development, regulatory review, significant marketing efforts and substantial investment before they can provide us with product sales revenue. Our operations have consumed substantial amounts of cash since inception. We had net cash flows used in operating activities of RMB52.8 million, RMB48.0 million, RMB30.6 million and RMB46.3 million in 2024, 2025 and for the six months ended June 30, 2025 and 2026, respectively. We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. Our liquidity and financial condition may be materially and adversely affected by negative net cash flows, and we cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to generate additional cash, we will incur financing costs and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all, and if we raise finance by issuing further equity securities, your interest in us may be diluted. If we continue to have negative operating cash flows in the future, our liquidity and financial condition may be materially and adversely affected.

Adequate additional funding may not be available to us on acceptable terms, or at all. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

Failure to maintain and predict inventory levels in line with the level of demand for our products could cause us to lose sales or face excess inventory risks and holding costs, either of which could have a material adverse effect on our business, financial condition and results of operations.

To operate our business successfully and meet our customers' demands and expectations, we must maintain a certain level of inventory for our products to ensure timely delivery as required. In 2024, 2025 and for the six months ended June 30, 2026, our average inventory turnover days were 204 days, 172 days and 129 days, respectively. We maintain our inventory levels based on our internal forecasts which are inherently uncertain. If our forecast demand is lower than actual demand, we may lose sales and market share to our competitors. On the other hand, excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs.

We have adopted a share incentive plan and will continue to grant share-based awards in the future, which may increase expenses associated with share-based compensation, cause shareholding dilution to our existing Shareholders, and have an adverse effect on our financial performance. Exercise of the awards granted will increase the number of our outstanding Shares, which may adversely affect the [REDACTED] of our Shares.

We have adopted the Pre-[**REDACTED**] Employee Incentive Scheme in 2020 which was amended and replaced on January 20, 2026. See "Appendix IV — Statutory and General Information — Pre-[**REDACTED**] Employee Incentive Scheme." In 2024, 2025 and for the six months ended June 30, 2025 and 2026, we recorded share-based payment expenses of RMB1.5 million, RMB1.4 million, RMB0.7 million and RMB1.4 million, respectively, related to awards granted under the Pre-[**REDACTED**] Employee Incentive Scheme.

We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees. As a result, we will continue to grant share-based compensation to employees in the future, which may further increase our expenses associated with share-based compensation, cause shareholding dilution to our Shareholders, and adversely affect the [**REDACTED**] of our Shares, and in turn materially and adversely affect our business, financial condition, and results of operations.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your [REDACTED].

If any portion of our revenue, expenses or cash flows is denominated in currencies other than RMB, our operating results and financial condition may be adversely affected by fluctuations in foreign currency exchange rates. In addition, the translation into RMB of revenues, expenses, assets and liabilities denominated in foreign currencies will be affected by changes in foreign currency exchange rates. As we expect our sales to overseas market will expand in the future, we may be exposed to foreign exchange risks for transactions settled in U.S. dollars or currencies other than RMB. Our net income and cash flows may be negatively affected by changes in foreign currency

exchange rates. In 2024, 2025 and for the six months ended June 30, 2025 and 2026, we recorded net exchange gains of RMB27 thousand, and net exchange losses of RMB75 thousand, RMB3 thousand and RMB207 thousand, respectively.

We have historically received government grants and subsidies operation and we may not receive such grants or subsidies in the future.

We have historically received government grants which mainly represent unconditional government subsidies to encourage the operations of certain subsidiaries of us. In 2024, 2025 and for the six months ended June 30, 2025 and 2026, we recognized government grants as other income of RMB3.0 million, RMB5.3 million, RMB0.3 million and RMB3.6 million, respectively. For further details of our government grants, see "Financial Information." We cannot assure you of the continued availability of the government grants and other favorable policies currently enjoyed by us. Any reduction or elimination of such government grants and other policies would materially adversely affect our business, financial condition, results of operations and prospects.

We may not be able to fulfill our obligation in respect of contract liabilities which could adversely affect our financial condition, results of operations and prospects.

As of December 31, 2024, 2025 and June 30, 2026, we had contract liabilities of RMB1.2 million, RMB5.2 million and RMB3.5 million, respectively, mainly arisen from the advance payments made by customers for our commercialized products. If we have any difficulties or fail to perform our obligations under our contracts, our relationships with our customer will be adversely affected and we will be unable to recognize such contract liabilities as revenue, exposing us to the risk of shortfalls in liquidity, which may have a material adverse effect on our operational performance and prospects. See "Financial Information — Net Current (Liabilities)/Assets — Contract Liabilities."

If we determine our intangible assets and goodwill to be impaired, our results of operations and financial condition may be adversely affected.

As of June 30, 2026, we had intangible assets of RMB0.9 million. Our determination on whether intangible assets are impaired requires an estimation on recoverable amount of the intangible assets, which is based on a number of assumptions made by our management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with such assumptions, the carrying amount of the intangible assets may exceed its recoverable amount, our intangible assets may be impaired. Any significant impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations.

For more information regarding our impairment policy in relation to intangible assets, please refer to Note 18 of Appendix I to this document.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTION WHERE WE OPERATE

We operate within a complex and evolving medical device regulatory landscape across various jurisdictions and regulatory regimes, which may impede or delay the approval and commercialization of our products.

Our products, marketing, sales and development activities and manufacturing processes are subject to extensive and dynamic regulation by the regulatory authorities of the jurisdictions in which we operate. The regulatory framework of the medical device industry in the PRC addresses various aspects of a medical company's operations, including approval, production, licensing, certification requirements and procedures, periodic renewal and reassessment processes, registration of new medical devices, quality control, pricing and distribution of medical devices and environmental protection. On December 26, 2016, the Notice on Opinions on the Implementation of the "Two Invoice System" in Drug Procurement by Public Medical Institutions (for Trial Implementation) (《關於在公立醫療機構藥品採購中推行"兩票制"的實施意見(試行)的通知》) was jointly issued by the Medical Reform Office of the State Council (國務院醫改辦) and other seven ministries and commissions. On July 19, 2019, the General Office of the State Council issued the Notice on Printing and Distributing the Reform Plan for the Management of High-value Medical Consumables (國務院辦公廳關於印發治理高值醫用耗材改革方案的通知), which encourages local governments to adopt the "Two Invoice System" on a case-by-case basis in order to reduce the circulation of high-value medical consumables and promote the transparency of purchase and sales.

The status of the implementation of Two Invoice System for medical devices differs across provinces in China, and the nationwide implementation of Two Invoice System for medical devices shall be determined in accordance with the relevant laws and regulations in effect at that time. If the products offered by us are included in the Two Invoice System, we or our distributors may be required to adjust selling channels, which may adversely affect our product sales.

The international medical device industries are subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new devices and products. In recent years, the regulatory framework in countries where we operate regarding the medical device industry and pharmaceutical industry has undergone changes and we expect that they will continue to undergo additional changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in or prevent the successful development of our products and solutions and reduce the benefits we believe are available to us from operating globally.

Changes in geopolitical relationships, barriers to trade or escalation of trade disputes, including the imposition of trade restrictions and sanctions, could negatively affect demand for our products and services, and consequently could have a material adverse effect to our business, financial condition and results of operation.

Our global operations are subject to the risk of deterioration in the political and economic relations among countries and sanctions and export controls administered by the government authorities in the countries in which we operate, and other geopolitical challenges. We cannot predict whether the countries in which we operate, or may operate in the future, would become subject to new or additional trade restrictions and sanctions, including the type or effect of such restrictions and sanctions imposed by the United States or other governments. We cannot assure you that we, our research partners, our suppliers and customers, or the global value chains we serve will not be impacted in the future. Any impacts may result in our customers seeking other suppliers for the products and services that we offer, and we may be unable to recapture and/or replace such customers. We may also have to adjust or even terminate our collaborations with our research and other business partners, which could disrupt our research and development and commercialization strategies. Further, any increased customs restrictions and tariffs or quotas, or the imposition of additional duties and other charges on imports and exports could change the way we and our customers conduct business, increase our costs, or impede the timely delivery of our products. This could have a negative effect on our business, financial condition, results of operations and prospects.

In particular, the United States government imposed economic and trade sanctions directly or indirectly affecting certain foreign technology companies. The United States has increased export controls restrictions through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the United States Department of Commerce, which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the "**Entity List**"), some of which are based in China. Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless specified license requirements are met. If certain of our customers, suppliers and research partners are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or products from/to us, there is no guarantee that we will be able to obtain as well as extend and maintain the requisite regulatory licenses, permits and approvals in relation to our transactions with these customers, suppliers and research partners, or that such licenses, permits and approvals will cover all our existing and potential transactions with such customers, suppliers and research partners. As relevant policies are rapidly evolving, it may be difficult to evaluate their potential future impacts. The aforementioned restrictions, and similar or more expansive restrictions or sanctions, including sanctions currently imposed or that may be imposed in the future, may materially and adversely affect our customers', suppliers' and research partners' ability to acquire or use technologies, systems, products or materials critical to their operations, which in turn may adversely affect our business, results of operations and financial condition.

The United States government's attitude towards Chinese service providers in pharmaceutical and biotechnology industries may directly or indirectly affect our business operations. Recent legislative and political developments in the United States reflect intensifying scrutiny of PRC-linked biotechnology companies. In particular, the United States government's attitude towards Chinese service providers in pharmaceutical and biotechnology industries may directly or indirectly affect our business operations. The United States has recently passed legislation, namely the BIOSECURE Act (the "**BIOSECURE Act**"), to prohibit U.S. federal executive agencies from procuring or obtaining any biotechnology equipment or service produced or provided by a

"biotechnology company of concern", or entering into or renewing a contract, loan, or grant with an entity that uses such biotechnology service or equipment. For details, see "Regulatory Overview — Overview of Laws and Regulations in the United States — Recently Passed Law by the U.S. Government: The BIOSECURE Act. On October 9, 2025, the U.S. Senate passed a revised version of the BIOSECURE Act as an amendment to the National Defense Authorization Act ("**NDAA**") for the year of 2026. The final version of the NDAA containing this legislative language was passed by the Senate and House of Representatives and signed into law by President Trump on December 18, 2025. The Act prohibits the U.S. Government from procuring or obtaining biotechnology equipment or services produced or provided by a "biotechnology company of concern" ("**BCC**"); entering into, extending, or renewing government contracts with an entity that directly or indirectly (e.g., via a subcontractor) uses biotechnology equipment or services from a BCC in performance of that federal contract; and/or issuing grants or loans to purchase, obtain, or use biotechnology equipment or services produced by a BCC. The Act also prohibits U.S. government loan and grant recipients from using federal loan or grant money to enter into contracts with entities that use equipment from BCCs in the performance of any federal prime contract or subcontract. Companies designated as a BCC include those that are identified on the U.S. Department of Defense's annual List of Chinese Military Companies, also known as the 1260H List, and the U.S. Government also has the ability to designate entities as BCCs through a separate designation process. There is no guarantee that the legislation would not apply to or impact certain biotechnology equipment or services that we procure or use. As a result, any continued use of such biotechnology equipment or services provided or produced could affect our ability to continue our development or the third parties that we may contract with, which may, in turn, affect our business operations. In addition, although the BIOSECURE Act does not affect the FDA's review of medical device submissions, if we or any of our affiliates were in the future to be designated as a BCC or included on the 1260H List, U.S. federal executive agencies, federal contractors and recipients of federal loans and grants could be prohibited from procuring or using our products, which could materially limit our ability to commercialize iNOwill in the United States even if FDA approval is obtained. As of the Latest Practicable Date, neither we nor any of our affiliates had been designated as a BCC or included on the 1260H List. More broadly, heightened political and public scrutiny in the United States of PRC-based medical device and biotechnology companies may adversely affect the willingness of U.S. hospitals, group purchasing organizations, distributors and clinicians to adopt our products, and may result in additional legislation, procurement restrictions, tariffs or other measures targeting products or companies with PRC connections. Moreover, the implementing regulations and guidance under the BIOSECURE Act, the process and criteria for designating entities as BCCs, and the scope of "biotechnology equipment or services" covered by the Act remain subject to further development and change, and the scope and impact of the Act could be broader or more restrictive than we currently anticipate. Consequently, we may need to re-evaluate or adjust our established supply chains now that the BIOSECURE Act has become law. The need to re-evaluate our supply chain contracts may impose additional costs and operational complexities on our business, including, among other things, an examination and potential modification to existing personnel and expertise, and examination of our existing contracts, and a re-assessment of our current suppliers in order to identify possible alternative sources of supply. We may not be able to identify alternative sources of supply with competitive prices and terms and satisfactory quality in a timely manner, and any disruption to our established supply chains may lead to delays in procurement, production, and delivery, all of which could have a material adverse effect to our business, financial condition and results of operations.

Compliance with applicable cybersecurity, data security and personal information protection laws and regulations could require additional expenditures and consequently affect our business, financial conditions and operating results.

We are subject to various PRC cybersecurity, data security and personal information protection laws and regulations, including but not limited to the PRC Civil Code (《中華人民共和國民法典》), the PRC Cybersecurity Law (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), the PRC Data Security Law (《中華人民共和國數據安全法》) (the "**Data Security Law**") and the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**"). See "Regulatory Overview — Laws and Regulations Relating to Cyber Security and Data Protection" for details. Furthermore, on February 24, 2023, the CSRC promulgated the Provisions on Strengthening the Confidentiality and Archives Management Work Related to the Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which became effective on March 31, 2023. See "Regulatory Overview — Regulations on Securities Issuance and Overseas [**REDACTED**] and [**REDACTED**]" for details.

In addition, our U.S. counterparties may be subject to U.S. laws restricting certain transactions that provide persons connected with the PRC with access to U.S. sensitive personal data. On February 28, 2024, the President of the United States issued Executive Order 14117, and the U.S. Department of Justice's implementing regulations under 28 C.F.R. Part 202, known as the Data Security Program (the "DSP"), took effect on April 8, 2025. The DSP prohibits or restricts U.S. persons from engaging in certain data brokerage, vendor, employment and investment transactions that would give a "country of concern" (which includes the PRC) or a "covered person" access to bulk U.S. sensitive personal data, including personal health data above specified volume thresholds. Because we are organized under the laws of the PRC and have our principal place of business in the PRC, we constitute a "covered person" for the purposes of the DSP, as do our PRC subsidiaries and PRC-resident employees, and U.S. persons are accordingly prohibited from, or restricted in, engaging in covered data transactions with us. The DSP contains exemptions for certain transactions involving data that are ordinarily incident to FDA-regulated clinical investigations and certain transactions involving regulatory approval and post-marketing surveillance data, subject to the conditions specified in the applicable regulations; the availability of any such exemption depends on the particular facts and circumstances of the relevant data transaction.

As a result, U.S. hospitals, clinical research sites, contract research organizations, patient registries, data vendors, cloud service providers, distributors and other U.S. persons with which we deal or may deal may decline to contract with us, may impose data localization, access-restriction, audit and termination terms that increase our costs and limit our ability to use data generated in the United States, or may require that our U.S. activities be conducted without remote access from the PRC. Our currently contemplated PMA application for the neonatal PPHN indication is expected to rely principally on published literature, non-U.S. real-world evidence and registry data and device nonclinical testing, and we do not currently expect the DSP to materially affect that application. However, any clinical trials we conduct in the United States for PH, ARDS or COPD, any U.S. post-market study or registry, the collection of device usage data from U.S. hospitals through connected features of our products, and the employment of personnel in the United States will need to be structured to comply with the DSP, which may increase our costs, delay our U.S. development and commercialization activities, limit the data available to us, or cause prospective partners, investigators or customers to decline to work with us. Violations of the DSP by our counterparties may expose them to substantial civil and criminal penalties, which may further reduce their willingness to engage with us, and the DSP and related U.S. measures may be expanded in scope, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Changes and developments in the enforcement of cybersecurity, data security and personal information protection laws and regulations present challenges in ensuring comprehensive compliance and increase our operational costs, as we must allocate time and resources to address various compliance requirements. Given the evolving legal and regulatory landscape, no assurance can be given as to the effectiveness of these policies and measures adopted by us or our suppliers or other business partners. Any non-compliance or perceived non-compliance by our business partners with any applicable cybersecurity, data security or personal information protection regulations may result in negative publicity against us, as well as legal proceedings or regulatory actions. Such outcomes could lead to the imposition of fines, revocation of licenses, suspension of relevant operations or other legal or administrative penalties, which may damage our reputation, deter existing and potential customers and expose us to fines and damages. Consequently, these matters could have a material and adverse effect on our business, financial conditions and operating results.

There might be uncertainties in effecting service of legal process and enforcing judgments against us and our management.

All our assets and the majority of our Directors and senior management are located in the PRC. As a result, it may not be possible to effect service of process within certain jurisdictions outside the PRC upon us or most of our Directors and senior management. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Chinese Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People's Court, a party with an enforceable final court judgment rendered by the competent People's Court of the PRC or the High Court of Hong Kong with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant Intermediate People's Court of the PRC or the High court of Hong Kong. The recognition and enforcement of such judgment in a PRC court is subject to the conditions and procedures under the New Arrangement.

We are a PRC enterprise and we are subject to PRC tax on our income, and the dividends payable to [REDACTED] and [REDACTED] on the sale of our H Shares by our [REDACTED] are subject to PRC tax. Under the Enterprise Income Tax (the "EIT") Law of the PRC (the "EIT Law"), our offshore subsidiaries may therefore be subject to PRC income tax on their worldwide taxable income.

Under applicable PRC tax laws, a PRC-established company is generally subject to a tax of 25% on its global income. However, we have been recognized as a "High and New Technology Enterprise" and currently entitled to a preferential enterprise income tax rate of 15% till November 2026. In addition, 5 of our subsidiaries were subject to "small and thin-profit enterprises" and have benefit from a preferential tax rate of 20% under the EIT Law during the Track Record Period. There is no guarantee that we will maintain such preferential tax treatment in the future. If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, the discontinuation of any of the various types of preferential tax treatment we enjoy could materially and adversely affect our results of operations.

Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) with respect to PRC source income or gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments. Pursuant to applicable regulations, domestic non-foreign — invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. However, withholding tax on distributions paid by us to non-PRC individuals may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if the identity of the individual holder of H shares and the tax rate applicable thereto are known to us. Whether gains realized upon disposition of H shares by non-PRC individuals are subject to PRC individual income tax will be determined by the then effective laws and regulations.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the EIT Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the nonresident enterprise resides. Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [**REDACTED**]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by nonresident enterprise holders of H shares through the sale or transfer by other means of H shares.

The PRC tax treatment of gains derived by holders of our H Shares from dispositions of H Shares will be determined in accordance with the laws and regulations in effect then. If any such tax is collected, the value of our H Shares may be materially and adversely affected.

Under the EIT Law, an enterprise established outside the PRC with "de facto management bodies" within China is considered a "resident enterprise," meaning that it is treated in a manner similar to a Chinese enterprise for EIT Law purposes. The implementing rules of the EIT Law define "de facto management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (the "**Circular 82**") specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings; and (iv) half or more of senior management or directors having voting rights. State Administration of Taxation of the PRC (the "**SAT**") has subsequently provided further guidance on the implementation of Circular 82.

As substantially all of the operational management of our Company is currently based in the PRC, our offshore subsidiaries (such as our subsidiaries established in Hong Kong and the United States) may be deemed to be "PRC resident enterprises" for the purpose of the EIT Law. If our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on our global income, except that the dividends we receive from our PRC subsidiaries may be exempt from the EIT to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." It is, however, unclear what type of enterprise would be deemed a "PRC resident enterprise" for such purposes. The EIT on our subsidiaries' global income could significantly increase our tax burden and adversely affect our cash flows and profitability.

Payment of dividends is subject to restrictions under PRC law and regulations.

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries for us to pay dividends. Failure by our operating subsidiaries to pay us dividends could adversely impact our ability to make dividend distributions to our Shareholders and our cash flow, including periods in which we are profitable.

Applicable currency exchange requirements may affect our ability to utilize our revenue effectively.

The convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China are in accordance with and subject to the relevant regulatory framework. A substantial portion of our revenue is denominated in RMB. The compliance with applicable conversion and remittance requirements may affect our ability to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign currency denominated obligations. The RMB is currently convertible under the "current account," which includes dividends, trade and service- related foreign exchange transactions, but its convertibility under the "capital account" (which includes foreign direct investment and loans) remains subject to regulation. Currently, we and our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including payment of dividends to us, without the prior approval of SAFE by complying with certain procedural requirements. Since a portion of our revenue is denominated in RMB, any existing and future regulations on currency exchange may limit our ability to utilize revenue generated in RMB to fund our business activities outside of the PRC or pay dividends in foreign currencies to holders of our H Shares. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant PRC governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

RISKS RELATING TO THE [REDACTED]

No [REDACTED] currently exists for our H Shares, and an active [REDACTED] for our H Shares may not develop and the [REDACTED] of our H Shares may decline or became volatile.

No [**REDACTED**] currently exists for our H Shares. The initial [**REDACTED**] for our H Shares to the [**REDACTED**] will be the result of negotiations between our Company and the Sponsor-Overall Coordinator (for itself and on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the [**REDACTED**] of the H Shares following the [**REDACTED**]. We have applied to the Hong Kong Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**] in, the H Shares. A [**REDACTED**] on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] for our H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the [**REDACTED**] of the H Shares will rise following the [**REDACTED**].

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

The [**REDACTED**] and [**REDACTED**] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the [**REDACTED**] of the shares of other companies engaging in similar business may affect the [**REDACTED**] and [**REDACTED**] of our H Shares. In addition to market and industry factors, the [**REDACTED**] and [**REDACTED**] volume of our H Shares may be highly volatile for specific business reasons, such as the results of clinical trials of our product candidates, the results of our applications for approval of our product candidates, regulatory developments affecting our industry, healthcare, health insurance and other related matters, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced [**REDACTED**] volatility in the past, and our H Shares may be subject to changes in [**REDACTED**] not directly related to our performance.

Future sales or perceived sales of a substantial number of our H Shares in the [REDACTED] following the [REDACTED] could materially and adversely affect the [REDACTED] of our H Shares and our ability to raise additional capital in the future, and may result in dilution of your shareholding.

Prior to the [**REDACTED**], there has not been a [**REDACTED**] for our H Shares. Future sales or perceived sales by our existing Shareholders of our H Shares after the [**REDACTED**] could result in a significant decrease in the prevailing [**REDACTED**] of our H Shares. Only a limited number of the H Shares currently outstanding will be available for sale or issuance immediately after the [**REDACTED**] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the [**REDACTED**] or the perception that these sales may occur could significantly decrease the prevailing [**REDACTED**] of our H Shares and our ability to raise equity capital in the future.

In addition, our Shareholders would experience dilution in their shareholdings upon [**REDACTED**] or sale of additional share capital or share capital-linked securities by our Company in future [**REDACTED**]. If additional funds are raised through our issuance of new share capital or share capital-linked securities other than on a pro rata basis to existing Shareholders, the shareholdings of such Shareholders may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the [**REDACTED**].

Future [REDACTED] in China or conversion of our Unlisted Shares into H Shares, could have a material and adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional equity capital in the future, or may result in dilution of your [REDACTED].

We are currently applying for all of the Company's Unlisted Shares to be converted into H Shares after the completion of the [**REDACTED**]. According to the PRC Company Law, the Unlisted Shares issued by the Company prior to the [**REDACTED**] are restricted from [**REDACTED**] within one year from the [**REDACTED**]. Such restriction from trading will limit the number of H Shares to be [**REDACTED**] on the market, which will in turn adversely affect the [**REDACTED**] of the H Shares during such restriction period. If our application for the [**REDACTED**] of our relevant Unlisted Shares on the Hong Kong Stock Exchange after the completion of the [**REDACTED**] is successful, any future sales (after the expiration of the restrictions set out above) of Unlisted Shares by relevant Shareholders in the [**REDACTED**] may affect the [**REDACTED**] of our H Shares. Moreover, if we issue Unlisted Shares in the future and convert a substantial amount of Unlisted Shares into H shares to be [**REDACTED**] and [**REDACTED**] in the future on the Hong Kong Stock Exchange, it may further increase the [**REDACTED**] of the H shares in the [**REDACTED**], which may adversely affect the [**REDACTED**] of the H shares.

As the [REDACTED] of our [REDACTED] is higher than our net tangible book value per share, [REDACTED] of our H Shares in the [REDACTED] may experience immediate dilution upon such [REDACTED]. [REDACTED] of H Shares may also experience further dilution in [REDACTED] if we issue additional H Shares in the future.

The [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] net tangible asset value, and our [**REDACTED**] Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible assets per share of their H Shares. To expand our business, we may consider [**REDACTED**] and [**REDACTED**] additional Shares in the future. [**REDACTED**] of the [**REDACTED**] may experience dilution in the net tangible asset value per share of their H Shares if we issue additional H Shares in the future at a price that is lower than the net tangible asset value per share at that time.

Our Single Largest Group of Shareholders have had and will continue to have substantial influence over the outcome of shareholder actions in our Company.

As of the Latest Practicable Date, our Single Largest Group of Shareholders controlled approximately 34.61% of our issued Shares. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), our Single Largest Group of Shareholders will control approximately [**REDACTED**]% of our issued Shares. As a result, our Single Largest Group of Shareholders will have significant influence over our business, including decisions regarding mergers, consolidations, liquidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions, and may take actions that are not in the best interest of us or our other Shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could have the effect of depriving our other Shareholders of the opportunity to receive a premium for their shares as part of a sale of our Company and may reduce the price of the H Shares. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that other holders of our ordinary shares may view as beneficial.

Because we do not expect to pay dividends in the foreseeable future after the [REDACTED], you must rely on [REDACTED] appreciation of our H Shares for a [REDACTED] on your [REDACTED].

We intend to retain most, if not all, of our available funds and any future earnings after the [**REDACTED**] to fund the development and commercialization of our pipeline product candidates. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an [**REDACTED**] in our H Shares as a source for any future [**REDACTED**].

Our Board has complete discretion as to whether to distribute dividends. Even if our Board declares and pays dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the [**REDACTED**] on your [**REDACTED**] in our H Shares will likely depend entirely upon any future [**REDACTED**] appreciation of our H Shares. There is no guarantee that our H Shares will appreciate [**REDACTED**] after the [**REDACTED**] or even maintain the [**REDACTED**] at which you [**REDACTED**] the H Shares. You may not realize a [**REDACTED**] on your [**REDACTED**] in our H Shares and you may even lose your entire [**REDACTED**] in our H Shares.

Facts, forecasts and statistics in this document relating to our industry that were obtained from official government publications may not be fully reliable.

Facts, forecasts and statistics in this document relating to the cardiopulmonary diagnostic and therapeutic devices market are obtained from sources including official government publications. However, we cannot guarantee the quality or reliability of such official government publications. Neither we, the [**REDACTED**], the Sole Sponsor, the [**REDACTED**] nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from the official government publications. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this document may be inaccurate and you should not place undue reliance on it. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from the official government publications. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the publication of this document, there may be press and media coverage regarding us and the [**REDACTED**]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this document. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information.

In preparation for the [**REDACTED**], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules. Our management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that either by means of relocation of our existing executive Directors or appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. As such, we have applied to the Stock Exchange for, and the Stock Exchange has granted us a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. We will ensure that there is a regular and effective communication between us and the Stock Exchange by way of, among others, the following conditions:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed Dr. Mao and Mr. Guo Zhong ("**Mr. Guo**") as our authorized representatives (the "**Authorized Representatives**"), who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. In addition, Mr. Poon Ping Yeung ("**Mr. Poon**"), who is ordinarily resident in Hong Kong, has been appointed as the alternate to the Authorized Representatives in order to assist the Authorized Representatives to communicate with the Stock Exchange. Our Company has provided the Stock Exchange with their contact details, and they will be available to meet with the Stock Exchange within a reasonable period of time upon the request of the Stock Exchange and readily contactable by telephone, facsimile and email. Our Company will also inform the Stock Exchange in respect of any changes in the Authorized Representatives as soon as practicable;

(b) each of the Authorized Representatives has means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone number (if any), fax number (if any) and/or email address) of all Directors to facilitate communication with the Stock Exchange. Our Directors will also provide the phone number of the place of his/her accommodation to our Authorized Representatives in the event that any Director expects to travel or otherwise be out of office;

(c) pursuant to Rule 3.20 of the Listing Rules, each Director has provided his/her contact information to the Stock Exchange and to the Authorized Representatives. This will ensure that the Stock Exchange and the Authorized Representatives should have means for contacting all Directors promptly at all times as and when required;

(d) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong upon reasonable notice, when required;

(e) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Rainbow Capital (HK) Limited as Compliance Advisor upon [**REDACTED**] for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**], which will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange. The contact details of the Compliance Advisor have been provided to the Stock Exchange;

(f) our Authorized Representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives, Directors and other officers of our Company and the Compliance Advisor, and to the extent reasonably practicable and legally permissible, we will keep the Compliance Advisor informed of all communications and dealings between the Stock Exchange and us; and

(g) meetings between the Stock Exchange and our Directors could be arranged through our Authorized Representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Advisor.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules and Chapter 3.10 of the Guide for New Listing Applicants, a new applicant for [**REDACTED**] on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Codes;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Guo and Mr. Poon as our joint company secretaries. See "Directors and Senior Management — Joint Company Secretaries" for their biographical details.

Mr. Guo joined our Group in January 2026 and is our secretary to the Board. He has extensive experience in supervising financing and investment related matters of our Company. The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have a person such as Mr. Guo as its joint company secretary, who is our secretary to the Board and has day-to-day knowledge of the Company's affairs. Mr. Guo has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner. However, Mr. Guo presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Poon, who is an associate member of both The Hong Kong Chartered Governance Institute (the "**HKCGI**") and The Chartered Governance Institute. He fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary and to provide assistance to Mr. Guo for an initial period

of three years from the [**REDACTED**] to enable Mr. Guo to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Guo may be appointed as a joint company secretary of our Company.

The waiver is valid for an initial period of three years from the [**REDACTED**], and is granted on the condition that Mr. Poon, as a joint company secretary of our Company, will work closely with Mr. Guo to jointly discharge the duties and responsibilities as company secretaries and assist Mr. Guo in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Poon will also assist Mr. Guo in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Poon is expected to work closely with Mr. Guo and will maintain regular contact with Mr. Guo, the Directors and the senior management of our Company. In addition, Mr. Guo will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Mr. Guo will also be assisted by (a) the Compliance Advisor, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisors of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be revoked immediately if Mr. Poon ceases to provide assistance to Mr. Guo as a joint company secretary for the three-year period after the [**REDACTED**] or where there are material breaches of the Listing Rules by our Company.

Prior to the expiration of the initial three-year period, the qualifications and experience of Mr. Guo will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will demonstrate to and seek the confirmation from the Stock Exchange that Mr. Guo, having benefited from the assistance of Mr. Poon for the preceding three years, has acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

EXEMPTION FROM STRICT COMPLIANCE WITH SECTION 342(1)(B) OF THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE IN RELATION TO PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all documentes to include matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "**Third Schedule**"), and set out the reports specified in Part II of the Third Schedule.

Paragraph 27 of Part I of the Third Schedule requires a [**REDACTED**] to include in its document a statement as to the gross trading income or sales turnover (as the case may be) of the company during each of the three financial years immediately preceding the issue of the document, including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule further requires a [**REDACTED**] to include in its document a report by the auditors of the company with respect to (i) the profits and losses of the company for each of the three financial years immediately preceding the issue of the document and (ii) the assets and liabilities of the company of each of the three financial years immediately preceding the issue of the document.

Section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from the compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest of the [**REDACTED**] and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or would otherwise be unnecessary or inappropriate.

According to Rule 4.04(1) of the Listing Rules, the Accountants' Report contained in this document must include, inter alia, the results of our Company in respect of each of the three financial years immediately preceding the issue of this document or such shorter period as may be acceptable to the Stock Exchange.

Our Company is a Biotech Company as defined under Chapter 18A of the Listing Rules and is seeking a [**REDACTED**] under Chapter 18A of the Listing Rules. Rule 18A.03(3) of the Listing Rules requires that a Biotech Company must have been in operation in its current line of business for at least two financial years prior to [**REDACTED**] under substantially the same management. Rule 18A.06 of the Listing Rules requires that a Biotech Company must comply with Rule 4.04 of the Listing Rules modified so that references to "three financial years" or "three years" in Rule 4.04 of the Listing Rules shall instead be references to "two financial years" or "two years," as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the [**REDACTED**] document.

In compliance with the abovementioned requirements under the Listing Rules, the Accountants' Report set out in Appendix I to this document is prepared to cover the two financial years ended December 31, 2025 and the six months ended June 30, 2026. As such, we have applied to the SFC for, and the SFC has granted, a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule regarding the inclusion of the Accountants' Report covering the full three financial years immediately preceding the issue of this document on the following grounds:

(a) our Company is primarily engaged in R&D and commercialization of biotech products, and falls within the scope of Biotech Company as defined under Chapter 18A of the Listing Rules. Our Company will fulfill the additional conditions for [**REDACTED**] required under Chapter 18A of the Listing Rules;

(b) the Accountants' Report for the [**REDACTED**] ended December 31, 2025 and the six months ended June 30, 2026 has been disclosed in the document of our Company and is set out in Appendix I to this document in accordance with Rule 18A.06 of the Listing Rules;

(c) notwithstanding that the financial results set out in this document are only for the two financial year ended December 31, 2025 and the six months ended June 30, 2026 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this document pursuant to the relevant requirements;

(d) furthermore, as Chapter 18A of the Listing Rules provides track record period of two years for biotech companies in terms of financial disclosure, strict compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company as this would require additional work to be performed by us and our reporting accountants; and

(e) the Accountants' Report covering the two financial years ended December 31, 2025 and the six months ended June 30, 2026 (as set out in Appendix I to this document), together with other disclosure in this document, have already provided the potential [**REDACTED**] with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of our Company; and our Directors confirm that all information which is necessary for the [**REDACTED**] to make an informed assessment of the business, assets and liabilities, financial position, management and prospects of our Company has been included in this document. Therefore, the exemption would not prejudice the interests of the [**REDACTED**].

The SFC [has granted] us a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule on the condition that particulars of the exemption are set out in this document and that this document will be issued on or before [**REDACTED**].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. MAO Wen (毛雯)	10-503 Dahua Jinxiu Jianglai Pukou District Nanjing, Jiangsu Province PRC	Chinese
Mr. ZHANG Yuyan (張煜彥)	Room 6-110 Yatai Shanyu Lake Community Pukou District Nanjing, Jiangsu Province PRC	Chinese
Mr. CAO Guiping (曹貴平)	17-1-1201 Huafang Yicheng No. 29 Qingnian Road Chaoyang District Beijing PRC	Chinese
Non-executive Directors		
Mr. DENG Feng	51 Laburnum Rd Atherton, CA 94027 United States	American
Dr. CAO Yu (曹宇)	Room 302, No. 55 Changqiao Yicun Xuhui District Shanghai PRC	Chinese
Mr. HE Xing (何邢)	Room 101, Building 2 No. 28 Fu Hougang Gulou District Nanjing, Jiangsu Province PRC	Chinese
Independent Non-executive Directors		
Mr. LI Shu Pai (李書湃)	Flat H, 10/F Koon Wong Mansion 2-18 On Ning Road Yuen Long, New Territories Hong Kong	Chinese
Mr. LIU Feng (劉峰)	Room 3-1/12 No. 588 Longchang Road Yangpu District Shanghai PRC	Chinese
Ms. XIAO Yun (肖雲)	1103, Unit 5, Building 4 Qingshangyuan Community Haidian District Beijing PRC	Chinese

For further information with respect to our Directors, see "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor and Sponsor-Overall Coordinator	**CCB International Capital Limited** 12th Floor, CCB Tower 3 Connaught Road Central Central Hong Kong
Overall Coordinators, [REDACTED]	**CCB International Capital Limited** 12th Floor, CCB Tower 3 Connaught Road Central Central Hong Kong **CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road Central Hong Kong
Legal Advisors to our Company	*As to Hong Kong and U.S. laws* **Davis Polk & Wardwell** 10/F, The Hong Kong Club Building 3A Chater Road Central Hong Kong *As to PRC laws* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing PRC
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and U.S. laws* **Dentons Hong Kong LLP** Suite 3201, Jardine House 1 Connaught Place Central Hong Kong *As to PRC laws* **Commerce & Finance Law Offices** 12-15/F, China World Office 2 1 Jianguomenwai Avenue Chaoyang District Beijing PRC

Reporting Accountants and Auditors	**Deloitte Touche Tohmatsu** *Certified Public Accountants and Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**Frost & Sullivan Consulting Co., Ltd.** Room 2504 Wheelock Square 1717 Nanjing West Road Shanghai PRC
Compliance Advisor	**Rainbow Capital (HK) Limited** Room 710, 7/F, Wing On House 71 Des Voeux Road Central Central Hong Kong

[**REDACTED**]

CORPORATE INFORMATION

Registered Office, Headquarter and Principal Place of Business in China	Block C1-2, Building 16, Shu Wu 73 Tanmi Road Jiangbei New District Nanjing, Jiangsu Province PRC
Principal Place of Business in Hong Kong	19/F, Golden Centre 188 Des Voeux Road Central Hong Kong
Company's Website	**www.novlead.com** *(Information contained on this website does not form part of this document)*
Joint Company Secretaries	**Mr. GUO Zhong (郭眾)** Room 1702, Unit 1, Building 7 No. 29 Xiaohang Road Yuhuatai District Nanjing, Jiangsu Province PRC **Mr. POON Ping Yeung (潘秉揚)** *(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute)* 19/F, Golden Centre 188 Des Voeux Road Central Hong Kong
Authorized Representatives	**Dr. MAO Wen (毛雯)** 10-503 Dahua Jinxiu Jianglai Pukou District Nanjing, Jiangsu Province PRC **Mr. GUO Zhong (郭眾)** Room 1702, Unit 1, Building 7 No. 29 Xiaohang Road Yuhuatai District Nanjing, Jiangsu Province PRC
Audit Committee	Mr. LI Shu Pai (李書湃) *(Chairperson)* Mr. LIU Feng (劉峰) Mr. HE Xing (何邢)
Remuneration and Appraisal Committee	Mr. LIU Feng (劉峰) *(Chairperson)* Dr. MAO Wen (毛雯) Ms. XIAO Yun (肖雲)

Nomination Committee

Dr. MAO Wen (毛雯) *(Chairperson)*
Ms. XIAO Yun (肖雲)
Mr. LI Shu Pai (李書湃)

[**REDACTED**]

Principal Banks

Bank of China Limited Nanjing Jiangbei New Area Branch (Nanjing Gaoxin Sub-Branch)
No. 31 Gaoxin Road
Jiangbei New Area
Nanjing
PRC

China Merchants Bank Co., Ltd. Nanjing Xinghuo Road Branch
No. 14 Xinghuo Road
Nanjing High-Tech Development Zone
Nanjing, Jiangsu Province
PRC

Bank of Nanjing Hi-tech Development District Branch
Units 101-105, Building A
No. 3-1 Xinjinhu Road
High-Tech Development Zone
Pukou District
Nanjing, Jiangsu Province
PRC

The information presented in this section, unless otherwise indicated, has been derived from various official government publications, market data providers and the F&S Report commissioned by us and prepared by an independent third party, Frost & Sullivan. The information from official government sources has not been independently verified by us, or any other parties involved in the [**REDACTED**]*, or any of our or their respective directors, senior management, representatives, advisers or any other persons involved in the* [**REDACTED**]*, and no representation is given as to its accuracy, fairness and completeness. For a discussion of the risks relating to our industry, see "Risk Factors." Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the F&S Report that would qualify, contradict or have a material impact on the information in this section.*

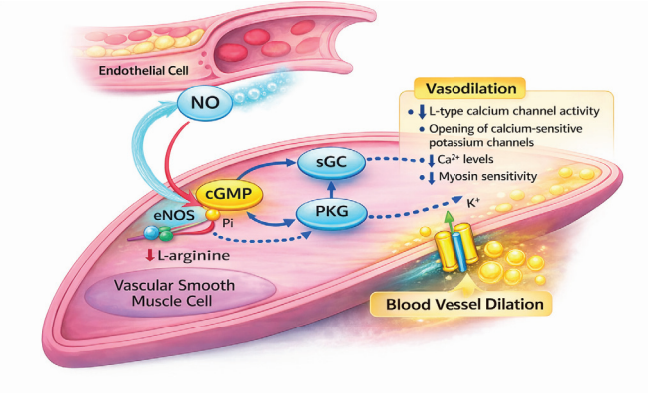
GAS-BASED CARDIOPULMONARY THERAPEUTIC AND DIAGNOSTIC DEVICE MARKET OVERVIEW

Gas-based cardiopulmonary therapeutic and diagnostic devices form a subset of the broader cardiopulmonary device market, which covers tools used to diagnose, treat and support cardiovascular and respiratory diseases across the full continuum of care, from ICU to inpatient to outpatient and home settings. These devices use medical gases as a primary medium for clinical measurement, therapy delivery or mechanical actuation, and include systems for oxygen, inhaled nitric oxide (iNO) and aerosol therapies, analyzers that measure gas-related physiology or biomarkers such as exhaled nitric oxide (FeNO), CO and CO_2, and gas-driven support platforms such as intra-aortic balloon pump (IABP).

GLOBAL iNO THERAPY MARKET

Overview of iNO Therapy

iNO is a selective pulmonary vasodilator delivered at titratable concentrations, typically 5 to 80 ppm in clinical use, into the inspiratory limb of a ventilator or breathing circuit through a dedicated delivery and monitoring system. By dilating pulmonary vessels in ventilated lung regions, iNO improves ventilation–perfusion matching, increases pulmonary blood flow to ventilated alveoli, lowers pulmonary arterial pressure and enhances arterial oxygenation while minimizing systemic hypotension.



Source: Literature Review, Frost & Sullivan Analysis

Over time, the industry has moved through several technology generations: (i) ***Generation 1: Cylinder-based Systems*****:** Premixed high-pressure NO gas supplied as a drug product and delivered through dedicated monitoring systems; (ii) ***Generations 2 and 3: Early Instant Generation*****:** Plasma discharge or N_2O_4 decomposition systems that generate NO from room air or chemical cartridges, reducing dependence on industrial gas logistics; and (iii) ***Generation 4: Advanced Instant Generation*****:** Electrochemical catalytic reduction systems that generate NO on demand.

Application Scenarios and Clinical Positioning of iNO Therapy

iNO therapy is used as a lung-selective pulmonary vasodilator across a range of acute cardiopulmonary settings, including: (i) NICUs for hypoxemic respiratory failure associated with PPHN; (ii) adult and pediatric cardiac surgery and congenital heart disease, including cardiopulmonary bypass procedures and heart/lung transplantation; (iii) adult and pediatric ICUs as supportive rescue therapy for severe hypoxemia or acute pulmonary hypertension with right-ventricular dysfunction; (iv) during cardiopulmonary bypass, where it is used to mitigate ischemia-reperfusion injury in organs and improve oxygenation; (v) high-altitude and community settings as an adjunct pulmonary vasodilator in conditions such as high-altitude pulmonary edema and other severe hypoxemic states; and (vi) investigational anti-infective regimens for viral community-acquired pneumonia and multidrug-resistant bacterial or fungal pneumonias, which remain under clinical trial.

Major Indications for iNO Therapy

Pulmonary Hypertension

Pulmonary hypertension (PH) is a progressive cardiopulmonary disorder characterized by elevated pulmonary arterial pressure, vascular remodeling and right-ventricular strain. Imbalance between vasoconstrictors and vasodilators, including reduced NO signaling, contributes to sustained pulmonary vasoconstriction and right-heart overload. ***Prevalence.*** The global prevalent PH cases increased from 76.8 million in 2020 to 84.0 million in 2025. The number is expected to reach 90.4 million in 2030 and 96.6 million in 2035. Within this, China accounts for roughly one-fifth of the global PH pool. Prevalent PH cases in China increased from 14.5 million in 2020 to 15.4 million in 2025. The number is projected to reach 16.2 million in 2030 and 16.8 million in 2035. ***Treatment Paradigm.*** PH is generally managed according to the underlying cause and risk profile. Long-term pharmacological therapies targeting the endothelin, NO–cGMP and prostacyclin pathways have established efficacy in chronic disease control, but may involve systemic adverse effects, long-term treatment burden and, for certain advanced therapies, complex administration. Selected patients may also undergo interventional or surgical procedures, which may provide substantial clinical benefit in appropriate etiologies but are invasive and subject to patient eligibility and procedural availability. In acute, neonatal or peri-operative settings where pulmonary pressures remain elevated despite conventional measures, iNO provides rapid, titratable and predominantly lung-selective pulmonary vasodilation with comparatively limited systemic hemodynamic effects. In neonates with hypoxic respiratory failure associated with PPHN, iNO has demonstrated improvement in oxygenation and reduction in the need for ECMO in appropriately selected patients. Its role is principally supportive in acute settings rather than long-term disease control, and its use requires dedicated delivery and monitoring, with appropriate dose titration and gradual withdrawal to manage treatment-related clinical risks.

Community-Acquired Pneumonia

Community-acquired pneumonia (CAP) is a common and serious acute infectious lung disease that can progress to sepsis, ARDS and multi-organ failure, with high short-term mortality and readmission risk. ***Incidence.*** Globally, new CAP cases increased from 57.9 million in 2020 to 66.6 million in 2025. The number is expected to grow to 77.6 million in 2030 and 90.1 million in 2035. In China, annual CAP cases rose from 15.0 million in 2020 to 15.5 million in 2025. The number is expected to increase to 17.9 million in 2030 and 20.3 million in 2035. ***Treatment Paradigm.*** CAP treatment primarily comprises timely antimicrobial therapy where indicated, together with respiratory and hemodynamic support according to disease severity. Antimicrobial therapy directly addresses the underlying infection and represents the principal disease-directed treatment, although treatment effectiveness may vary depending on the causative pathogen and antimicrobial susceptibility. Oxygen therapy, HFNC, non-invasive or invasive ventilation and intensive-care support can maintain oxygenation and respiratory function in severe patients, but increasing levels of respiratory support may involve greater treatment complexity and invasiveness. In severe cases with refractory hypoxemia or acute right-ventricular strain despite standard measures, short-course iNO may be used as an adjunctive hospital-based therapy in selected patients. Through selective pulmonary vasodilation, iNO may improve oxygenation and reduce right-heart loading, complementing antimicrobial therapy and conventional respiratory support. Its use requires dedicated delivery and monitoring, with appropriate dose titration and gradual withdrawal to manage treatment-related clinical risks. High-concentration NO regimens for potential antimicrobial effects remain investigational.

Acute Respiratory Distress Syndrome

Acute respiratory distress syndrome (ARDS) is a severe form of acute respiratory failure that accounts for a significant proportion of ICU admissions and is associated with high mortality. It often develops as a complication of critical illnesses such as severe pneumonia and sepsis. ***Incidence.*** Global new cases of ARDS increased from 3.76 million in 2020 to 4.22 million in 2025. The number is projected to reach 4.61 million in 2030 and 4.99 million in 2035. In China, new ARDS cases increased from 0.65 million in 2020 to 0.79 million in 2025, reflecting post-pandemic recovery after temporary containment measures during COVID-19. The number is expected to steadily increase to 0.83 million in 2030 and 0.88 million in 2035. ***Treatment Paradigm.*** ARDS is primarily managed through treatment of the underlying cause and supportive critical care, including lung-protective ventilation, appropriate PEEP, prone positioning and, for selected refractory patients, ECMO. These measures are well-established, although more advanced supportive therapies may require substantial specialized resources and carry greater procedural complexity. In selected patients with persistent severe hypoxemia or right-ventricular strain despite conventional measures, iNO may rapidly improve oxygenation and reduce pulmonary vascular load, supporting its use as a short-term rescue or bridging therapy. The improvement in oxygenation may be transient, and a consistent mortality benefit has not been established in unselected ARDS patients. Its use requires appropriate delivery, monitoring and dose management.

Chronic Obstructive Pulmonary Disease

Chronic obstructive pulmonary disease (COPD) is a common chronic respiratory disorder that imposes a substantial global healthcare burden. It is characterized by persistent respiratory symptoms and airflow limitation, driven by chronic inflammation that destroys alveolar walls, narrows and mucus-plugs airways, traps stale air and impairs gas exchange. In many healthcare systems, COPD continues to be associated with under-diagnosis, suboptimal long-term disease management and adherence, limited rescue options in severe exacerbations and inadequate control of severe hypoxaemia. ***Prevalence.*** Global prevalent cases of COPD grew from 222.3 million in 2020 to 262.2 million in 2025. Prevalent COPD is projected to increase to 302.7 million in 2030 and 347.1 million in 2035. Prevalent COPD in China increased from 105.3 million in 2020 to about 108.4 million in 2025. The number is expected to rise to 111.4 million in 2030 and 113.9 million in 2035. ***Treatment Paradigm.*** COPD is managed through a stepwise, guideline-directed approach focused on symptom control and prevention of exacerbations. Long-term management includes smoking cessation, inhaled bronchodilators, inhaled corticosteroids in selected patients, vaccination, pulmonary rehabilitation and long-term oxygen therapy where indicated. Acute exacerbations may require short-acting bronchodilators, systemic corticosteroids, antibiotics where appropriate, controlled oxygen therapy and non-invasive or invasive ventilation according to severity. iNO is not a routine guideline-recommended COPD treatment. Its potential role is limited to selected severe exacerbations with marked hypoxemia, ventilation–perfusion mismatch and suspected pulmonary hypertension or right-ventricular strain, where short-course lung-selective pulmonary vasodilation iNO may supplement conventional respiratory support. Longer-term use remains investigational and would require further evidence of clinical benefit, safety and cost-effectiveness.

Global and China iNO Therapy Market Size

Market Size by Region

For iNO, the historical market size was estimated primarily based on sales generated by relevant market participants. The forecast market size is derived using an indication- and utilization-based framework, taking into account (i) the underlying disease population, (ii) the clinically relevant high-risk patient subset, (iii) regulatory and commercial availability for the relevant indication, (iv) treatment penetration and treated-patient volume, (v) treatment frequency, duration and relative treatment intensity, (vi) hospital and system availability and utilization, (vii) recurring product usage, (viii) treatment pricing, and (ix) the technology mix between cylinder-based and instant-generation systems. No revenue contribution is assumed for an expansion indication before its modeled market availability, and penetration after market availability is assumed to increase gradually from a low initial level. The resulting forecasts are cross-checked against historical participant sales, installed-system utilization and technology mix.

The following chart depicts the historical and expected growth trajectories of global iNO therapy market by region from 2020 through 2035.

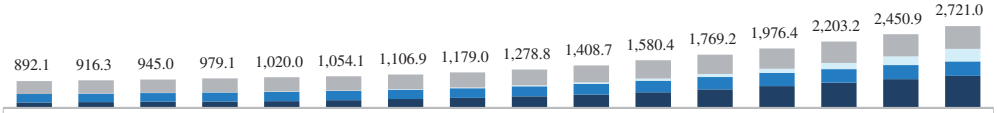
- The global iNO therapy market is estimated at approximately US$1,054.1 million in 2025 and is projected to reach approximately US$1,580.4 million in 2030E and US$2,721.0 million in 2035E, representing CAGRs of approximately 8.4% and 11.5%, respectively.

- Growth differs materially by market maturity. The U.S. and EU are relatively established iNO markets with higher existing utilization and mature neonatal and critical-care workflows, and their growth is therefore expected to be supported mainly by recurring utilization, replacement and gradual adoption of newer delivery systems. China and RoW markets start from materially lower penetration and have greater scope for hospital adoption, increased treatment utilization and improved access. Longer-term growth additionally reflects potential expansion into new indications and care settings, subject to supporting clinical evidence and regulatory approvals.

Global iNO Therapy Market Size and Forecast by Region, 2020-2035E

Unit: Million USD
At wholesales price level

Period	CAGR				
	U.S.	China	EU	RoW	Total
2020-2025	2.2%	30.3%	1.8%	7.6%	3.4%
2025-2030E	5.0%	39.6%	4.8%	15.0%	8.4%
2030E-2035E	4.6%	44.0%	4.3%	15.6%	11.5%



	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Global	892.1	916.3	945.0	979.1	1,020.0	1,054.1	1,106.9	1,179.0	1,278.8	1,408.7	1,580.4	1,769.2	1,976.4	2,203.2	2,450.9	2,721.0
U.S.	428.2	436.6	447.0	459.7	475.3	477.0	485.9	501.6	526.9	561.4	608.5	644.0	677.9	709.4	737.7	761.9
China	3.5	4.5	5.5	8.7	11.9	12.5	16.9	23.0	32.1	45.8	66.9	97.4	140.9	202.8	290.6	414.1
EU	281.9	286.1	291.5	298.4	307.0	307.6	312.9	322.4	338.0	359.4	388.8	410.5	430.9	449.4	465.7	478.9
RoW	178.5	189.1	200.9	212.4	225.8	257.0	291.2	331.8	381.8	442.0	516.2	617.4	726.8	841.5	957.0	1,066.1

Note: The CAGR calculated here excludes the impact of exchange rate fluctuations.
Source: Frost & Sullivan Analysis

Market Size by Technology

Instant generation technology is expected to gain share over traditional cylinder-based delivery, primarily due to its superior clinical continuity and safety profile, lower logistical burden and total cost of ownership, and a more compact footprint of approximately 1/5 that of traditional cylinders.

Globally, conversion from cylinder-based iNO to instant-generation products is expected to continue, although cylinder-based systems are unlikely to be fully displaced in the near term. The shift is supported by replacement cycles, physician and patient education, market development by industry participants, and evolving regulatory and quality requirements in certain markets. As hospitals typically consider upgrading or replacing the medical equipment and evaluating the contracts with suppliers in a five-year cycle, such replacement cycles give chances for instant generation providers to introduce their products. According to Frost & Sullivan, the projected transition toward instant-generation iNO technologies in established overseas markets is supported by continued clinical evidence generation, application expansion and market development. Industry participants sponsor clinical studies, collaborate with KOLs and present data at major professional meetings such as ATS, CHEST and ECCMID, helping build the evidence base for newer NO generation and delivery technologies. For example, Beyond Air has presented clinical data for its generator-based LungFit platform, while VERO Biotech has collaborated with clinicians from Northwestern/Lurie Children's Hospital on the use of GENOSYL in neonatal inter-hospital transport. The industry is also expanding into broader indications and care settings. Beyond Air has investigated LungFit beyond PPHN, including viral pneumonia and NTM lung disease; Third Pole completed an FDA-IDE early feasibility study of portable eNOfit for ambulatory PH-ILD; and GENOSYL has expanded into settings including patient transport and MRI. Such developments broaden the potential clinical utility and application settings of cylinder-free systems. In parallel, hospital evaluations and demonstrations, clinical-user training, KOL/reference-hospital development, and local technical and after-sales support can reduce switching barriers from

incumbent cylinder-based systems. Following FDA approval of LungFit PH, Beyond Air adopted a phased hospital introduction strategy involving evaluation, demonstrations and user training, with certain evaluated hospitals subsequently progressing to contracting. Together with periodic equipment replacement and procurement cycles, these activities provide hospitals with practical opportunities to reassess existing cylinder-based systems and support the gradual adoption of instant-generation technologies. Further growth is also supported by expansion beyond the existing cylinder-based market into additional indications and home-adjacent care settings.

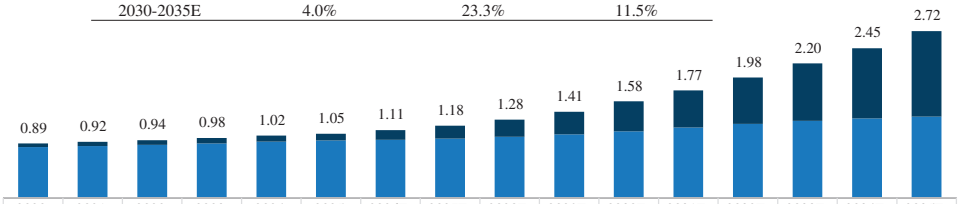
The chart below depicts the historical and expected growth trajectories of global iNO therapy market by technology from 2020 through 2035.

- The global iNO therapy market is rebalancing its delivery mix from cylinder-based supply toward instant generation systems. From 2020 to 2025, cylinder-based segment increases from USD 0.83 billion to USD 0.94 billion, 2.5% CAGR, supported by U.S. and EU workflow inertia and low-cost industrial cylinders, while drug-grade cylinders are more clinically favored for quality assurance and, in practice, are supplied by only a limited number of pharmaceutical-gas players. Over the same period, instant generation grows from USD 0.06 billion to USD 0.11 billion, 13.2% CAGR. From 2025 to 2030E, instant generation reaches USD 0.49 billion, 34.2% CAGR, as portability and simplified logistics enable expansion beyond neonatal use into adult and non-traditional departments, and begin to open selected step-down and home-adjacent use cases in chronic respiratory disease management such as chronic obstructive pulmonary disease, enlarging the treated pool. By 2035E, instant generation rises to USD 1.40 billion, 23.3% CAGR, narrowing the gap and substituting parts of cylinder workflows.

Global iNO Therapy Market Size and Forecast by Tech, 2020-2035E

Unit: Billion USD
At wholesales price level

Period	CAGR		
	Cylinder-based	Instant generation	Total
2020-2025	2.5%	13.2%	3.4%
2025-2030E	3.0%	34.2%	8.4%
2030-2035E	4.0%	23.3%	11.5%



	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Total	0.89	0.92	0.94	0.98	1.02	1.05	1.11	1.18	1.28	1.41	1.58	1.77	1.98	2.20	2.45	2.72
Instant generation	0.06	0.07	0.08	0.09	0.10	0.11	0.16	0.21	0.28	0.37	0.49	0.61	0.76	0.94	1.15	1.40
Cylinder-based	0.83	0.85	0.87	0.89	0.92	0.94	0.95	0.97	1.00	1.04	1.09	1.15	1.21	1.26	1.30	1.33

Source: Frost & Sullivan Analysis

In China, this shift is even more pronounced. The delivery mix shifted quickly, as conventional cylinder-based iNO therapy had not achieved broad adoption given the high cost of imported cylinders, and domestic instant-generation devices established the mainstream delivery model shortly after market entry, supported by guideline endorsement and market education.

The China iNO therapy market is estimated at approximately RMB90.1 million in 2025 and is projected to reach approximately RMB478.4 million in 2030E and RMB2,959.4 million in 2035E, representing CAGRs of approximately 39.6% and 44.0%, respectively. The projected growth principally reflects increasing treatment penetration from a low base, broader hospital and system adoption, increasing utilization of instant-generation systems and, over time, expansion into additional indications, rather than growth in the underlying disease populations alone.

The underlying disease populations provide a recurring clinical demand base but grow materially more slowly than the iNO market. Current treatment penetration remains low relative to the clinically relevant population. Within the PH-related clinically relevant population, implied treatment penetration is approximately 0.64% in 2025 and is projected to increase to approximately 2.50% in 2030E and 5.91% in 2035E. Increasing availability across NICU, ICU, cardiac-surgery and other critical-care settings, broader clinician familiarity and more standardized use are expected to expand the treated population and treatment utilization.

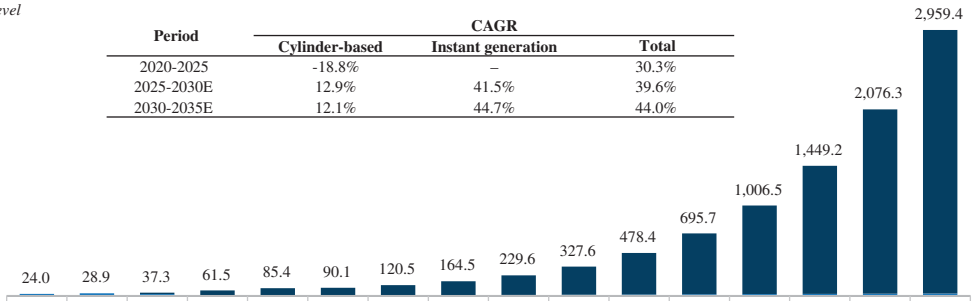
Instant-generation systems provide a separate source of growth. The instant-generation segment is projected to increase from approximately RMB81.6 million in 2025 to RMB462.8 million in 2030E and RMB2,931.9 million in 2035E, while the cylinder-based segment is projected to increase from approximately RMB8.5 million to RMB15.5 million and RMB27.5 million, respectively. The forecast therefore reflects increasing system adoption and utilization rather than a material assumed increase in treatment pricing.

Additional indications contribute only after modeled market availability. ARDS and COPD are modeled to first contribute from 2029E and CAP from 2032E, with initial penetration of approximately 0.10% for ARDS and 0.05% each for COPD and CAP. Accordingly, growth from 2025 to 2030E is driven primarily by greater penetration of the existing PH-related market, hospital and system adoption and initial contributions from expansion indications, while growth from 2030E to 2035E increasingly reflects broader utilization and post-availability adoption of additional indications, subject to the relevant regulatory approvals.

China iNO Therapy Market Size and Forecast by Tech, 2020-2035E

Unit: Million RMB
At ex-factory price level

Period	CAGR		
	Cylinder-based	Instant generation	Total
2020-2025	-18.8%	–	30.3%
2025-2030E	12.9%	41.5%	39.6%
2030-2035E	12.1%	44.7%	44.0%



	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Total	24.0	28.9	37.3	61.5	85.4	90.1	120.5	164.5	229.6	327.6	478.4	695.7	1,006.5	1,449.2	2,076.3	2,959.4
Instant generation	0.0	0.0	16.2	53.3	77.7	81.6	111.1	154.0	217.7	314.0	462.8	677.9	986.6	1,427.0	2,051.5	2,931.9
Cylinder-based	24.0	28.9	21.1	8.2	7.7	8.5	9.4	10.5	11.9	13.5	15.5	17.9	20.0	22.3	24.8	27.5

Source: Frost & Sullivan Analysis

On an indication-reconciliation basis, the global iNO therapy market in 2025 was approximately US$1.054 billion and was attributable to PH-related indications, as the other modeled indications had not yet received the relevant regulatory approvals and therefore had no commercial market contribution. In 2030E, the PH, ARDS and COPD markets are projected to amount to approximately US$1.516 billion, US$54.6 million and US$9.3 million, respectively, while CAP is assumed to have no commercial contribution, resulting in a total market of approximately US$1.580 billion. In 2035E, the PH, ARDS, COPD and CAP markets are projected to amount to approximately US$1.929 billion, US$678.0 million, US$105.4 million and US$9.0 million, respectively, totaling approximately US$2.721 billion.

On the same basis, China's iNO therapy market in 2025 was approximately RMB90.1 million and was attributable to PH-related indications, as the other modeled indications had not yet received the relevant regulatory approvals and therefore had no commercial market contribution. In 2030E, the PH, ARDS and COPD markets are projected to amount to approximately RMB406.3 million, RMB46.9 million and RMB25.2 million, respectively, while CAP is assumed to have no commercial contribution, resulting in a total market of approximately RMB478.4 million. In 2035E, the PH, ARDS, COPD and CAP markets are projected to amount to approximately RMB1,102.0 million, RMB1,360.5 million, RMB474.3 million and RMB22.6 million, respectively, totaling approximately RMB2,959.4 million.

The projected contributions from ARDS, COPD and CAP are modeled only following assumed regulatory approval and commercial availability and remain subject to successful clinical development, regulatory approval and subsequent market adoption.

Competitive Landscape

The global iNO therapy market is characterized by a limited number of specialized platforms approved in major markets. These products illustrate the coexistence of mature cylinder-based franchises with newer instant-generation solutions that differentiate through logistics, footprint, monitoring integration and potential extension into new indications and settings. The following chart sets forth the global competitive landscape of iNO therapy.

Company	Product	Mechanism	Approved Indication	Latest Status
Novlead (諾令生物)	INOwill® series	Instant – electrochemical catalytic reduction	Pulmonary hypertension in adults and pediatric patients	Approved (NMPA, CE)
BeyondAir	LungFit™ PH	Instant – plasma discharge	PPHN, peri- and post-operative pulmonary hypertension in cardiac surgery	Approved (CE, FDA)
Vero	GENOSYL® DS	Instant – N_2O_4 decomposition	PPHN	Approved (FDA)
Linde	Noxivent	Cylinder-based	PPHN	Approved (FDA, Health Canada)
Air Liquide	KINOX™ + SoKINOX / NOXBOX-type	Cylinder-based	PPHN, peri- and post-operative pulmonary hypertension in cardiac surgery	Approved (CE)
Mallinckrodt	INOmax®	Cylinder-based	PPHN, peri- and post-operative pulmonary hypertension in cardiac surgery	Approved (FDA, NMPA)

Note: iNO therapy solution includes (i) premixed therapeutic NO supplied with, or for use with, a dedicated delivery and monitoring system and (ii) instant-generation platforms that generate NO at or near the point of care and integrate, or are supplied with, delivery and monitoring functions.
Source: FDA, NMPA, CE, Health Canada (as of LPD), Frost & Sullivan Analysis

Global Competitive Landscape for iNO Therapy by Revenue, 2025

Rank	Company	Market Share, %
1	Company A	41.3%
2	Company B	23.2%
3	Company C	22.8%
4	Company D	5.8%
5	Company E	0.7%
6	The company	0.6%

Notes:

1. Company A is a public company founded in 1879 and headquartered in Woking, the United Kingdom, listed on Nasdaq, focusing on industrial gases, medical gases, healthcare technologies and related services.
2. Company B is a pharmaceutical company founded in 1867 and headquartered in Dublin, Ireland, focusing on specialty therapeutics, including inhaled nitric oxide therapy.
3. Company C is a public company founded in 1902 and headquartered in Paris, listed on Euronext Paris, focusing on industrial and medical gases, healthcare technologies and related services.
4. Company D is a private company founded in 2006 and headquartered in Atlanta, focusing on inhaled nitric oxide delivery systems for cardiopulmonary care.
5. Company E is a public company founded in 2011 and headquartered in Garden City, New York, listed on Nasdaq, focusing on cylinder-free inhaled nitric oxide generation and delivery systems.
6. The Company is a private company founded in 2018 and headquartered in Nanjing, focusing on the development and commercialization of gas-based cardiopulmonary therapeutic and diagnostic devices, including inhaled nitric oxide therapy.

Source: Frost & Sullivan Analysis

The following chart sets forth the competitive landscape of iNO therapy in China.

China Competitive Landscape for iNO Therapy

Company	Product	Mechanism	Approved Indication	Latest Status
Novlead (諾令生物)	INOwill® series	Instant – electrochemical catalytic reduction	Pulmonary hypertension in adults and pediatric patients	Approved (NMPA, CE)
Novlead (諾令生物)	eNOaire® series	Instant – plasma discharge	Pulmonary hypertension	Approved (NMPA)
Respomed (睿普)	eNO series	Instant – plasma discharge	Pulmonary hypertension	Approved (NMPA)
David (戴維醫療)	NOC series	Cylinder-based	Pulmonary hypertension	Approved (NMPA)
Maian Pharma (脈安醫藥)	AHMA-NO/O2-01	Cylinder-based	Pulmonary hypertension	Approved (NMPA)
Mallinckrodt Lee's Pharm (李氏大藥廠)[1]	INOmax®	Cylinder-based	Neonatal pulmonary hypertension	Approved (NMPA)
ASCF (航天長峰)	ACM306	Cylinder-based	Pulmonary hypertension, respiratory failure caused by acute lung injury	Approved (NMPA)

Note:

1. INOmax is commercialized in China by Lee's Pharm under a license from Mallinckrodt.

Source: NMPA (as of LPD), Frost & Sullivan Analysis

China Competitive Landscape for iNO Therapy by Revenue, 2025

Rank	Company	Market Share, %
1	The company	42.7%
2	Company F	26.6%
3	Company G	22.0%
4	Company H	1.7%

Notes:

1. Company F is a private company founded in 2019 and headquartered in Shenzhen, focusing on inhaled nitric oxide therapy devices based on instant nitric oxide generation technology.
2. Company G is a public company founded in 1994, with principal operations in China, listed on the Hong Kong Stock Exchange, focusing on the development, manufacturing and commercialization of pharmaceutical products.
3. Company H is a public company founded in 1985 and headquartered in Beijing, listed on the Shanghai Stock Exchange, engaging in medical devices, healthcare solutions and other high-technology businesses.

Source: Frost & Sullivan Analysis

Drivers and Future Development Trends of iNO Therapy Market

Growth in the iNO therapy market is supported by (i) a large and recurring clinically relevant patient pool. In China, the estimated 2025 iNO-relevant pools include approximately 153.6 thousand PH-related patient-equivalents, 77.7 thousand severe or refractory CAP cases, 277.3 thousand severe or refractory ARDS cases and 542.2 thousand severe-exacerbation-equivalent COPD patients. PH remains the established core indication, while guideline dissemination and clinician education support appropriate patient identification and protocolized use; (ii) continued expansion of critical-care infrastructure, particularly in China, where as of 2020 ICU bed density remains approximately 3.6 beds per 100,000 people versus over 30 beds per 100,000 in the United States and Germany, according to Chen et al., 2024, implying that China remains a high-potential ICU market with rising demand for selective pulmonary vasodilators; The National Health Commission further set targets of 15 ICU beds and 10 convertible ICU beds per 100,000 population by the end of 2025, increasing to 18 and 12, respectively, by the end of 2027. Such capacity expansion supports hospital access to iNO but does not imply a one-for-one increase in iNO

revenue; (iii) an evidence base in core indications, together with a technology shift from traditional cylinder-based delivery to instant-generation systems that reduce storage and logistics burdens and improve the economics and accessibility of NO supply; and (iv) in China, a more standardized coding and medical-service pricing framework. National medical-insurance information coding standards provide standardized classifications used in medical records, claims and DRG/DIP payment systems, but do not themselves establish a service price or reimbursement amount. Separately, the NHSA's Respiratory System Medical Service Price Item Guideline (Trial), issued in March 2025, retained "nitric oxide inhalation therapy fee" as a separately identifiable medical-service price item, facilitating hospital charging and payment administration. This does not establish nationwide product reimbursement, uniform reimbursement ratios or a nationally fixed treatment price.

The iNO therapy market is expected to (i) shift from cylinder-based delivery to instant-generation, integrated NO platforms (including NO-enabled ventilators) to lower logistics burden and total cost of ownership, (ii) expand beyond acute rescue toward intermittent or longer-term use in selected PH and chronic lung disease patients, subject to supporting clinical and cost-effectiveness evidence, and (iii) increasingly favor systems with drug-grade assurance, reinforcing iNO as a standardized, regulated therapy and supporting a potential evolution toward drug–device combination positioning. In particular, for patients, instant-generation technology delivers high-purity iNO in real time, reducing reliance on cylinder storage, handling and replacement while enabling point-of-use generation and more continuous supply and treatment interruption caused by cylinder replacement. For hospitals, it removes the need for hazardous-material storage and complex cylinder logistics, lowers TCO through on-demand generation, and supports seamless intra-hospital transport with a highly portable device. Globally, the shift away from cylinder-based iNO has been gradual due to existing infrastructure and supply-chain inertia. In China, however, adoption has been faster and more transformative. Traditional cylinder-based iNO therapy was never widely adopted in the PRC, partly due to the treatment cost and operational requirements associated with cylinder procurement, storage and replacement. Regarding the cost of gas and consumables, based on an ex-factory price benchmark, cylinder-based iNO therapy costs approximately RMB218 per treatment hour, compared with approximately RMB10 per treatment hour for instant-generation iNO therapy in China, which may help reduce patients' end-user treatment cost. Regarding the total cost of NO treatment, conventional cylinders typically cost $57 per treatment hour, and iNOwill therapy typically cost US$7 per treatment hour. Instant-generation technology has therefore addressed a large unmet need and enabled the PRC market to effectively bypass the traditional cylinder-based model.

GLOBAL IABP THERAPY MARKET

Overview of IABP Therapy

IABP is the most widely used form of temporary mechanical circulatory support for patients with acute left-ventricular failure or cardiogenic shock and for selected high-risk cardiac procedures. A balloon-tipped catheter is positioned in the descending thoracic aorta and connected to an external console. The console inflates and deflates the balloon with helium in synchrony with the cardiac cycle, augmenting diastolic aortic pressure and coronary perfusion, modestly increasing cardiac output and reducing left-ventricular afterload and wall stress.

Clinical Positioning and Application Scenarios

Consensus guidelines and expert statements position IABP as a targeted, short-term option within the broader temporary mechanical circulatory support (tMCS) ladder. Major cardiovascular societies and expert groups generally recommend selective use in acute myocardial infarction (AMI)–related cardiogenic shock. Within this framework, IABP is recognized for providing hemodynamic support through diastolic augmentation with relatively simple operation, a shorter learning curve and broad availability, and is typically used for as a bridge to recovery, definitive intervention or escalation—most commonly in acute heart failure and cardiogenic shock, perioperative support for high-risk PCI (especially within cardiology, with high-risk PCI accounting for around 30% of all PCI procedures), and support in cardiac surgery and in catheter laboratories and ICUs.

Major Indications for IABP

Cardiogenic Shock

Cardiogenic shock is a severe form of acute circulatory failure caused by primary cardiac pump failure, leading to systemic hypo perfusion and a high risk of multi-organ dysfunction. Management is time-critical and focuses on optimizing myocardial metabolism and providing comprehensive supportive care. ***Incidence.*** Globally, new cardiogenic shock cases increased from 0.91 million in 2020 to 1.15 million in 2025. The number is projected to rise to 1.36 million in 2030

and 1.52 million in 2035. In China, new cardiogenic shock cases increased from 0.24 million in 2020 to 0.31 million in 2025. The number is expected to grow to 0.39 million in 2030 and 0.48 million in 2035. This persistent growth is backed by accelerated population aging, which imposes a heavy disease burden that is only partially offset by long-term population decline. ***Treatment Paradigm.*** Cardiogenic shock is managed as a medical emergency in coronary care units, ICUs or catheterization laboratories, with initial treatment focused on rapid hemodynamic stabilization using oxygen or ventilatory support, optimization of intravascular volume and vasoactive drugs. For some patients who require additional support, temporary mechanical circulatory support devices, including IABP, are used in specialized centers to maintain systemic perfusion and support myocardial recovery or transition to longer-term therapies. Within this framework, IABP is positioned as a short-term, accessible form of mechanical circulatory support for selected cardiogenic shock patients; through synchronized balloon inflation and deflation in the descending aorta, it augments diastolic coronary perfusion, reduces left ventricular afterload and improves organ perfusion, and is typically used as a bridge to definitive revascularization, surgical intervention or transition to other forms of mechanical support. Compared with supportive care alone, IABP provides additional short-term mechanical circulatory support in selected patients, and compared with stronger temporary MCS devices, it generally offers greater simplicity, broader accessibility, lower cost and fewer bleeding and vascular complications.

Acute Heart Failure

Acute heart failure (AHF) refers to a rapid onset or worsening of heart failure symptoms over a short period of time, with abrupt worsening of dyspnea, congestion and/or hypoperfusion. It often presents as acute left or right heart failure or cardiogenic shock. AHF is a leading cause of hospitalization in patients aged over 65 years and is associated with high mortality and rehospitalization rates. ***Incidence.*** Globally, new AHF cases increased from 4.72 million in 2020 to 5.14 million in 2025. The number is projected to rise to 5.57 million in 2030 and 6.01 million in 2035. China's growth is expected to accelerate. New incidences of AHF in China increased from 0.91 million in 2020 to 0.97 million in 2025. The number is projected to rise to 1.05 million in 2030 and 1.15 million in 2035. ***Treatment Paradigm.*** AHF is managed in emergency departments, coronary care units and ICUs, with early risk stratification based on congestion and peripheral perfusion. Initial management focuses on stabilizing airway, breathing and circulation to relieve congestion, careful fluid management, and close monitoring of renal function and electrolytes. Vasodilators may be used in patients with elevated blood pressure and adequate perfusion to reduce preload and afterload. For selected high-risk patients who remain unstable, temporary mechanical circulatory support including IABP provides short-term support by augmenting diastolic coronary perfusion, reducing left-ventricular afterload and improving cardiac output, and is generally used as a bridge to cardiac recovery, long-term device implantation or heart transplantation. Compared with vasoactive therapy and supportive care alone, IABP provides short-term hemodynamic support in selected unstable patients, and compared with stronger temporary MCS, it offers a more accessible and lower-cost bridging option.

IABP provides synchronized diastolic augmentation and reduction of left-ventricular afterload through a relatively familiar and widely available form of temporary mechanical circulatory support. Compared with vasoactive therapy and supportive care alone, it provides additional short-term hemodynamic support in appropriately selected unstable patients. Compared with more advanced temporary mechanical circulatory support such as microaxial pumps or VA-ECMO, IABP generally provides a lower level of circulatory support but is less complex to deploy and is more broadly available. Its limitations include vascular complications, bleeding and limb ischemia, and routine use in unselected acute myocardial infarction-related cardiogenic shock has not demonstrated a consistent mortality benefit. Clinical use is therefore patient- and scenario-specific. From a pricing and reimbursement perspective, IABP generally entails lower treatment-related costs than ECMO. Under Chongqing's 2026 medical-service pricing framework for tertiary hospitals, IABP installation is priced at approximately RMB2,228 per procedure and ongoing monitoring at approximately RMB32 per hour, compared with approximately RMB2,000 and RMB134, respectively, for ECMO. IABP installation is classified as a Class B reimbursable item, under which patients are required to make a 20% upfront contribution before the remaining eligible amount is reimbursed at the applicable medical-insurance rate, while ECMO installation is classified as Class A and does not require such upfront patient contribution. Ongoing monitoring for both IABP and ECMO is classified as Class B. Accordingly, although their installation charges are broadly comparable, ECMO carries an ongoing monitoring charge of approximately four times that of IABP.

Synergy Between IABP and iNO Therapy

In acute cardiopulmonary failure, management in ICUs often requires coordinated use of multiple devices to maintain circulation, ventilation and gas exchange, particularly in patients with cardiogenic shock, severe right ventricular failure with PH or escalating instability despite medication. In this setting, IABP and iNO provide complementary biventricular support — IABP supports systemic perfusion by improving coronary perfusion and reducing LV afterload, while iNO reduces PVR and RV afterload and improves oxygenation.

Global and China IABP Market Size

Global IABP Market Size

From 2020 to 2025, the global IABP market rose from USD 333.6 million to USD 596.6 million, CAGR 12.3%, supported by normalization of acute cardiac care and continued use in acute myocardial infarction with cardiogenic shock, acute decompensated heart failure, and high-risk percutaneous coronary intervention. The global IABP market is projected to expand from US$596.6 million in 2025 to US$1,443.2 million in 2035.

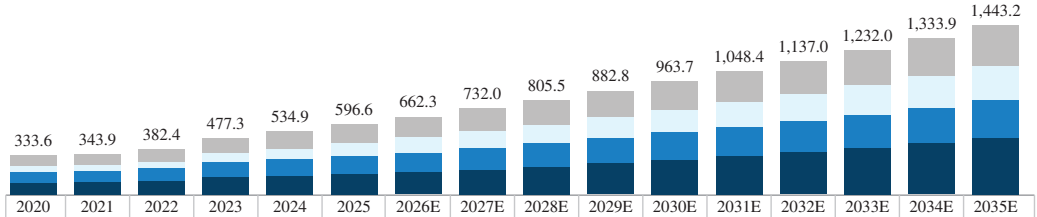
In 2025, the United States and Europe accounted for 27.0% and 26.0% of the global market, respectively, reflecting their sizable installed bases and established clinical adoption. By 2035, they are expected to remain substantial markets, accounting for 24.0% and 22.5%, respectively, supported by equipment replacement and recurring balloon-catheter utilization. In comparison, China accounted for only 18.4% of the global IABP market in 2025, indicating comparatively lower commercial penetration. China's share is expected to increase to approximately 20.4% by 2035, narrowing the gap with the United States and Europe. Growth is expected to be supported by expansion from a lower installed base, broader cath-lab and critical-care capacity, penetration into lower-tier hospitals, and increasing domestic supply. Expansion of the installed console base will also generate recurring demand for single-use balloon catheters, supporting growth across both equipment and consumables.

Pneumatic helium systems represent a mainstream and mature IABP technology pathway. In 2025, pneumatic helium systems accounted for 37.3% of the global IABP market, equivalent to US$222.6 million. Their market share is projected to increase steadily to 46.0% by 2035, potentially making pneumatic helium systems the leading technology pathway globally. The gradual share gain reflects the expected contribution of new Chinese pneumatic entrants, continued clinical familiarity with pneumatic helium systems and further development of intelligent pneumatic drive control, rather than rapid displacement of alternative designs. For a new pneumatic platform, alignment with an established technology pathway should facilitate clinical acceptance and reduce the market education required for an unfamiliar operating mechanism, although product-level adoption will continue to depend on performance, reliability, regulatory evidence, catheter compatibility and after-sales support.

Global IABP Market Size and Forecast, Breakdown by Region, 2020-2035E

Unit: Million USD
At wholesales price level

Period	CAGR				
	U.S.	China	Europe	RoW	Global
2020-2025	11.1%	20.3%	10.7%	11.4%	12.3%
2025-2030E	8.8%	11.8%	8.3%	11.4%	10.1%
2030E-2035E	7.1%	8.7%	7.0%	10.3%	8.4%



	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Global	333.6	343.9	382.4	477.3	534.9	596.6	662.3	732.0	805.5	882.8	963.7	1,048.4	1,137.0	1,232.0	1,333.9	1,443.2
U.S.	95.1	97.0	106.7	131.7	146.0	161.1	176.8	193.2	210.2	227.8	245.7	264.2	283.1	303.1	324.1	346.4
China	45.4	49.5	55.4	69.0	89.2	109.5	129.5	146.4	161.7	176.9	193.3	211.1	230.4	250.5	271.7	294.0
EU	93.4	94.9	104.0	127.9	141.2	155.1	169.6	184.5	199.8	215.4	231.3	248.5	266.0	284.6	304.1	324.7
RoW	99.8	102.5	116.3	148.6	158.4	170.9	186.4	207.8	233.8	262.7	293.3	324.6	357.4	393.9	434.0	478.1

Note: The CAGR calculated here excludes the impact of exchange rate fluctuations.
Source: Frost & Sullivan Analysis

China IABP Market Size

The following chart depicts the historical and expected growth trajectories of China IABP market size from 2020 through 2035.

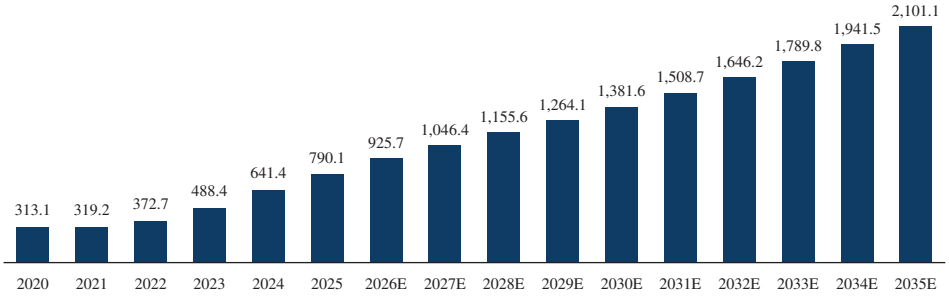
For IABP, the historical market size was estimated principally based on sales revenue of relevant market participants. The forecast takes into account relevant acute cardiac-event and patient populations, hospital and cardiovascular-center adoption, cath-lab and critical-care capability, procedural utilization, domestic and imported product availability and pricing trends. Publicly available installed-base and procedure-volume data are used only as supplementary market context where comparable and are not applied as independent quantitative forecast inputs because their geographic scope, reporting periods and statistical definitions are not consistently comparable.

The China IABP market is estimated at RMB790.1 million in 2025 and projected to reach RMB1,381.6 million in 2030E and RMB2,101.1 million in 2035E, representing CAGRs of approximately 11.8% and 8.7%, respectively. The underlying acute cardiac-event pool continues to expand, with annual cardiogenic shock cases increasing from approximately 0.31 million in 2025 to 0.39 million in 2030E and 0.48 million in 2035E, and AHF cases increasing from approximately 0.97 million to 1.05 million and 1.15 million, respectively. More importantly, the forecast reflects increasing penetration from a relatively low installed base, continued expansion of cath-lab and critical-care capacity, broader adoption in cardiovascular centers and tier-two hospitals, and increasing domestic supply, which may improve product availability, affordability and supply assurance. Expansion of the installed console base also supports recurring demand for single-use balloon catheters. Growth is expected to moderate over time as penetration increases and the market becomes more mature.

China IABP Market Size and Forecast, 2020-2035E

Unit: Million RMB
At ex-factory price level

Period	CAGR
2020-2025	20.3%
2025-2030E	11.8%
2030-2035E	8.7%



Source: Frost & Sullivan Analysis

Competitive Landscape

Commercial supply of IABP consoles is highly concentrated globally. Teleflex and Maquet have U.S.-based manufacturing entities, while MERA/Senko is based in Japan, and the newly approved domestic manufacturers are based in China. Accordingly, commercial-scale manufacturing capability for IABP consoles is currently concentrated among a limited number of manufacturers across the United States, Japan and China.

IABP development requires integrated capabilities across drive control, ECG and arterial-pressure triggering, real-time synchronization, balloon-catheter compatibility, redundant power and alarm systems, and continuous-operation reliability, together with stringent regulatory and quality requirements. For example, FDA validation of Teleflex's AC3 covered multiple balloon sizes and 216–218 hours of continuous operation, while the Cardiosave recall further highlights the critical reliability requirements for IABP consoles.

Global Main Competitors for IABP

Company	Product	Drive Type	System Design
MERA	Corart BP3	• Electric-powered cylinder drive	• Integrated design • No safety isolation box
Teleflex	AC3 Optimus™ IABP	• Stepper motor-driven bellows	• Integrated design
	AC3 Range™ (portable)		• No safety isolation box
Maquet	Cardiosave Hybrid, Cardiosave Rescue	• Pneumatic helium system	• Modular design • Safety isolation box

In China, the IABP market has historically been dominated by imported products from leading international manufacturers holding local registration certificates, and these imported systems have set the benchmark for technical specifications and clinical use over a long period. In 2025, three domestic manufacturers obtained approvals for their IABP systems, marking the beginning of meaningful domestic supply at the hospital level. Domestic IABP projects had entered R&D or type-testing before 2025, reflecting the difficulty of progressing from product development to regulatory approval and commercial supply. With advantages in cost, delivery capability and localized after-sales service, domestic brands are expected to gradually replace a portion of imported market share over time.

Company	Product	Drive Type	System Design
Life Cardio (先健心康)	IAP-50	• Pneumatic helium system	• Modular design • Safety isolation disk
Novlead (諾令生物)	A100, A200	• Pneumatic helium system	• Modular design • Safety isolation disk
MERA	HBP3	• Electric-powered cylinder drive	• Integrated design • No safety isolation disk
Telelife (通靈仿生)	TL-IABP-100	• Stepper-motor drive	• Integrated design • No safety isolation disk
Teleflex	IAP-0701, IAP-0601 (AC3)	• Stepper-motor drive	• Integrated design • No safety isolation disk
Maquet	Cardiosave Hybrid, Cardiosave Rescue	• Pneumatic helium system	• Modular design • Safety isolation disk

Source: NMPA (as of LPD), Frost & Sullivan Analysis

Growth Drivers and Future Development Trends of IABP Market

Demand for IABP is supported by (i) a large and persistent burden of cardiogenic shock and acute decompensation in ICU and cath-lab settings, where rapid, readily deployable temporary support is often needed as a bridge to revascularization, surgery or escalation; (ii) the expanding volume and complexity of interventional and perioperative cardiovascular care, including complex and high-risk PCI, as supported by the 2021 ACC/AHA/SCAI coronary revascularization guideline which increases the need for procedural hemodynamic stabilization in a broader range of hospitals; and (iii) ongoing device iteration that improves portability, set-up efficiency, triggering performance and workflow integration, supporting replacement demand and wider adoption across routine critical-care pathways.

IABP is expected to evolve toward (i) clearer, more selective and protocol-driven use within the broader tMCS ladder, with more standardized initiation, monitoring and weaning across cath-lab, cardiac surgery and ICU workflows; (ii) continued innovation in vascular-protection and antithrombotic approaches, including exploration of NO-releasing or other coating technologies to reduce thrombosis and infection risks and potentially lower reliance on intensive systemic anticoagulation; and (iii) smarter pneumatic drive control and deeper integration with multi-modality critical care, including improved triggering/monitoring and better coordination with ventilation, ECMO and inhaled pulmonary vasodilators to support consistent use across a wider range of care settings.

CHINA FeNO DIAGNOSTICS MARKET

FeNO is a quantitative, safe and easy-to-perform biomarker of airway inflammation. Elevated FeNO levels indicate eosinophilic airway inflammation and support the diagnosis and management of asthma, chronic cough, rhinitis and COPD, while low FeNO levels suggest non-eosinophilic chronic respiratory diseases. FeNO measurement is non-invasive, rapid, and can be performed with a single controlled exhalation, making it suitable for both specialist and broader clinical settings.

FeNO has been progressively incorporated into international and national respiratory guidelines. Technical standards, including ERS 2017 and ERS 2024, have standardized measurement procedures, reporting formats and reference values for adults and children, which support routine use of FeNO as an objective test in clinical decision-making. Clinical practice guidelines, including GINA 2026, BTS/NICE/SIGN 2024 and ATS 2021, recommend FeNO as an auxiliary test and, where available, a first-line test in suspected asthma, and support the use of FeNO to guide asthma treatment in selected patients. FeNO and nasal NO are also referenced in the assessment of upper-airway inflammatory diseases under IRS 2019.

Major Indications for FeNO Diagnostics

FeNO diagnostics are primarily used in the management of COPD, asthma and broader airway-inflammation conditions, including chronic cough, allergic rhinitis and chronic rhinosinusitis. Across these indications, FeNO provides a non-invasive, rapid and repeatable biomarker of eosinophilic airway inflammation that supports diagnosis, phenotyping, treatment selection and longitudinal monitoring, and complements symptoms and lung-function testing in both hospital and outpatient settings. FeNO provides a non-invasive, rapid and repeatable assessment of eosinophilic airway inflammation and can support phenotyping and treatment monitoring. However, it is a complementary biomarker rather than a stand-alone diagnostic test, and results may be affected by factors such as smoking, infection, atopy and corticosteroid use. Spirometry, bronchodilator reversibility or provocation testing provide more direct assessment of

airflow limitation or variability, while blood eosinophils/IgE and imaging provide complementary systemic or structural information. Accordingly, these diagnostic approaches generally serve different and complementary clinical purposes.

COPD. In COPD, FeNO is typically higher in patients with asthma-like features or eosinophilia and correlates with blood and sputum eosinophil counts. It is therefore used as an adjunct marker to identify eosinophilic or overlap phenotypes, to select patients more likely to respond to inhaled corticosteroid-containing regimens and to support closer follow-up of higher-risk subgroups. Compared with spirometry and imaging, FeNO is more useful for identifying eosinophilic or overlap phenotypes and supporting ICS selection, rather than assessing airflow limitation or structural change. Compared with sputum eosinophils, it is easier to repeat, but in COPD it is mainly a supportive test used in selected patients. For details about COPD, see "— Global iNO Therapy Market — Major Indications for iNO Therapy — Chronic Obstructive Pulmonary Disease."

Asthma. Asthma is a chronic inflammatory airway disease with variable airflow obstruction and recurrent symptoms such as wheeze, chest tightness and cough. FeNO has been recognized as a quantitative and easy-to-perform marker of eosinophilic airway inflammation and is recommended in clinical pathways for suspected asthma where available. China's asthma population rose from 64.7 million in 2020 to 70.9 million in 2025. Prevalence is projected to reach 76.9 million in 2030 and 82.8 million in 2035. Compared with reversibility or provocation testing, FeNO is less important for confirming diagnosis but more useful for assessing type-2 inflammation, likely ICS responsiveness and anti-inflammatory control over time. Its strength lies in repeatability and treatment guidance.

Airway Inflammation Diseases. Airway inflammation is a common underlying problem in many long-term respiratory diseases, including asthma, chronic cough, allergic rhinitis, chronic rhinosinusitis (with or without nasal polyps) and certain subgroups of COPD. FeNO and eosinophil levels are therefore important, which indicates broad potential for using FeNO to characterize airway inflammation, evaluate the effect of anti-inflammatory treatment and monitor prognosis over time. In China, airway-inflammation prevalence increased from 446.1 million in 2020 to 470.6 million in 2025. It is projected to reach 493.9 million in 2030 and 514.5 million in 2035. Compared with blood eosinophils and IgE, FeNO is more airway-focused and more responsive to local eosinophilic inflammation. Compared with induced sputum, it is less detailed but much more practical for serial use, making it more useful for stratification, treatment monitoring and follow-up.

China FeNO Diagnostic Device Market Size

Supported by a large chronic airway-disease patient pool, broader use scenarios, continued policy and guideline support, improving education and awareness, and the gradual shift of FeNO from hospital-based testing toward routine longitudinal monitoring and, over time, selected portable home-based chronic disease management, China's FeNO market is expected to maintain strong long-term growth. The following chart depicts the historical and expected growth trajectory of China FeNO diagnostic device market from 2020 through 2035.

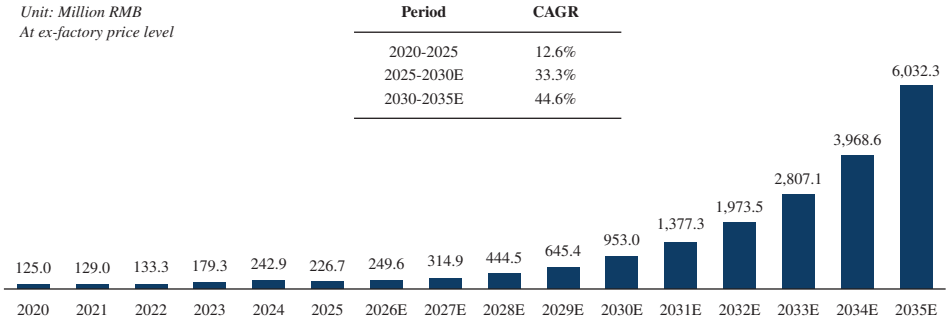
For FeNO, the historical market size was estimated principally based on sales revenue of relevant market participants. The forecast takes into account the underlying asthma and airway-inflammation patient populations, analyzer availability and adoption, testing penetration and testing frequency, utilization per installed analyzer, recurring test-consumable usage, expansion across relevant care settings and pricing trends. The underlying disease population represents a potential patient ceiling rather than the number of patients assumed to receive FeNO testing, and forecast growth therefore principally reflects increased testing adoption and frequency rather than epidemiological growth alone.

- Supported by a large chronic airway-disease patient pool, broader use scenarios, continued policy and guideline support, improving education and awareness, and the gradual shift of FeNO from hospital-based testing toward routine longitudinal monitoring and, over time, selected portable home-based chronic disease management, China's FeNO market is expected to maintain strong long-term growth.

- China's FeNO market is projected to expand from RMB 125.0 million in 2020 to RMB 226.7 million in 2025, 12.6% CAGR, reflecting a hospital-anchored adoption stage where FeNO is mainly offered through respiratory outpatient clinics and pulmonary function labs as an add-on test for airway inflammation assessment rather than as routine home monitoring.

- From 2025 to 2030E, China's FeNO diagnostic device market is forecast to increase from RMB226.7 million to RMB953.0 million, representing a CAGR of 33.3%, and further to RMB6,032.3 million by 2035E, representing a CAGR of 44.6% from 2030E. The forecast growth is principally driven by increased testing penetration and testing frequency rather than growth in the underlying disease population alone. China's asthma prevalence is projected to increase from approximately 70.9 million in 2025 to 76.9 million in 2030E and 82.8 million in 2035E, while the broader airway-inflammation population is projected to increase from approximately 470.6 million to 493.9 million and 514.5 million, respectively. Against this large underlying pool, growth is expected to be supported by broader guideline-based use, clinical education and awareness, expansion of testing from specialist respiratory clinics and pulmonary-function laboratories into broader outpatient and primary-care settings, increased analyzer utilization and recurring test-consumable use, declining device and per-test costs, and, over time, selected portable and home-monitoring applications. The extent and timing of such expansion remain dependent on clinical acceptance, regulatory availability, affordability and payer or consumer uptake.

China FeNO Therapy Market Size and Forecast, 2020-2035E



Source: Frost & Sullivan Analysis

Competitive Landscape

In China, the FeNO diagnostic device market is supplied mainly by domestic manufacturers, with a small group of companies accounting for the majority of marketed products. Within this landscape, we have obtained registrations for seven marketed FeNO devices and detectors and rank among the leading domestic manufacturers. We are currently the only domestic player with an approved chemiluminescence-based FeNO analyzer, positioning our portfolio in both the high-precision segment and the mainstream electrochemical segment of the market.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the global iNO therapy market, China IABP market and China FeNO diagnostics market for use in this document (the "F&S" Report). We have agreed to pay a fee of RMB830,000 to Frost & Sullivan in connection with the preparation of the F&S Report. We have extracted certain information from the F&S Report in this section and elsewhere in this document to provide our potential [**REDACTED**] with a more comprehensive presentation of the industries where we operate. In compiling and preparing the F&S Report, Frost & Sullivan adopted the following assumptions: (i) the social, economic and political conditions globally currently discussed will remain stable during the forecast period, (ii) government policies on medical devices in main markets globally will remain consistent during the forecast period, (iii) medical devices markets will be driven by the factors which are stated in this report in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report. The F&S Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing company reports, independent research reports and data based on its own research database.

Our Directors confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

RELEVANT LAWS AND REGULATIONS IN THE PRC

We are required to comply with various laws, rules and regulations in the PRC in many aspects. This section summarizes the major PRC laws, rules and regulations applicable to our business.

REGULATIONS ON MEDICAL DEVICES

Classification of Medical Devices

Pursuant to the Regulations on the Supervision and Administration of Medical Devices (2024 Revision) (《醫療器械監督管理條例(2024修訂)》) promulgated by the State Council on January 4, 2000 and most recently amended on December 6, 2024 (effective as of January 20, 2025), the drug administration departments under the State Council and the local people's governments at various levels are in charge of the supervision and administration of medical devices in the PRC.

According to the Regulations on the Supervision and Administration of Medical Devices (2024 Revision), medical devices in the PRC are subject to a risk-based classification system comprising three categories — Class I, Class II, and Class III. Class I medical devices refer to those with a low level of risk, the safety and effectiveness of which can be ensured through routine administration. Class II medical devices are subject to more stringent supervision and control due to their moderate level of risk to ensure safety and effectiveness. Class III medical devices, carrying a relatively high level of risk, require special administrative measures to guarantee their safety, effectiveness, and quality throughout the entire life cycle. The production, distribution, and use of medical devices are subject to registration, filing, and supervision requirements depending on their classification.

Registration and Filing of Medical Devices

Pursuant to the Administrative Measures for the Registration and Filing of Medical Devices (《醫療器械註冊與備案管理辦法》) promulgated by the State Administration for Market Regulation (the "**SAMR**") on August 26, 2021 and took effect on October 1, 2021, medical devices of Class I are subject to record-filing, while medical devices of Class II and III are subject to registration. A medical device registration certificate shall be valid for five years. Where a renewal is required upon the expiry of the term of validity, an application for renewal of registration or a filing for record shall be submitted to the original drug administration department six months prior to the expiry of the certificate, in accordance with the adjusted category.

Clinical Trials for Medical Devices

According to the Administrative Measures for the Registration and Filing of Medical Devices, clinical trials are not required for the filing of Class I medical devices but are required for the application for registering Class II and Class III medical devices. Medical devices may be exempt from a clinical trial under any of the following circumstances: (i) with a clear working mechanism, established design, mature manufacturing processes, years of application of similar medical devices on the market with no record of material adverse events, and no change to the general purpose of the device; (ii) safety and effectiveness of the medical device proven through non-clinical evaluation; (iii) safety and effectiveness of the medical device proven through the analysis and evaluation of the data obtained from the clinical trial or application of similar medical devices. The National Medical Products Administration (the "**NMPA**") shall prepare, adjust, and release the catalog of medical devices exempt from a clinical trial.

The Administrative Measures for the Registration and Filing of Medical Devices stipulates that, except for the circumstances exempt from clinical evaluation, clinical evaluation shall take place for the registration and filing of medical device products. On September 16, 2021, the NMPA issued the Notice on the Issuing the Catalog of Medical Devices Exempt from Clinical Evaluation (《關於發佈免於進行臨床評價醫療器械目錄的通告》), which came into effect on October 1, 2021, and last amended on May 12, 2025.

Jointly promulgated by the NMPA, and the National Health Commission (the "**NHC**") on March 24, 2022, and effective from May 1, 2022, the Good Clinical Practice for Medical Devices (《醫療器械臨床試驗質量管理規範》) covers the entire process of a clinical trial of medical devices, including, among others, the protocol design, execution, monitoring, verification and inspection, as well as data collection, recording, analysis and conclusion and reporting procedure of a clinical trial. To carry out clinical trials of medical devices, the applicant shall organize to prepare a scientific and reasonable clinical trial protocol based on the categories, risks and intended

uses of the medical devices for clinical experiments. Applicants for the clinical trials of medical devices are responsible for initiating, applying for, organizing and monitoring such clinical trials, and shall be responsible for the authenticity and reliability of the clinical trials.

Medical Devices Production License

Pursuant to the Measures for the Supervision and Administration of Medical Device Production (《醫療器械生產監督管理辦法》) most recently amended by the SAMR on March 10, 2022 with effect from May 1, 2022, the supervision for the production of medical devices follows a risk-based classification. Entities producing Class I medical devices are only required to submit a production filing to the municipal-level drug regulatory authority. Entities producing Class II or III medical devices must obtain approval from the provincial-level drug regulatory authority where they are located and secure a medical device production license in accordance with the law. Each medical device production license is valid for five years and may be renewed upon expiry, provided that an application for renewal is submitted between 90 and 30 working days prior to the expiration.

The Measures for the Supervision and Administration of Medical Device Production further specifies that medical device registrants, filers, and manufacturers shall fulfill the following obligations to ensure the quality of ex-factory medical devices: (i) establish, improve, and maintain a quality management system commensurate with the medical devices produced in accordance with the requirements of the Good Manufacturing Practice for Medical Devices (《醫療器械生產質量管理規範》) (the "**GMP**"); (ii) organize production under strict product technical requirements that have been registered or filed for record. Additionally, registrants, filers and manufacturers of medical devices shall conduct an annual self-inspection of the operation of their quality management system, and submit a self-inspection report to the local drug regulatory authority by March 31 of the following year.

The GMP requires manufacturers of medical devices to fulfill their responsibility for quality and safety by implementing all requirements for product safety, efficacy, and quality control throughout the entire life cycle of medical devices.

Unique Device Identification (UDI) System

Pursuant to the Rules for the Medical Device Unique Identification System (《醫療器械唯一標識系統規則》) promulgated by the NMPA on August 23, 2019, and the subsequent announcements regarding the implementation of the first, second, and third batches of Unique Device Identification ("**UDI**"), the regulatory framework mandates that registrants and filers are responsible for the creation and maintenance of UDIs, the affixation of data carriers, and the submission of relevant data to the UDI Database. This system ensures full-process traceability for medical devices from production to clinical use.

Medical Devices Operation License

Pursuant to the Measures for the Supervision and Administration of Medical Device Operation (《醫療器械經營監督管理辦法》), most recently amended by the SAMR on March 10, 2022 and effective from May 1, 2022, the operation of medical devices in the PRC is subject to a risk-based classified supervision system. Under this framework, the operation of Class III medical devices requires a permit, while the operation of Class II medical devices requires record-filing with the competent authority. The operation of Class I medical devices requires neither a permit or filing. An operation license for medical devices is valid for five years, and the license holder must apply for renewal between 90 and 30 working days prior to its expiration. If an operator establishes a new business premises, it must submit a separate operation license application or complete the corresponding filing procedures in accordance with the law. No operation permit or record filing is required for the registrant or filer of medical devices to sell its medical devices at its registration address or production sites as long as it meets the prescribed operating conditions, while it is required for it to store and sell medical devices in other places.

"Two Invoice System" (兩票制) for Medical Devices

Pursuant to the Notice on Opinions on the Implementation of the "Two Invoice System" in Drug Procurement by Public Medical Institutions (for Trial Implementation) (《關於在公立醫療機構藥品採購中推行"兩票制"的實施意見(試行)的通知》) (the "**Notice**"), issued on December 26, 2016, the "Two Invoice System" refers to one invoice from the pharmaceutical manufacturer to the distribution enterprise and one invoice from the distribution enterprise to the medical institution.

According to the Notice on Consolidating the Achievements of Cancelling Pharmaceutical Markups and Deepening Comprehensive Reforms in Public Hospitals (《關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知》) issued on March 5, 2018, high value medical consumables shall be subject to classified and centralized purchase, and the "Two Invoice System" in relation to high-value medical consumables shall be gradually implemented.

Pursuant to the Notice on Printing and Distributing the Reform Plan for the Management of High-value Medical Consumables (《國務院辦公廳關於印發治理高值醫用耗材改革方案的通知》) issued by the General Office of the State Council on July 19, 2019, local authorities are encouraged to reduce the processes for the circulation of high-value medical supplies and promote open and transparent purchase and sale through means such as the "Two Invoice System" after considering the actual situation.

At present, some provinces in the PRC have issued relevant regulations on the "Two Invoice System" for medical supplies. Nevertheless, there is no exact implementation timeline for the "Two Invoice System" for medical devices, with the reform still in progress.

Imports and Exports of Medical Devices

The Foreign Trade Law of the PRC (2022 Revision) (《中華人民共和國對外貿易法(2022修正)》) and the 2025 Revision (issued on December 27, 2025 and effective from March 1, 2026) have abolished the mandatory record-filing and registration requirements for foreign trade operators. Unless otherwise stipulated by applicable laws and regulations, the declaration of imported or exported goods and the payment of customs duties may be handled by the consignees or consignors themselves, or alternatively, by their entrusted customs brokers.

Pursuant to the Foreign Trade Law of the PRC (2025 Revision) and the Regulations of the PRC on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》), the state allows the free import and export of goods, and maintains fair and orderly import and export trade of goods according to law. No entity or individual may establish or maintain prohibitive or restrictive measures over the import and export of goods, except for the goods which are explicitly prohibited or restricted by laws or administrative regulations.

Pursuant to the Administrative Regulations on the Export Sales Certificates of Medical Devices (《醫療器械產品出口銷售證明管理規定》) issued by the NMPA on December 24, 2025, and effective as of May 1, 2026 relevant drug regulatory authorities may issue a Medical Device Product Export Sales Certificate (《醫療器械產品出口銷售證明》) to medical device manufacturers for medical devices registered or filed in China only if the manufacturer has obtained a medical device registration certificate and a medical device production license, or has completed the record filing procedures for medical device registration and production, which constitutes the Certificate for Exportation of Medical Device (I). For medical devices intended solely for export without domestic registration or record filing in China, the Certificate for Exportation of Medical Device (II) may be issued where the manufacturer has obtained a medical device production license or completed production record filing procedures.

Advertisement of Medical Devices

The Advertising Law of the PRC (《中華人民共和國廣告法》), promulgated in 1994 and most recently amended in 2021, regulates advertising activities to ensure truthfulness, lawfulness, and the protection of consumer rights. It prohibits false or misleading content and the use of superlative terms such as "national level" or "highest level", and further restricts advertisements for medical devices from including the contents of: (i) assertations or guarantees regarding efficacy or safety; (ii) statements of cure rates or effectiveness rates; (iii) comparisons with the efficacy or safety of other types of drugs or medical devices; or (iv) the use of advertising endorsers for recommendations or testimonials.

Pursuant to the Interim Administrative Measures for the Review of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》), promulgated by the SAMR on December 24, 2019 and effective from March 1, 2020, the content of medical device advertisements shall be based on the registration certificates or filing documents approved by the drug regulatory authorities, as well as the content of the registered/filed product instructions. Where a medical device advertisement involves information such as the device name, scope of application, mechanism of action, or structure and composition, it shall not exceed the scope specified in the registration certificate, filing document, or registered/filed product instructions.

Recall, Adverse Event Monitoring and Re-evaluation of Medical Devices

Pursuant to Regulations on the Supervision and Administration of Medical Devices, medical registrants and filers must assume full lifecycle quality and safety responsibilities by establishing and implementing product traceability and recall systems, and by proactively conducting adverse event monitoring, and re-evaluation of products. Based on monitoring and re-evaluation results, they shall promptly implement control measures, improve products, and complete relevant registration or filing changes. Upon discovering that a medical device fails to comply with mandatory standards, registered or filed product technical requirements, the medical device registrant or filing party shall immediately cease production, notify relevant distributors, users and consumers, recall the medical devices on the market, and report the recall and handling to the drug regulatory authority and the health administration authority as required.

The Administrative Measures for Surveillance and Re-evaluation of Medical Device related Adverse Events (《醫療器械不良事件監測和再評價管理辦法》) issued by the SAMR and the NHC on August 13, 2018 and effective from January 1, 2019 stipulates that the medical device marketing authorization holders shall, in accordance with the principle of "reporting when in doubt", report or evaluate individual medical device adverse events that causes or may cause serious injury or death within the prescribed time limit. The Administrative Measures for Surveillance and Re-evaluation of Medical Device-related Adverse Events also establishes a post-marketing monitoring system composed of group medical device adverse events, regular risk assessment reports, key surveillance, risk control, and re-evaluation.

Product Safety

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on June 29, 2002, and amended in August 2009, August 2014 and June 2021 respectively, to strengthen production safety supervision and management, and prevent and reduce production safety accidents to safeguard the lives and property of the people, and promote the sustained and sound economic and social development, the state has established systematic and principled provisions at the legislative level on production safety guarantees for production and business operation entities, the production safety rights and obligations of employees, production safety supervision and administration, emergency response and rescue, investigation and handling of production safety accidents, as well as corresponding legal liabilities.

Product Quality

Under the Product Quality Law of the PRC (《中華人民共和國產品質量法》), amended by the SCNPC on December 29, 2018 and effective on the same day, manufacturers and sellers engaged in the production or distribution of products within the PRC shall bear liability for product quality. Violations of the law may result in penalties such as fines, suspension of business operations, confiscation of unlawfully produced or sold goods and related proceeds, or revocation of business licenses. In serious cases, criminal liability may apply. If a defect in a product causes physical injury or damage to third party property, the injured party may claim compensation against the producer or may claim compensation against the seller.

REGULATIONS ON PERSONAL INFORMATION SECURITY AND DATA PROTECTION

The Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which took effect on June 1, 2017. On October 28, 2025, the Standing Committee of the National People's Congress revised the Cybersecurity Law, and the revised version came into force on January 1, 2026. The revised law has increased the liabilities of the network operators for violations, which stipulates that network operators must comply with laws and regulations and fulfill their obligations to safeguard cybersecurity while conducting business operations and providing services.

The PRC Data Security Law (《中華人民共和國數據安全法》), which was promulgated by the SCNPC on June 10, 2021 and took effect on September 1, 2021, provides that the conduct of data processing activities shall be in compliance with the provisions of laws and administrative regulations, establishing and completing a data security management system for the entire workflow, organizing and conducting data security education and training, adopting corresponding technical measures and other necessary measures to ensure data security, strengthening risk monitoring, taking immediate disposition measures and promptly reporting to relevant authorities when data security incidents occur.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), which took effect on November 1, 2021, which integrates the scattered rules with respect to personal information rights and privacy protection and aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information.

On September 24, 2024, the State Council promulgated the Administration Regulations on Cyber Data Security (《網絡數據安全管理條例》), which took effect on January 1, 2025. The Administration Regulations on Cyber Data Security provides that where the network data processing activities of a network data processor affect or may affect national security, a national security review shall be conducted in accordance with relevant national provisions.

Cybersecurity Review

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**"), the National Development and Reform Commission of the PRC (the "**NDRC**"), the Ministry of Industry and Information Technology of the People's Republic of China (the "**MIIT**") and ten other Chinese regulatory authorities jointly promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which took effect on February 15, 2022. The Cybersecurity Review Measures mandate cybersecurity reviews under the following three circumstances: (i) when critical information infrastructure operators procure network products or services that affect or may affect national security; (ii) when network platform operators carry out data processing activities that affect or may affect national security; and (iii) when network platform operators possessing personal information of more than 1,000,000 individuals pursue overseas [**REDACTED**].

Cross-border Data Transfer

On July 7, 2022, the CAC promulgated the Measures for the Security Assessment of Outbound Data Transfers (《數據出境安全評估辦法》), which became effective on September 1, 2022. Pursuant to Article 4 of such measures, data processors shall apply to the CAC for security assessment for the outbound transfer of data under several circumstances, including: (i) the transfer of important data; (ii) the transfer of personal information by critical information infrastructure operators; and (iii) other circumstances where a security assessment is required by the CAC.

Subsequently, on March 22, 2024, the CAC promulgated the Provisions on Promoting and Standardizing Cross-border Data Flows (《促進和規範數據跨境流動規定》) with effect from March 22, 2024, which further refined the regulatory framework for cross-border data transfers. These Provisions clarify the specific thresholds and application scenarios for the three major data export mechanisms, namely: (i) the security assessment of outbound data transfers; (ii) the execution of the standard contract for the outbound transfer of personal information; and (iii) the implementation of personal information protection certification.

CORPORATE GOVERNANCE AND OVERSEAS INVESTMENT

The establishment, operation, and management of companies in China are primarily governed by the PRC Company Law (《中華人民共和國公司法》), originally enacted on December 29, 1993, and most recently amended on December 29, 2023, with the revisions effective July 1, 2024. Key amendments include but not limited to: (i) enhancement of the company capital system through the introduction of an authorized capital system for companies limited by shares, specification of share classes eligible for issuance, reinforcement of capital maintenance principles, and permission to use capital reserves to cover losses; (ii) strengthening of fiduciary duties of the directors, supervisors and senior management, covering obligations such as maintaining adequate capital, disclosing related-party transactions, and assuming joint and several liability and liquidation responsibilities; and (iii) improvement of the company registration system by clarifying that equity interests and creditor rights can be contributed as capital, allowing the establishment of companies limited by shares with one shareholder, and introducing simplified procedures for capital reduction and de-registration of company to facilitate a company's operation.

Pursuant to the Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the State Administration of Foreign Exchange (the "**SAFE**") on July 13, 2009 and effective from August 1, 2009, upon obtaining approval for relevant investment, a mainland Chinese enterprise shall apply for foreign exchange registration for its overseas direct investments. The Notice on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by SAFE on February 13, 2015 and amended on December 30, 2019, cancels the administrative approval

requirements for foreign exchange registration of domestic direct investment and overseas direct investment, and simplifies foreign exchange-related registration procedures. Banks are entitled to review and carry out foreign exchange registration under overseas direct investment directly.

Pursuant to the Administrative Measures for Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on March 16, 2009, amended on September 6, 2014 and effective from October 6, 2014, the MOFCOM and its provincial counterparts are responsible for administering and supervising overseas investments. Overseas investments by enterprises involving sensitive countries or regions, or sensitive industries, shall be subject to approval administration. For other categories of overseas investments, enterprises shall file records with the competent commerce authorities.

Pursuant to the Administrative Measures for Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on December 26, 2017 and effective from March 1, 2018, domestic investing enterprises conducting overseas investments shall comply with the approval or filing procedures required by competent authorities. Where the direct investing entity is a local enterprise in mainland China and the Chinese investment amount is below USD300 million in a non-sensitive overseas investment project, the filing authority shall be the provincial-level department of the NDRC in the investing entity's place of registration.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, most recently amended on October 17, 2020, and effective from June 1, 2021, and the Implementing Rules of the Patent Law (《中華人民共和國專利法實施細則》), provides for three types of patents, including "invention", "utility model" and "design". The validity periods of these patents are calculated from the date of application. An invention patent is valid for 20 years, a utility model for 10 years, and a design for 15 years.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》), which was promulgated on August 23, 1982, most recently amended on April 23, 2019, and effective as of November 1, 2019, and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), the China National Intellectual Property Administration, through its Trademark Office, is responsible for handling trademark registration matters. Under the Trademark Law, a registered trademark is valid for ten years from the date of registration. To maintain protection beyond this period, the registrant must apply for renewal within twelve months before expiry. Each renewal extends the trademark's validity for another ten years.

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, most recently amended on November 11, 2020, and effective from June 1, 2021, Chinese citizens, legal persons, or unincorporated organizations are entitled to copyright in their works under the law, regardless of whether the works are published. Authors and other copyright holders may complete work registration formalities with the registration agency recognized by the competent copyright authority of the PRC.

According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) issued on April 6, 1992, most recently amended on June 18, 2004, and became effective on July 1, 2004, and the Regulations on Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, most recently amended on January 30, 2013, and effective from March 1, 2013, the State Copyright Administration shall be responsible for the administration of software copyright registration nationwide, and further certifies the China Copyright Protection Center as the institution responsible for software registration.

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective from November 1, 2017, the MIIT supervises and administers domain services nationwide. Domain name registration services shall in principle implement "first apply, first register". A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

LAWS AND REGULATIONS ON ANTI-UNFAIR COMPETITION

According to the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) (the "**Anti-Unfair Competition Law**") amended by the SCNPC on June 27, 2025 and came into effect on October 15, 2025, unfair competition refers to the conduct of an operator who, in the course of production and operation activities, violates the Anti-Unfair Competition Law, disrupts the order of market competition and harms the lawful rights and interests of other operators or consumers. According to the Interim Provisions of the State Administration for Industry and Commerce on Banning Commercial Bribery (《國家工商行政管理局關於禁止商業賄賂行為的暫行規定》) (the "**Provisions on Banning Commercial Bribery**") promulgated by the State Administration for Industry and Commerce on November 15, 1996, commercial bribery refers to the use of money or other means by a business operator to bribe an entity or individual for the sale or purchase of goods. The term "**other means**" refers to the provision of any kind of domestic and overseas trips, study tours, and other means of benefit other than the payment of money. According to the Anti-Unfair Competition Law and the Provisions on Banning Commercial Bribery, the supervisory and inspection department may impose a fine according to the severity of the case and confiscate any illegal proceeds.

According to the Compliance Guidelines for Pharmaceutical Enterprises to Prevent Commercial Bribery Risks (《醫藥企業防範商業賄賂風險合規指引》) (the "**Compliance Guidelines**") promulgated by the SAMR and became effective on January 10, 2025, medical device enterprises are required to establish and improve robust anti-commercial bribery mechanisms. The Compliance Guidelines emphasize that enterprises shall integrate anti-bribery requirements into their overall corporate governance, ensuring that internal control systems are sufficient to identify and mitigate risks throughout the entire lifecycle of business operations.

REGULATIONS ON ENVIRONMENT PROTECTION

Environmental Impact Assessment

Pursuant to the Ecological and Environmental Code (《中華人民共和國生態環境法典》), promulgated by the NPC on March 12, 2026, and effective on August 15, 2026, and the Provisions on Classified Examination and Approval of Environmental Impact Assessment Documents for Construction Projects (2009 Revision) (《建設項目環境影響評價文件分級審批規定(2009修訂)》) enacted by the Ministry of Environmental Protection on January 16, 2009 and effective from March 1, 2009, construction projects are subject to classified environmental impact assessments based on the degree of environmental impact. Projects with possible significant impacts must submit a comprehensive assessment of the environmental impact; projects with moderate impacts are required to provide an environmental impact statement for analysis or assessment of specific items relating to the environmental impact; while projects with minimal impacts may submit an environmental impact registration form.

Under the Regulations on the Environmental Protection Management of Construction Projects (《建設項目環境保護管理條例》), promulgated by the State Council on November 29, 1998, revised on July 16, 2017, and effective on October 1, 2017, construction projects requiring environmental impact reports or statements must obtain approval from competent authorities before commencement. Furthermore, complementary environmental protection facilities must pass acceptance inspection prior to being put into production or use, where the environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, the construction project shall not be put into production or use.

Pollutant Discharge

Pursuant to the Environmental Protection Law of the PRC, as well as three key regulatory documents as follows: (i) the Regulation on Administration for Pollutant Discharge License (《排污許可管理條例》), which was promulgated by the State Council in January 2021 and entered into force in March 2021; (ii) the Catalog of Classified Management of Pollutant Discharge License for Stationary Pollution Sources (2019 Edition) (《固定污染源排污許可分類管理名錄(2019年版)》), issued by the Ministry of Ecology and Environment ("**MEE**") in December 2019 and taking effect on the same date; (iii) the Administrative Measures for Pollutant Discharge License (《排污許可管理辦法》), which was promulgated by MEE on April 1, 2024 and scheduled to be implemented on July 1, 2024, Pollutant discharge permits are categorized into three tiers — key management, simplified management, and registration management — based on criteria such as the volume of pollutants generated, the quantity discharged, and the extent of environmental impact. Entities falling under registration management are exempt from applying for a formal permit; instead, they need to complete and submit a pollutant discharge registration form via the national pollutant discharge permit administration information platform.

Under the Measures for the Administration of Permits for the Discharge of Urban Sewage into the Drainage Network (《城鎮污水排入排水管網許可管理辦法》), promulgated in January 2015, amended in December 2022, and effective in February 2023, enterprises, public institutions, and individual business operators engaged in industries such as manufacturing, construction, catering, and medical services (or other activities involving sewage generation) that need to discharge sewage into urban drainage facilities shall apply for a drainage license.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

The PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the NPC in 1994, and most recently amended in 2018, stipulates the relationship between employers and employees.

The PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the NPC in 2007, amended in 2012 and came into effect in 2013, and the Implementation Regulations on Labor Contract Law (《中華人民共和國勞動合同法實施條例》) which was promulgated by the State Council and came into effect in 2008, specifies the terms and conditions included in labor contracts to protect the rights and interests of the employees.

Social Insurance and Housing Provident Fund

According to the Provisional Regulations on the Collection and Payment of Social Insurance Premium (《社會保險費徵繳暫行條例》), the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), an enterprise in the PRC must provide a benefit plan for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance. An enterprise must provide social insurance by processing social insurance registration with local social insurance agencies, and must pay or withhold relevant social insurance premiums for or on behalf of its employees.

The Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the Standing Committee of the NPC on October 28, 2010, last amended and came into effect on December 29, 2018, regulates basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and medical insurance, and has elaborated in detail the legal obligations and liabilities of an employer who does not comply with relevant laws and regulations on social insurance.

The Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and last amended and came into effect on March 24, 2019, stipulates that an employer shall register with the Housing Provident Fund Management Centre for housing provident fund contributions and set up a housing provident fund account for its employees. The housing provident fund contributions paid by an individual employee and housing provident fund contributions paid by his/her employer shall vest to the individual employee.

Pursuant to the PRC Social Insurance Law (《中華人民共和國社會保險法》) and the Regulations on Administration of Housing Provident Fund (《住房公積金管理條例》), if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. If the employer engages third-party human resource agencies to pay the housing provident funds or fails to register and establish an account for housing provident funds, the authority could order the employer to correct it within a prescribed time limit, where failure to do so at the expiration of the time limit shall result in a fine of not less than RMB10,000 nor more than RMB50,000 being imposed. Where an employer is overdue in the payment and deposit of, or underpays, the housing provident funds, the authority could order it to make the payment and deposit within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a People's Court of the PRC for compulsory enforcement.

On July 31, 2025, the PRC Supreme People's Court promulgated the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**Interpretation II**"), which took

effect on September 1, 2025. Article 19(1) of Interpretation II stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38, Paragraph 1, Item (3) of the PRC Labor Contract Law, the People's Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

REGULATIONS ON FOREIGN EXCHANGE

The principal regulations governing foreign exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996 and most recently amended on August 5, 2008. Pursuant to this regulation and other PRC rules and regulations on currency conversion, RMB is freely convertible for payments of current account items, such as trade-related and service-related foreign exchange transactions and dividend payments; however, conversion for capital account items, such as direct investment, loans, or investments in securities outside China, requires prior approval is obtained from SAFE or its local counterpart.

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (the "**Notice Concerning the Management of Funds**") issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas [**REDACTED**] with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas [**REDACTED**] and [**REDACTED**]. The funds raised by the domestic companies through overseas [**REDACTED**] may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents. While, according to the Notice by the People's Bank of China and the State Administration of Foreign Exchange of Issues Concerning the Management of Funds for Domestic Enterprises Listing Abroad (《中國人民銀行、國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》) (the "**New Notice Concerning the Management of Funds**") promulgated by the PBOC and the SAFE on December 24, 2025 and will come into effect on April 1, 2026, which will replace Notice Concerning the Management of Funds. According to the New Notice Concerning the Management of Funds, domestic enterprises conducting overseas [**REDACTED**] shall, within 30 working days from the first [**REDACTED**] day of overseas [**REDACTED**] or after completion of the [**REDACTED**], apply for overseas listing registration at a bank within the province/municipality with independent planning status where they are registered. Funds raised by domestic enterprises through overseas [**REDACTED**] shall, in principle, be repatriated to China in a timely manner. If such funds are retained overseas for purposes such as overseas direct investment, overseas securities investment, or oversea lending, approval or filing documents from the competent business authorities must be obtained before the completion of the overseas issuance or the [**REDACTED**], and relevant cross-border fund management regulations must be complied with.

REGULATIONS ON TAXATION

Income Tax Law

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) (the "**EIT Law**") promulgated by the NPC on March 16, 2007, and most recently amended on December 29, 2018 and effective from the same date and the Enterprise Income Tax Implementation Regulations of the PRC (《中華人民共和國企業所得税法實施條例》) (the "**Implementation Regulations for the EIT Law**") promulgated by the State Council on December 6, 2007, and most recently amended on December 6, 2024 and effective from January 20, 2025, enterprises are classified as either "resident enterprises" and "non-resident enterprises". Resident enterprises are enterprises incorporated in China under the PRC law, or enterprises incorporated under the law of a foreign country (region) but are with its de facto management located within China. Non-resident enterprises are enterprises which are incorporated in accordance with the law of a foreign country (region) with its actual management located outside China, but which either maintains an office or place of business in China, or derives China-sourced income despite having no such office or place of business in China. Resident enterprises are subject to a standard enterprise income tax rate of 25% on their global income. Key advanced and new technology enterprises supported by the State are eligible for a preferential enterprise income tax rate of 15%.

Pursuant to the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Mainland China Resident Enterprises on Dividends Paid to Overseas Non-mainland China Resident Enterprise Shareholders of H Shares (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》), issued by the State Taxation Administration (the "**STA**") on November 6, 2008, a Chinese resident enterprise distributing dividends to its overseas non-resident enterprise shareholders holding H-shares for fiscal years commencing in or after 2008 is required to withhold Enterprise Income Tax at a uniform rate of 10%.

Value-Added Tax

The PRC Value-Added Tax Law (《中華人民共和國增值税法》) has been promulgated by the SCNPC on December 25, 2024, and became effective on January 1, 2026. Entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, or immovables, or import goods within the territory of the People's Republic of China are taxpayers of VAT, and shall pay VAT in accordance with this Law. Pursuant to the VAT Law, the VAT rate will be: (1) 13%, for taxpayers' sale of goods, labor services of processing, repairs or replacement, or tangible movable property leasing services or import of goods, except for those specified in subparagraphs 2, 4 and 5 herein; (2) 9%, for taxpayers' sale of transportation, postal, basic telecommunications, construction, or immovable leasing services, sale of immovables, transfer of the rights to use land, or sale or import of the following goods, except for those specified in subparagraphs 4 and 5 herein; (3) 6%, for taxpayers' sale of services or intangible assets, except for those specified in subparagraphs 1, 2 and 5 herein; (4) Zero, for taxpayers' export of goods, except it is otherwise provided for by the State Council; (5) Zero, for the sale of services or intangible assets within the scope as prescribed by the State Council by domestic entities and individuals across national borders.

REGULATIONS ON SECURITIES ISSUANCE AND OVERSEAS [REDACTED] AND [REDACTED]

Laws and Regulations on Securities Issuance

The Securities Law of the PRC (《中華人民共和國證券法》) (the "**Securities Law**"), which was promulgated by the SCNPC on December 29, 1998, most recently amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and [**REDACTED**] of securities, takeovers by [**REDACTED**] companies, securities exchanges, securities companies and the duties and responsibilities of securities [**REDACTED**] authorities. The Securities Law further regulates that a domestic enterprise [**REDACTED**] and [**REDACTED**] overseas directly or indirectly or [**REDACTED**] and [**REDACTED**] their securities overseas shall comply with the relevant provisions of the State Council and for subscription and [**REDACTED**] of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory authority set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner.

CSRC Filing Requirements for Overseas [REDACTED] and [REDACTED]

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the "**Overseas Listing Regulations**"). Under the Overseas Listing Regulations, PRC domestic companies that seek to [**REDACTED**] or [**REDACTED**] securities overseas, either directly or indirectly, shall file with the CSRC within 3 working days after its [**REDACTED**] for overseas [**REDACTED**] is submitted.

Pursuant to the Overseas Listing Trial Measures, no overseas [**REDACTED**] and [**REDACTED**] shall be made under any of the following circumstances: (i) such securities [**REDACTED**] and [**REDACTED**] are explicitly prohibited by the PRC laws and regulations; (ii) such securities [**REDACTED**] and [**REDACTED**] constitute a threat to or endanger national security; (iii) the PRC domestic company, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic company is under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or the actual controller.

CSRC Requirements on Confidentiality and Archives Administration for Overseas [REDACTED] and [REDACTED]

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Management Work Related to the Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**"), which took effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas [**REDACTED**] and [**REDACTED**] subjects, documents and materials involving state secrets and working secrets of state agencies, it shall apply to the competent authority for approval, and file the same with the secrecy administration department at the same level for the record. To provide accounting records or photocopies of accounting records to entities and individuals such as the relevant securities companies, securities service agencies and overseas regulatory authorities, a domestic enterprise shall perform the corresponding procedures in accordance with the relevant provisions of the State.

REGULATIONS RELATED TO THE "FULL-CIRCULATION" OF H-SHARE

"Full circulation" means [**REDACTED**] and [**REDACTED**] on the Stock Exchange of the domestic unlisted shares of an H-share [**REDACTED**] company (the "**H-share** [**REDACTED**] **company**"), including unlisted domestic shares held by domestic shareholders prior to overseas [**REDACTED**], unlisted domestic shares additionally issued after overseas [**REDACTED**], and unlisted shares held by foreign shareholders. On August 10, 2023, the CSRC announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (2023 Revision) (《H 股公司境內未上市股份申請"全流通"業務指引(2023修訂)》) (the "**Guidelines for the 'Full Circulation'**").

According to the Guidelines for the "Full Circulation", shareholders of domestic unlisted shares may determine by themselves through consultation on the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share company may be entrusted to file with the CSRC. Domestic companies limited by shares that have not been [**REDACTED**] may file with the CSRC for the "Full circulation" at the time of their [**REDACTED**] and [**REDACTED**] overseas.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited (the "**CSDC**") and Shenzhen Stock Exchange jointly announced the Measures for Implementation of the H share "Full Circulation" business (《H股"全流通"業務實施細則》) (the "**Measures for Implementation**"). The businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation business", are subject to the Measures for Implementation. Unlisted shares in the PRC once [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange may not be transferred back to the PRC.

In order to fully promote the reform of H-shares "Full Circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, CSDC has promulgated the Notice on the issuance of the "Full Circulation" Pilot Business Guide for H Shares (Trial) (關於發佈《H股"全流通"試點業務指南(試行)》的通知) in May 22, 2018, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc.

OVERVIEW OF LAWS AND REGULATIONS IN EUROPEAN UNION

EEA Regulations of Medical Devices

Since the full application of the EU MDR on May 26, 2021, all new medical devices seeking CE marking for the first time must demonstrate full compliance with Regulation (EU) 2017/745 ("**MDR**").

Medical devices may be placed on the market in the member states of the European Economic Area (the "**EEA**"), comprising the 27 EU Member States together with Norway, Iceland and Liechtenstein, only if they meet the applicable requirements of the MDR and bear the CE (Conformité Européenne) marking. Devices covered by certificates issued under the EU MDD, and

certain other devices lawfully placed on the market before May 26, 2021 (together, "legacy devices"), may continue to be placed on the market or put into service during the transitional period provided for in Article 120 of the MDR, as amended by Regulation (EU) 2023/607, subject to the conditions set out in that Article.

On May 26, 2021, the Medical Device Directive ("**EU MDD**") 93/42/EEC was repealed and replaced by the EU MDR which has become a regulation versus a former directive, for the manufacturers who plan to commercialize medical devices in this region. The MDR is subject to a transition period during which manufacturers of medical devices must update their technical information and processes. While the original transition period was initially set to end in May 2024, Regulation (EU) 2023/607 has formally extended these timelines. The MDR has the same basic requirements as the EU MDD, but is generally more stringent, especially in terms of risk classes and the oversight provided by notified bodies, and more vigilance and post-market surveillance ("**PMS**").

The EU MDR aims to ensure the smooth functioning of the internal market with respect to medical devices, taking as a base a high level of protection of health for patients and users, and considering the small- and medium-sized enterprises that are active in this sector. At the same time, this Regulation sets high standards of quality and safety for medical devices in order to meet common safety concerns as regards such products.

Certification System of Medical Devices

Before a device may be placed on the EU market, the manufacturer must carry out the applicable conformity assessment procedure, draw up an EU declaration of conformity in accordance with Article 19 of the MDR and affix the CE marking in accordance with Article 20. The CE marking signifies that the device conforms to the MDR. Depending on the classification of the device and the conformity assessment route followed, the involvement of a notified body is required, in which case the notified body issues one or more of the certificates listed in Annex XII to the MDR. Class I devices, other than those which are placed on the market in sterile condition, have a measuring function or are reusable surgical instruments, do not require the involvement of a notified body and are self-certified by the manufacturer. A certificate issued by a notified body under Chapter I of Annex IX to the MDR relates to the manufacturer's quality management system and identifies the devices covered by it; there is no single certificate under the MDR which of itself constitutes an approval of a device. There are national bodies known as Competent Authorities in each member state which oversee the implementation of the EU MDR within their jurisdiction. Coordination between the Member States and the European Commission is carried out through the Medical Device Coordination Group established under Article 103 of the MDR. The means for achieving the requirements for CE mark varies according to the nature of the device. Pursuant to the MDR, devices are classified into Class I, Class IIa, Class IIb, and Class III.

Classification is risk-based and is determined by the manufacturer by applying the rules set out in Annex VIII to the MDR, having regard in particular to the intended purpose of the device, its duration of use, whether and in what manner it is invasive, whether it is an active device, and whether it is intended to administer or remove medicinal products, body liquids or other substances to or from the body. The classification applied by the manufacturer is verified by the notified body as part of the conformity assessment. The class of a product determines the requirements to be fulfilled before CE mark can be placed on a product, known as a conformity assessment.

Notified bodies are designated by the authority responsible for notified bodies of a Member State in accordance with Articles 38 and 39 of the MDR, following a joint assessment involving the European Commission and assessors from other Member States, and are listed, together with the scope of their designation, in the European Commission's NANDO database. Where a notified body established in one Member State has issued the certificates required for a device, no further conformity assessment is required in order for that device to be placed on the market in other Member States. Member States nevertheless retain competence in certain respects, including as regards the language in which the label and the instructions for use are to be supplied under Article 10(11) of the MDR, national registration and notification requirements under Articles 29 and 31 of the MDR, and market surveillance and safeguard measures under Chapter VII of the MDR.

Person Responsible for Regulatory Compliance (PRRC)

Under Article 15 of the MDR, manufacturers must have available within their organisation at least one person responsible for regulatory compliance who possesses the requisite expertise in the field of medical devices, demonstrated either by a diploma or other formal qualification in law, medicine, pharmacy, engineering or another relevant scientific discipline together with at least one year of professional experience in regulatory affairs or in quality management systems relating to

medical devices, or by four years of such professional experience. Micro and small enterprises are not required to have such a person within their organisation but must have such a person permanently and continuously at their disposal. An authorised representative must likewise have permanently and continuously at its disposal at least one person responsible for regulatory compliance meeting the same requirements. The person responsible for regulatory compliance is responsible at least for ensuring that the conformity of the devices is appropriately checked in accordance with the quality management system before a device is released; that the technical documentation and the EU declaration of conformity are drawn up and kept up to date; that the post-market surveillance obligations under Article 10(10) of the MDR are complied with; that the reporting obligations referred to in Articles 87 to 91 of the MDR are fulfilled; and, in the case of investigational devices, that the statement referred to in Section 4.1 of Chapter II of Annex XV to the MDR is issued. Such person must not suffer any disadvantage within the manufacturer's organisation in relation to the proper fulfilment of those duties.

EUDAMED and Registration

In accordance with the MDR, the European Database on Medical Devices ("**EUDAMED**") has been established to enhance market transparency. Pursuant to the applicable registration obligations, manufacturers must obtain a Single Registration Number through the Actor Registration module and record the Unique Device Identifier ("**UDI**") in the Device Registration module.

Post-Market Clinical Follow-up (PMCF)

In accordance with the continuous clinical evaluation requirements under the MDR, a Post-Market Clinical Follow-up ("**PMCF**") plan must be implemented for Class IIb active devices. Pursuant to this plan, clinical data must be proactively collected to confirm the long-term safety and performance of the devices.

Post Market Surveillance and Vigilance for Medical Devices

Pursuant to the EU MDR, the PMS and vigilance of a medical device shall have a PMS system to actively gather and analyze the PMS data throughout the device's lifetime. Proactive PMS plan and report shall be performed at an appropriate frequency based on the device's risk-based class. As a key element of this proactive approach, a Post-Market Clinical Follow-up (PMCF) plan is required to continuously update the clinical evaluation and verify the long-term safety and performance of the device. For Class IIa, IIb and III medical devices, as a result of the PMS plan and PMCF findings, a Periodic Safety Update Report ("**PSUR**") will be generated either biennially (for IIa) or annually (for IIb and III) and made available to the notified body and competent authorities. The medical device manufacturers are also requested by the regulation to report serious incidents and field safety corrective actions, additionally the trend report for any statistical significant increase in the frequency or severity of the non-serious incidents. The aforementioned reporting and PSUR submission shall follow the electronic system established by the European Commission.

Clinical Evaluation and Clinical Data

Under Article 61 of the MDR, a manufacturer must plan, conduct and document a clinical evaluation for each device in accordance with Article 61 and Part A of Annex XIV to the MDR, and must demonstrate conformity with the relevant general safety and performance requirements set out in Annex I on the basis of sufficient clinical evidence.

Clinical data supporting a clinical evaluation may be derived from clinical investigations of the device concerned, from clinical investigations or other studies reported in scientific literature relating to a device for which equivalence to the device in question can be demonstrated, from reports published in peer-reviewed scientific literature on other clinical experience of either the device in question or an equivalent device, or from clinically relevant information obtained from post-market surveillance, in particular post-market clinical follow-up. Where equivalence is relied upon, the manufacturer must demonstrate equivalence in accordance with Section 3 of Part A of Annex XIV and must have a sufficient level of access to the data relating to the device with which equivalence is claimed.

Clinical investigations must be performed in the case of implantable devices and class III devices, subject to the exemptions set out in Article 61(4) to (6) of the MDR. For devices of other classes, including class IIb devices, the MDR does not require the manufacturer to conduct, or to act as sponsor of, a clinical investigation, provided that the clinical evaluation is supported by sufficient clinical evidence.

Where a clinical evaluation relies on the results of clinical investigations, Article 61(3)(b) of the MDR requires the manufacturer to take due consideration of whether those investigations were performed in accordance with Articles 62 to 80 of, the acts adopted pursuant to Article 81 of, and Annex XV to, the MDR. Chapter VI of the MDR governs clinical investigations carried out within the European Union. Clinical investigations conducted outside the European Union are governed by the law of the country in which they are conducted; where data from such investigations are used to support a clinical evaluation, the notified body assesses, as part of the conformity assessment, the methodological soundness and ethical conduct of the investigation and the relevance and transferability of the resulting data to the European target population and to the device under assessment.

The clinical evaluation and the clinical data on which it is based are documented in a clinical evaluation report, which forms part of the technical documentation and which must be updated throughout the lifecycle of the device with data obtained from post-market surveillance and post-market clinical follow-up.

Clinical Investigations of Medical Devices

Chapter VI of the MDR (Articles 62 to 82) and Annex XV set out the requirements applicable to clinical investigations carried out in the European Union. Article 2(49) of the MDR defines the "sponsor" of a clinical investigation as any individual, company, institution or organisation which takes responsibility for the initiation, for the management and for setting up the financing of the clinical investigation. The sponsor bears the principal obligations under Chapter VI.

A clinical investigation carried out for the purpose of demonstrating conformity of a device may be commenced only after the Member State concerned has authorised it in accordance with Articles 70 to 72 of the MDR and after the investigation has been the subject of a favourable review by an ethics committee, the composition and procedures of which are determined by national law. Applications are submitted through the electronic system for clinical investigations referred to in Article 73 of the MDR, which forms part of EUDAMED. Where a clinical investigation is to be conducted in more than one Member State, the sponsor may make use of the coordinated assessment procedure under Article 78 of the MDR.

Clinical investigations must be designed and conducted in such a way that the rights, safety, dignity and well-being of the subjects are protected and prevail over all other interests, and must comply with the informed consent requirements of Articles 63 to 65 of the MDR, with the requirements applicable to specific groups of subjects set out in Articles 64 to 66, and with Annex XV. In practice, clinical investigations of medical devices are conducted in accordance with the international standard ISO 14155 on good clinical practice for clinical investigations of medical devices for human subjects, and in accordance with the ethical principles of the Declaration of Helsinki.

Substantial modifications to a clinical investigation are subject to notification and, where applicable, authorisation under Article 75 of the MDR. Under Article 80 of the MDR, the sponsor must record and report serious adverse events, device deficiencies that might have led to a serious adverse event, and new findings in relation to any such event. Under Article 77 of the MDR, the sponsor must notify the end of the clinical investigation and, within the periods specified in that Article, submit a clinical investigation report together with a summary presented in terms that are easily understandable to the intended user.

A clinical investigation carried out on a device already bearing the CE marking, within its intended purpose, is subject to Article 74 of the MDR. Where such an investigation would submit subjects to procedures additional to those performed under the normal conditions of use of the device and those additional procedures are invasive or burdensome, the sponsor must notify the Member States concerned in advance and a number of the requirements applicable to clinical investigations conducted for conformity assessment purposes apply. Clinical investigations that are not conducted for any of the purposes listed in Article 62(1) of the MDR are governed by Article 82 of the MDR and by national law.

Data Protection

The processing of personal data in connection with the development, clinical evaluation, registration, distribution and post-market surveillance of medical devices in the European Union is governed principally by Regulation (EU) 2016/679 (the "GDPR"), as supplemented by the national data protection legislation of the Member States.

Data concerning health constitute a special category of personal data under Article 9(1) of the GDPR. Their processing is prohibited unless one of the conditions in Article 9(2) is satisfied, in addition to a lawful basis under Article 6(1). The conditions most commonly relied upon in the medical device context are the explicit consent of the data subject, processing necessary for scientific research purposes on the basis of Union or Member State law under Article 9(2)(j), and processing necessary for reasons of public interest in the area of public health, including ensuring high standards of quality and safety of medical devices, under Article 9(2)(i). Article 9(4) of the GDPR permits Member States to maintain or introduce further conditions, including limitations, with regard to the processing of data concerning health, with the result that requirements in this area continue to differ between Member States.

Controllers must comply with the principles set out in Article 5 of the GDPR, provide the information required by Articles 13 and 14, respond to requests from data subjects under Articles 15 to 22, implement appropriate technical and organisational measures under Article 32, put in place written data processing agreements with processors under Article 28, and notify personal data breaches to the competent supervisory authority and, where required, to affected data subjects under Articles 33 and 34. A data protection impact assessment under Article 35 is generally required for processing of data concerning health on a large scale.

Transfers of personal data to a country outside the European Economic Area may take place only in accordance with Chapter V of the GDPR, on the basis of an adequacy decision under Article 45, appropriate safeguards under Article 46 (in practice most frequently the standard contractual clauses adopted by the European Commission, supported by an assessment of the legal framework of the destination country), or a derogation under Article 49. A manufacturer established outside the European Union may be subject to the GDPR under Article 3(2) where it offers goods or services to, or monitors the behaviour of, data subjects in the Union, and may be required to designate a representative in the Union under Article 27 of the GDPR.

The MDR itself also contains provisions relevant to information handling, including Article 109 on confidentiality and Article 110 on the protection of personal data processed pursuant to the MDR.

Environmental Compliance and Extended Producer Responsibility (EPR)

In accordance with the WEEE Directive (2012/19/EU), manufacturers of active medical devices are subject to Extended Producer Responsibility ("**EPR**") requirements regarding the collection, treatment, and recycling of waste electrical and electronic equipment. Pursuant to the RoHS Directive (2011/65/EU), manufacturers must also ensure that the restricted hazardous substances in the electronic components of their devices do not exceed the mandated concentration limits, thereby ensuring environmental safety throughout the product lifecycle.

Anti-Bribery and Ethical Business Practices

In accordance with the national anti-corruption laws of the EU Member States and the MedTech Europe Code of Ethical Business Practice, all commercial interactions with healthcare professionals and healthcare organizations must adhere to strict standards of transparency and integrity. Pursuant to these ethical guidelines, the provision of improper inducements to influence the procurement, recommendation or prescription of medical devices is strictly prohibited, and any interactions, such as educational grants or consulting arrangements, must be documented and conducted on an arms' length basis.

Import Requirements of Medical Devices

Under the MDR, strict requirements on manufacturers, importers and distributors of medical devices in the EEA are imposed. Failure to comply with the regulatory requirements may render medical device manufacturers to lose their marketing approvals or be subject to fines or other sanctions. Medical device manufacturers must also have a named person responsible for regulatory compliance, who possesses the requisite expertise in the field of medical devices. Medical device manufacturers must assign a Basic UDI-DI code to the device and provide the code to the UDI database.

Pursuant to article 16 of the MDR, an importer, distributor or any natural or legal person is the one who must assume the obligations incumbent on manufacturers if it does any of the following: (a) it makes available on the EEA market a device under its own name, registered trade name or registered trademark, except if the manufacturer agreed to be identified as such on the label

and to be responsible for the MDR manufacturers obligations; (b) it changes the intended purpose of a device already placed on the market or put into service; and (c) it modifies a device already placed on the market or put into service in such a way that compliance with the applicable requirements may be affected.

OVERVIEW OF LAWS AND REGULATIONS IN THE UNITED STATES

U.S. Federal and State Regulations of Medical Devices

The U.S. Food and Drug Administration ("**FDA**") regulates medical devices and products intended for diagnostic use under the Federal Food, Drug, and Cosmetic Act and its implementing regulations ("**FDCA**"). In the United States, a company that manufactures, imports, or distributes a medical device, would be subject to FDA pre- and post-market requirements, including obtaining a 510(k) clearance or pre-market approval ("**PMA**"), registering its manufacturing facilities, listing the products it manufactures.

Nonclinical (bench and animal) testing of a device is generally conducted in accordance with the FDA's Good Laboratory Practice regulations. Where clinical data are required to support a marketing submission, a clinical investigation of a significant-risk device in the United States may only be conducted after the sponsor has obtained an Investigational Device Exemption ("IDE") from the FDA, in support of which the sponsor must submit, among other things, the results of nonclinical testing, manufacturing information, the investigational plan and any available clinical data. An IDE application is deemed approved 30 days after the FDA receives it unless the FDA notifies the sponsor that the investigation may not begin or may begin only subject to conditions. Clinical investigations must also be approved by an institutional review board and conducted in accordance with the FDA's regulations on informed consent and good clinical practice.

Beyond clinical trials, the regulatory pathway to market depends on the device classification. Class I devices are subject to general controls and are mostly exempt from premarket review. Most Class II devices, including many active devices, require 510(k) clearance, which demonstrates that the device is "substantially equivalent" to a legally marketed predicate device (or, for certain low-to-moderate risk devices without a predicate, a De Novo classification request). In contrast, Class III or high-risk devices typically require PMA, a more rigorous process requiring independent evidence of safety and effectiveness. Medical device manufacturers are also subject to the FDA's Quality Management System Regulation ("QMSR"), which replaced the former Quality System Regulation and incorporates ISO 13485:2016 by reference, with effect from February 2, 2026.

The FDA operates a Q-Submission program under which a sponsor may request a Pre-Submission meeting with the FDA to obtain feedback on matters such as the proposed regulatory pathway, the evidence required to support a marketing submission and the design of nonclinical and clinical studies, before making a marketing submission. Feedback provided by the FDA at a Pre-Submission meeting is advisory, is not binding on the FDA and does not constitute a commitment by the FDA to accept, review or approve any subsequent submission, although the FDA generally intends to follow such feedback unless circumstances change, such as the availability of new scientific information.

Products that comprise both a device constituent part and a drug constituent part may be regulated as combination products under applicable FDA requirements. The FDA assigns a combination product to a lead center (the Center for Devices and Radiological Health for device-led products or the Center for Drug Evaluation and Research for drug-led products) based on the product's primary mode of action, and the lead center consults with the other center in the review. A device-led combination product is reviewed through the device premarket pathways described above, but remains subject to applicable drug requirements in respect of its drug constituent part.

Transition to Quality Management System Regulation (QMSR)

The FDA's Quality Management System Regulation ("QMSR"), which replaced the former Quality System Regulation and incorporates ISO 13485:2016 by reference, became effective on February 2, 2026.

Medical Device Reporting (U.S. MDR)

In accordance with 21 CFR Part 803, the Medical Device Reporting ("**U.S. MDR**") framework mandates strict adverse event reporting obligations. Pursuant to these regulations, a report must be submitted to the FDA within 30 calendar days of becoming aware of a reportable death, serious injury, or malfunction, or within 5 work days if remedial action is required to prevent substantial harm to public health.

Unique Device Identification (UDI) and Global Unique Device Identification Database (GUDID)

In accordance with 21 CFR Part 801 and Part 830, medical devices distributed in the U.S. must bear a Unique Device Identifier ("**UDI**"). Pursuant to these requirements, identification data must be submitted to the Global Unique Device Identification Database ("**GUDID**") to facilitate supply chain traceability.

Recently Passed Law by the U.S. Government: The BIOSECURE Act

On January 25, 2024, the BIOSECURE Act (H.R. 7085) was introduced to the U.S. House of Representatives. The proposed legislation was referred to the House Committee on Oversight and Accountability, and passed by a vote of 306-81 in the House.

At the time, the BIOSECURE Act (H.R. 7085), as proposed, generally would prohibit U.S. executive branch agencies from:

1. procuring or obtaining any biotechnology equipment or service produced or provided by a "biotechnology company of concern;"

2. entering into or renewing a contract with an entity that uses such biotechnology equipment or enters into a contract requiring the use of such biotechnology equipment after the applicable effective date of the prohibition; or

3. providing loan or grant funds to perform either of these functions.

On October 9, 2025, the U.S. Senate passed a revised version of the BIOSECURE Act as an amendment to the NDAA for the year of 2026. The final version of the NDAA containing this legislative language was passed by the Senate and House of Representatives and signed into law by President Trump on December 18, 2025. This version of the Act materially mitigates potential impacts, specifically, the Act eliminates the prior, explicit designation of "BCC" (which had included Wuxi AppTec) and instead adopts a dynamic identification framework tied to the U.S. Department of Defense's annual List of Chinese Military Companies, also known as the 1260H List, and the U.S. Government also has the ability to designate entities as BCCs through a separate designation process. The 1260H List currently includes, among others, BGI and MGI, and was updated in June 2026 to include additional PRC life sciences companies, including WuXi AppTec, which has challenged its designation in the U.S. federal courts and obtained a preliminary injunction against enforcement of the designation pending the outcome of that litigation. The designation framework remains subject to ongoing legal and regulatory developments. In addition, the legislation narrows the definition of restricted "biotechnology equipment or services," expressly excluding certain core technologies, including mass spectrometry and PCR instruments, from the scope of prohibitions.

OVERVIEW

We focus on the development and commercialization of iNO therapy for cardiopulmonary indications. We operate in the gas-based cardiopulmonary device market, with iNOwill as our Core Product centered on therapeutic applications, alongside certain other products relating to diagnostic and therapeutic applications. As of the Latest Practicable Date, we had five approved products (including one Core Product, iNOwill) and five product candidates under development, spanning three major product lines addressing cardiopulmonary care. All our products are independently developed inhouse. Our Core Product, iNOwill, was approved by the NMPA in 2022 and received EU CE certification in 2025. Our history can be traced back to April 16, 2018 with the establishment of our Company as a limited liability company under the PRC Company Law with the name Nanjing Nuoquan Biomedical Technology Co., Ltd.* (南京諾全生物醫療科技有限公司). Since the official joining of Dr. Mao and Mr. Cao Guiping in our Company in May and November 2019 respectively, we initiated the development of our Core Product. On September 18, 2020, our Company was renamed as Nanjing Novlead Biotechnology Co., Ltd.* (南京諾令生物科技有限公司). On January 8, 2026, our Company was converted into a joint stock company with limited liability and was renamed as Nanjing Novlead Biotechnology Co., Ltd. (南京諾令生物科技股份有限公司). Our R&D efforts have been led by our chief executive officer, Dr. Mao, and our chief technology officer, Mr. Zhang Yuyan, since they joined our Group in May 2019 and November 2020, respectively. For more details of their experience and qualifications, please refer to "Directors and Senior Management" of this document.

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones since the commencement of our business:

Year	Milestone
2018	Our Company was established in the PRC.
2019	We initiated iNOwill R&D and technology validation.
2020	We developed our first iNOwill prototype.
2021	We completed our Series Angel and Series A financing with investors including, among others, Northern Light Venture Capital.
2022	iNOwill obtained an NMPA Class III medical device registration certificate in April 2022, making it the first portable iNO therapy medical device approved in China.
	We completed our Series B financing with investors including, among others, Suzhou Lirun.
2023	iNOwill registered with the Indonesian Ministry of Health in June 2023.
	We were recognized as a National High-Tech Enterprise (國家高新技術企業).
	We submitted application for CE certification application for iNOwill.
2024	We achieved TFDA registration in Taiwan China, and launched a Taiwan variant.
	We were recognized as a Specialized, Refined, Characteristic, and Innovative Small and Medium-sized Enterprises in Jiangsu Province (江蘇省專精特新中小企業).

Year	Milestone
2025	iNOwill obtained a CE certification (Class IIb) under EU MDR from UDEM in September 2025, supporting commercialization of iNOwill in CE-marked jurisdictions.
	NovaPulse IABP obtained an NMPA Class III medical device registration certificate in September 2025.
	We obtained NMPA Class III medical device registration certificate for NO generation reactor of iNOwill.
	We were recognized as a Potential Unicorn Enterprise in Jiangsu Province.
2026	iNOwill was registered with Medical Device Authority of Malaysia, the United Arab Emirates and the Medicines and Healthcare products Regulatory Agency (the "MHRA") of the United Kingdom.

OUR MAJOR SUBSIDIARIES

The place of establishment, the date of establishment, and principal business activities of each of our major subsidiaries during the Track Record Period are shown below:

Name of major subsidiary	Place of establishment	Date of establishment and commencement of business	Equity interest attributable to our Group	Principal business activities
Guangxi Nuogang	PRC	August 31, 2023	100%	Manufacturing of Class II medical devices
Novlead Yangzhou	PRC	February 19, 2024	100%	Manufacturing of Class III medical devices

CORPORATE DEVELOPMENT

(1) Establishment of our Company and equity transfers in March 2019 and February 2020

On April 16, 2018, our Company was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB3,000,000. The shareholding structure of our Company upon establishment is set forth in the table below:

Shareholders	Registered share capital subscribed	Equity interest in our Company
	(RMB)	*(%)*
Nanjing Aoning Partnership (Limited Partnership) (南京奧寧生物科技合夥企業(有限合夥)) ("**Nanjing Aoning**")*(Note 1)*	2,700,000	90.00
Dr. Yang Minmin (楊民民)*(Note 1)*	300,000	10.00
Total	**3,000,000**	**100.00**

Note:

1. Nanjing Aoning was held as to 99% by Dr. Yu Qin as a limited partner and general partner when our Company was established on April 16, 2018 with Dr. Yu Qin being our Director from August 2018 to July 2025. Dr. Yu Qin and Dr. Yang Minmin are spouses and they established our Company with a view to explore the development and commercialization of NO consumables at the early stage of our Company without a concrete plan for the specific business segment or purposes. Dr. Yu Qin was a researcher at the University of Michigan and her research focused on electrochemistry and relevant sensing applications. Given her experience and knowledge in the synthetic routes of nitric oxide, Dr. Qin provided strategic advice at our Company's initial idea forming stage by sharing academic insights for early assessment of the commercial viability of NO consumables and helped shape the Company's initial research direction. Dr. Yu Qin and Dr. Mao met at a professional networking event. Dr. Mao is experienced in medical device industry overseeing product development and has lead our R&D team since joining our Company. Dr. Yu Qin, Dr. Yang Minmin and Dr. Mao had been exploring business opportunities in NO therapy since the conception of our Company. Mr. Cao Guiping has more than 22 years of experience in clinical medicine and pharmaceutical industry and is responsible for the strategy development of our Company. Since the official joining of Dr. Mao and Mr. Cao Guiping in our Company in May and November 2019 respectively, we initiated the development of our Core Product and achieved continuous growth.

On March 6, 2019, Nanjing Aoning and Dr. Yang Minmin transferred 90% and 10% of the registered share capital in our Company at nil consideration, reflecting the unpaid registered capital at the time, and at a consideration of RMB300,000, respectively, to Eaglenos Sciences, Inc. (南京晶捷生物科技有限公司) ("**Eaglenos Sciences**"), an entity controlled by Dr. Yang Minmin due to family financial arrangement. After the aforesaid equity transfers in March 2019, our Company was owned as to 100% by Eaglenos Sciences.

On February 21, 2020, Eaglenos Sciences transferred (i) 15% of the registered capital of our Company to Mr. Cao Guiping, (ii) 20% of the registered capital of our Company to Dr. Mao, (iii) 35% of the registered capital of our Company to Jingning Noring, our employee incentive platform, and (iv) 2% of the registered capital of our Company to Jiangsu Nanchuang Chemical and Life Health Research Institute Co., Ltd.* (江蘇南創化學與生命健康研究院有限公司) ("**Nanchuang Chemical**"), an early investor of our Company. The above equity transfers were made at nil consideration, reflecting the unpaid registered capital at the time. The registered capital was subsequently fully paid up. After the aforesaid equity transfers in February 2020, Dr. Mao and Mr. Cao Guiping acquired equity in our Company and we obtained investment from Nanchuang Chemical, an incubation platform.

After the aforesaid equity transfers in February 2020, the shareholding structure of our Company was as follows:

Shareholders	Registered share capital subscribed	Equity interest in our Company
	(RMB)	*(%)*
Jingning Noring	1,050,000	35.00
Eaglenos Sciences	840,000	28.00
Dr. Mao	600,000	20.00
Mr. Cao Guiping	450,000	15.00
Nanchuang Chemical*(Note 1)*	60,000	2.00
Total	**3,000,000**	**100.00**

Note:
1. Nanchuang Chemical transferred all its equity interests to Lingxing Hainan at a consideration of RMB4,450,000 on September 15, 2021 and ceased to be our Shareholder.

(2) Overview of Pre-[REDACTED] Investments

Since our establishment, our Company entered into several rounds of Pre-[**REDACTED**] Investments pursuant to the respective equity transfer agreements and capital increase agreements with our Pre-[**REDACTED**] Investors. For details, see "— Pre-[**REDACTED**] Investments" in this section.

(3) Conversion into a joint stock limited company

On December 18, 2025, our then Shareholders passed the resolutions approving the conversion of our Company from a limited liability company into a joint stock limited company and the change of name of our Company to Nanjing Novlead Biotechnology Co., Ltd. (南京諾令生物科技股份有限公司). Pursuant to the promoters' agreement dated December 18, 2025 entered into by all the then Shareholders, all promoters approved the conversion of the net assets value of our Company as of October 31, 2025 into 8,405,122 Shares of our Company, with the remaining RMB190,100,616.50 in net assets included as capital reserves of our Company. Upon completion of the conversion, the registered capital of our Company became RMB8,405,122 divided into 8,405,122 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on January 8, 2026. Immediately after the conversion into a joint stock company, the Company was held by the following Shareholders:

Shareholders	Number of Shares held	Percentage of shareholding
		(%)
Single Largest Group of Shareholders		
- Jingning Noring	1,799,117	21.41
- Dr. Mao	600,000	7.14
- Mr. Cao Guiping	450,000	5.35
- Lingxing Hainan	60,000	0.71
Subtotal	**2,909,117**	**34.61**

Shareholders	Number of Shares held	Percentage of shareholding
		(%)
Suzhou Lirun Equity Investment Centre (Limited Partnership) (蘇州禮潤股權投資中心(有限合夥)) ("**Suzhou Lirun**")	1,014,988	12.08
Suzhou Jichuang Xinyuan Venture Capital Partnership (Limited Partnership) (蘇州極創欣源創業投資合夥企業(有限合夥)) ("**Jichuang Xinyuan**")	685,630	8.16
Eaglenos Sciences	494,860	5.89
Beijing Chenqing Bencao Equity Investment Center (Limited Partnership) (北京辰清本草股權投資中心(有限合夥)) ("**Chenqing Bencao**")	475,302	5.65
Nanjing InnoMed Innovation and Entrepreneurship Investment Partnership Enterprise (Limited Partnership) (南京鷹盟創新創業投資合夥企業(有限合夥)) ("**InnoMed Innovation**")	412,500	4.91
Wuhu Xinqi Cornerstone Equity Investment Partnership (Limited Partnership) (蕪湖信祺基石股權投資合夥企業(有限合夥)) ("**Xinqi Cornerstone**")	378,730	4.51
Nanjing Noyikang Biotechnology Partnership (Limited Partnership) (南京諾益康生物科技合夥企業(有限合夥)) ("**Nanjing Noyikang**")	337,500	4.02
Nanjing Aoning	291,171	3.46
Chongqing Jichuang Fengyuan Private Equity Investment Fund Partnership (Limited Partnership) (重慶極創澧源私募股權投資基金合夥企業(有限合夥)) ("**Jichuang Fengyuan**")	274,580	3.27
Yangzhou Dingyi Phase II Venture Capital Partnership (Limited Partnership) (揚州鼎毅貳期創業投資合夥企業(有限合夥)) ("**Yangzhou Dingyi**")	255,010	3.03
Nanjing InnoMed Advanced Intelligent Venture Capital Partnership (Limited Partnership) (南京鷹盟先進智造創業投資合夥企業(有限合夥)) ("**InnoMed Advanced**")	170,455	2.03
Hunan Jinfurong Efung Xiangjiang Jingxing Venture Capital Partnership Enterprise (Limited Partnership) (湖南省金芙蓉倚鋒湘江景行創業投資合夥企業(有限合夥)) ("**Efung Capital**")	153,006	1.82
Yangzhou Industrial Park Investment Fund (Limited Partnership) (揚州市園區產業投資基金(有限合夥)) ("**Yangzhou Industrial Investment**")	153,006	1.82
Changde Xingxiang Jintou Industrial Upgrade Investment Fund Partnership (Limited Partnership) (常德興湘津投產業升級投資基金合夥企業(有限合夥)) ("**Xingxiang Jintou**")	102,004	1.21
Zhanji Selection (Xiamen) Equity Investment Partnership (Limited Partnership) (展驥精選(廈門)股權投資合夥企業(有限合夥)) ("**Zhanji Selection**")	75,745	0.90
Beijing Jianyuan Boyi Investment Management Partnership (Limited Partnership) (北京建元博一投資管理合夥企業(有限合夥)) ("**Jianyuan Boyi**")	75,745	0.90
Nanjing Jiangbei Tunzhi Biomedical Venture Capital Partnership (Limited Partnership) (南京江北暾智生物醫藥創業投資合夥企業(有限合夥)) ("**Jiangbei Tunzhi**")	53,969	0.64
Zhongshan Jintou Venture Capital Development Fund (Limited Partnership) (中山金投創業投資發展基金(有限合夥)) ("**Zhongshan Jintou**")	51,002	0.61
Nantong Triwise Jianteng Venture Capital Partnership (Limited Partnership) (南通勤智健騰創業投資合夥企業(有限合夥)) ("**Triwise Jianteng**")	40,802	0.49
Total	**8,405,122**	**100.00**

(4) [REDACTED] before the [REDACTED]

Pursuant to the resolutions of the Shareholders dated February 5, 2026, the Shares will be [**REDACTED**] on a [**REDACTED**] basis immediately prior to the [**REDACTED**], and the nominal value of the Shares will be changed from RMB1.0 each to RMB[**REDACTED**] each. Immediately after the [**REDACTED**], the registered share capital of the Company will be RMB8,405,122 with [**REDACTED**] Shares in a nominal value of RMB[**REDACTED**] each.

COMPLIANCE WITH PRC LAWS AND REGULATION

Our PRC Legal Advisor confirmed that all material regulatory approvals in relation to the equity transfers, conversion into joint stock limited company and the capital increases as described in this section were legally completed in accordance with relevant PRC laws and regulations.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

CONCERT PARTY AGREEMENT

As Dr. Mao and Mr. Cao Guiping shared the same values, goals and the vision in our Company's prospects and in order to ensure unified and consistent strategic decisions, on October 10, 2021, Dr. Mao, Mr. Cao Guiping, Jingning Noring and Lingxing Hainan (collectively, the "**Concert Parties**") entered into a concert party agreement (the "**Concert Party Agreement**"), pursuant to which (i) the Concert Parties agreed to act in concert with respect to their voting rights as shareholders in our Company, with Dr. Mao's opinion prevailing in case of disagreement, (ii) the Concert Parties shall only transfer the shares on the condition that the transferee is also subject to the terms of the Concert Party Agreement, and (iii) if any of the Concert Parties breaches the Concert Party Agreement, he/she/it shall transfer all his/her/its shares in our Company to the non-breaching Concert Party(ies) or third party as designated by the non-breaching Concert Parties.

REASONS FOR THE [REDACTED]

Our Company is seeking a [**REDACTED**] of its H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company's business into the international market, to enhance our R&D capabilities, to strengthen our Company's working capital and to further strengthen our business profile and global presence. For further details of our future plans, see "Future Plans and Use of [**REDACTED**]."

PRE-[REDACTED] EMPLOYEE INCENTIVE SCHEME

In recognition of the contributions of our employees and to incentivize them to further promote our development, we adopted the Pre-[**REDACTED**] Employee Incentive Scheme on December 10, 2020 which was amended and replaced on January 20, 2026. Jingning Noring was established as a limited partnership in the PRC on February 20, 2020 and Jingning Nuoming was established on January 14, 2026 as our employee incentive platforms. Selected participants were granted awards under the Pre-[**REDACTED**] Employee Incentive Scheme for direct limited partnership interests in Jingning Noring or indirect limited partnership interests in Jingning Noring through Jingning Nuoming corresponding to underlying Shares of our Company. All awards have been granted and all grantees have been registered as limited partners of Jingning Noring or Jingning Nuoming as of the Latest Practicable Date and no further awards will be granted under the Pre-[**REDACTED**] Employee Incentive Scheme upon [**REDACTED**]. As of the Latest Practicable Date, awards had been granted to 75 grantees (including three Directors, namely Dr. Mao with 21.12% direct limited partnership interest, Mr. Cao Guiping with 20.12% direct limited partnership interest, Mr. Zhang Yuyan with 14.48% direct limited partnership interest in Jingning Noring, and 72 other employees, former employees or consultants).

Jingning Noring is owned as to 0.01% by its general partner, Nanjing Miyu Technology Co., Ltd. (南京冪羽科技有限公司) ("**Nanjing Miyu**"), which is a company wholly owned by Dr. Mao. Jingning Noring is owned by its limited partners as to (i) 21.12% by Dr. Mao, (ii) 20.12% by Mr. Cao Guiping, (iii) 14.48% by Mr. Zhang Yuyan, (iv) 14.23% by Jingning Nuoming, (v) 5.92% by Mr. Ou Junlin, our senior management, and (vi) 5.41% by Nanjing Aoning. The remaining limited partnership interests of Jingning Noring are granted to 42 current or former employees who are not our Directors, senior management or connected persons. Save for Nanjing Aoning, which is ultimately owned by Dr. Yu Qin and was granted awards for providing strategic advice to our Company, all the other grantees are current or former employees.

Jingning Nuoming is owned as to 53.33% by its general partner, Nanjing Miyu, and 1.49% by its limited partner, Mr. Guo Zhong, our senior management. The remaining limited partnership interests of Jingning Nuoming are granted to 27 current or former employees who are not our Directors, senior management or connected persons.

For the details regarding the terms of the Pre-[**REDACTED**] Employee Incentive Scheme and details of the awards granted, please refer to the section headed "Statutory and General Information — D. Pre-[**REDACTED**] Employee Incentive Scheme" in Appendix IV to this document.

PRE-[REDACTED] INVESTMENTS

Our Company entered into several rounds of Pre-[**REDACTED**] Investments pursuant to the respective capital increase agreements with our Pre-[**REDACTED**] Investors.

Principal Terms of the Pre-[REDACTED] Investments

The following table summarizes the key terms of the Pre-[**REDACTED**] Investments to our Company made by the Pre-[**REDACTED**] Investors:

	Series Angel	Series A	Series B	Series B+	Series C
Registered capital acquired and/or transferred	RMB750,000	RMB1,022,728	RMB1,295,247	RMB833,200	RMB754,830
Consideration	RMB10,000,000	RMB30,000,000	RMB120,000,000	RMB110,000,000	RMB148,000,000
Post-money valuation[(1)]	RMB50,000,000	RMB140,000,000	RMB600,000,000	RMB1,100,000,000	RMB1,648,000,000
Date of agreement(s)	April 22, 2020	December 28, 2020, and September 17, 2021[(4)]	October 10, 2021 and October 31, 2021[(5)]	September 5, 2022 and February 21, 2023[(6)]	February 9, 2024, June 13, 2024 and August 6, 2024
Date of last settlement	August 10, 2021	November 10, 2021	September 26, 2022	August 22, 2023	March 28, 2025
Cost per Share[(2)]	RMB13.33	RMB29.33	RMB92.65	RMB132.02	RMB196.07
Discount to the [REDACTED][(3)]	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%

Notes:

(1) The reasons for the change in valuation for each round of Pre-[**REDACTED**] Investment are as follows:

a. The post-money valuation increased in Series A investment compared with Series Angel investment was because our Company identified the need for PH treatment in ICU with iNO therapy equipment as the R&D focus and we developed our first iNOwill prototype.

b. The post-money valuation increased in Series B investment compared with Series A investment was because the Company completed full scale of device verification and validation including animal trials and submission of NMPA Class III medical device registration for iNOwill. Our Company's quality system also obtained the ISO 13485 certificate qualification. Further, we brought in additional leadership talent to our management team with the joining of Mr. Zhang Yuyan, our Chief Technology Officer and we secured investments from Northern Light Venture Capital which further strengthened investment confidence.

c. The post-money valuation increased in Series B+ investment compared with Series B investment was because iNOwill obtained an NMPA Class III medical device registration approval, Reslink series received NMPA Class II medical device certificate, and we launched domestic commercialization of our products.

d. The post-money valuation increased in Series C investment compared with Series B+ investment was because the iNOwill achieved growth in domestic commercialization and made progress in overseas markets. Through the refinement of its product pipeline, our Company established three major product lines: (i) iNO therapy, (ii) cardiopulmonary circulatory support, and (iii) respiratory diagnostics, forming a product matrix spanning from critical care to clinical settings and home use.

e. As of the Latest Practicable Date, market capitalization of the Company upon the completion of the [**REDACTED**] is expected to be approximately HK$[**REDACTED**] million (based on the [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**]). The valuation increase since the Series C Investment reflects the Company's evolution from a concentrated product portfolio to a diversified platform, as evidenced by portfolio expansion (iNO therapy to NovaPulse IABP), application extension (hospital to home-based settings), and international commercialisation following CE certification of iNOwill in September 2025. These developments, together with revenue growth and overseas sales, underpin the Company's commercialisation prospects. The expected market capitalization also incorporates fresh capital from the [**REDACTED**] and the liquidity premium for [**REDACTED**].

(2) The cost per Share is calculated based on the aggregate amount of consideration paid by the relevant Pre-[**REDACTED**] Investors divided by the aggregate amount of registered capital they subscribed/transferred at the relevant time of the Pre-[**REDACTED**] Investments.

(3) The discount to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**]).

(4) Pursuant to an equity transfer agreement dated September 16, 2021, Jichuang Xinyuan transferred 4.70% registered capital in our Company to Jichuang Fengyuan at a consideration of approximately RMB7.15 million. The consideration of such share transfer was settled on October 27, 2021.

(5) Pursuant to an equity transfer agreement dated October 31, 2021, Eaglenos Sciences transferred 0.83% registered capital in our Company to Jiangbei Tunzhi at a consideration of approximately RMB5 million. The consideration of such share transfer was settled on December 3, 2021.

(6) Pursuant to an equity transfer agreement dated October 31, 2021, Xiamen Jinyuan Zhanhong Phase II Equity Investment Partnership (Limited Partnership)* (廈門金圓展鴻二期股權投資合夥企業(有限合夥)) transferred 0.99% registered capital in our Company to Zhanji Selection at a consideration of approximately RMB10.00 million. The consideration of such share transfer was settled on August 22, 2023.

Basis of determining the valuation and consideration paid	The determination of the valuation and consideration for each round of Pre-[**REDACTED**] Investments is based on arm's length negotiations between the respective Pre-[**REDACTED**] Investors and our Group with reference to among others, the timing and market conditions of the investment, the status of our business operations, financial performance of our Group, and the prospects of our business.
Lock-up	Pursuant to the PRC Company Law, Shares issued by our Company prior to the [**REDACTED**] (including those held by the Pre-[**REDACTED**] Investors) will be subject to a lock-up period of one year from the [**REDACTED**].
Use of proceeds from the Pre-[REDACTED] Investments	We utilized the proceeds from the Pre-[**REDACTED**] Investments for the principal business of our Group, including but not limited to research and development of our products, the growth and expansion of our business and general working capital purposes. As of the Latest Practicable Date, we have fully utilized the proceeds from the Pre-[**REDACTED**] Investments.
Strategic benefit of the Pre-[REDACTED] Investments to our Group	At the time of the Pre-[**REDACTED**] Investment, we believed that our Group could benefit from the additional funds raised from the Pre-[**REDACTED**] Investments as well as their knowledge and experience.

Special Rights of the Pre-[REDACTED] Investors

The Pre-[**REDACTED**] Investors were granted certain special rights, including, among others, redemption right, tag-along rights, right of first refusal and anti-dilution rights.

Pursuant to a termination agreement on special rights entered into among our Company and the Shareholders of our Company dated February 2, 2026, the redemption rights granted by our Company were suspended before the first filing of the [**REDACTED**] by our Company with the Stock Exchange and will be terminated upon [**REDACTED**], while all other special rights will be terminated upon [**REDACTED**]. The special rights shall be automatically reinstated upon the earliest of the occurrence of any of the following restoring events: (i) the earlier of the [**REDACTED**] not being approved within 24 months from the date of the first filing of the [**REDACTED**] by our Company by the regulatory authority or before December 31, 2027; (ii) our Company withdrew the [**REDACTED**], (iii) the [**REDACTED**] was returned or rejected, or (iv) our Company did not refile the [**REDACTED**] within six months after the lapse of the initial [**REDACTED**].

Sole Sponsor's Confirmation

On the basis that (i) the consideration for the Pre-[**REDACTED**] Investments was settled more than 28 clear days before the first filing of the [**REDACTED**] by our Company with the Stock Exchange, and (ii) the termination of special rights granted to the Pre-[**REDACTED**] Investors as disclosed in "— Special Rights of the Pre-[**REDACTED**] Investors" above, the Sole Sponsor confirms that the Pre-[**REDACTED**] Investments are in compliance with the Pre-[**REDACTED**] Investment Guidance in Chapter 4.2 of the Guide for New Listing Applicants.

Information about our Pre-[REDACTED] Investors

Suzhou Lirun and Northern Light Venture Capital (through Jichuang Xinyuan and Jichuang Fengyuan), which made meaningful investment to us and will respectively hold approximately [**REDACTED**]% and [**REDACTED**]% of our total issued share capital upon the completion of the [**REDACTED**], are our sophisticated investors.

To the best knowledge of our Directors, save as disclosed below, each of our Pre-[**REDACTED**] Investors and their respective ultimate beneficial owner (where applicable) is an Independent Third Party. Set out below are details of our Pre-[**REDACTED**] Investors.

Suzhou Lirun

Suzhou Lirun is a limited partnership established under the laws of the PRC on February 26, 2021, which is engaged in equity investment, asset management and consulting. The general partner of Suzhou Lirun is Shanghai Likun Enterprise Management Partnership (L.P.) (上海禮堃企業管理合夥企業(有限合夥)), which is ultimately controlled by Dr. Chen Fei (陳飛), the managing partner at Liyi Investment Group. Suzhou Lirun has 38 limited partners, none of which holds 30% or more partnership interests therein. To the best knowledge of the Company, each of these aforementioned individuals and entities is an Independent Third Party. Suzhou Lirun first entered into subscription agreement for investment in our Company in October 2021.

Suzhou Lirun dedicates its investments primarily to healthcare and biotech companies, including ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (宜明昂科生物醫藥技術(上海)股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 1541.HK)) and ArriVent Biopharma, Inc. (a company listed on the Nasdaq Stock Exchange (stock symbol: AVBP)). We were introduced to Dr. Chen Fei through an introduction by industry peers in June 2021. As of the Latest Practicable Date, Suzhou Lirun and its affiliates, all controlled by Dr. CHEN Fei (together, "**Liyi Investment Group**"), had assets under management of approximately US$1.9 billion. Liyi Investment Group dedicated its investments primarily to healthcare and biotech companies including Sichuan KelunBiotech Biopharmaceutical Co., Ltd. (四川科倫博泰生物醫藥股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 6990), and Terns Pharmaceuticals, Inc., a company listed on the NASDAQ (ticker: TERN).

Northern Light Venture Capital

Jichuang Xinyuan is a limited partnership established under the laws of the PRC. The general partner of Jichuang Xinyuan is Suzhou Peiyuan Venture Capital Partnership (Limited Partnership) (蘇州沛源創業投資合夥企業(有限合夥)), the limited partnership interests of which is owned as to 45% by Zhang Pengpeng (張朋朋), 45% by Song Gaoguang (宋高廣) and 10% by its general partner (蘇州同源創業投資管理有限公司) which is ultimately controlled by Zhang Pengpeng (張朋朋). The de facto controller of Jichuang Xinyuan is Zhang Pengpeng (張朋朋), an Independent Third Party to the Company. None of any partners of Jichuang Xinyuan holds 30% or more of the partnership interests.

Jichuang Fengyuan is a limited partnership established under the laws of the PRC. The general partner of Jichuang Fengyuan is Chongqing Jichuang Liyuan Private Equity Investment Fund Management Partnership (Limited Partnership) (重慶極創瀝源私募股權投資基金管理合夥企業(有限合夥)), the limited partnership interests of which is owned as to 40% by Yu Fang (于芳), 40% by Wu Feng (吳峰) and 20% by its general partner (蘇州同源創業投資管理有限公司) which is ultimately controlled by Zhang Pengpeng (張朋朋), a partner at Northern Light Venture Capital. The de facto controller of Jichuang Fengyuan is Zhang Pengpeng (張朋朋). None of the limited partners of Jichuang Fengyuan holds 30% or more of the partnership interests.

Jichuang Xinyuan invested in our Company in December 2020 and Jichuang Fengyuan subscribed for increased share capital in our Company in October 2021. Both Jichuang Xinyuan and Jichuang Fengyuan are all investment institutions of Northern Light Venture Capital (北極光創投), a venture capital dedicated to investing in early-stage, technology-driven innovative companies, primarily focusing on enterprises in new technology, healthcare and new consumer industries. Northern Light Venture Capital was founded by Mr. Deng Feng, who is also our non-executive Director, in 2005. We were introduced to the partners of Northern Light Venture Capital through an introduction by industry peers. Since 2005, Northern Light Venture Capital has invested in over 400 companies. Its investment portfolio includes multiple listed companies in the medical and healthcare and related industries include, among others, Suzhou Zelgen Biopharmaceuticals Co., Ltd. (蘇州澤璟生物製藥股份有限公司) (a company listed on the Shanghai Stock Exchange STAR Market, stock code: 688266), BrainAurora Medical Technology Limited (a company listed on the Hong Kong Stock Exchange, stock code: 6681), Zhejiang Taimei Medical Technology Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 2576) and GenFleet Therapeutics (Shanghai) Inc. (a company listed on the Hong Kong Stock Exchange, stock code: 2595). Jichuang Xinyuan and Jichuang Fengyuan are the investment vehicles under Northern Light Venture Capital. As of the Latest Practicable Date, Northern Light Venture Capital's assets under management is RMB30 billion. Northern Light Venture Capital is therefore a Sophisticated Investor.

Chenqing Bencao

Chenqing Bencao is a limited partnership established under the laws of the PRC on April 21, 2021, which is engaged in equity investment and an investment vehicle of 3E Bioventures. The general partner of Chenqing Bencao is Shanghai Qingchun Management Consulting Center (L.P.) (上海清椿管理諮詢中心(有限合夥)), which is ultimately controlled by Song Jingyan (宋靖雁). Chenqing Bencao has 19 limited partners, none of which holds 30% or more partnership interests therein. We were introduced to the partners of 3E Bioventures through an introduction by industry peers in May 2021. 3E Bioventures primarily focuses on equity investments in the healthcare and biopharmaceutical sectors, covering subsectors such as innovative drugs, high-end medical devices, in vitro diagnostics, and life sciences technologies. Its portfolio includes a number of high-quality publicly listed companies in China and overseas.

To the best knowledge of the Company, each of these aforementioned individuals and entities is an Independent Third Party.

InnoMed Capital

InnoMed Innovation is a limited partnership established under the laws of the PRC on December 27, 2018, which is engaged in equity investment. The general partner of InnoMed Innovation is Nanjing InnoMed Investment Management Center (L.P.) (南京鷹盟投資管理中心(有限合夥)) ("**InnoMed Investment**"), which is in turn controlled by Mr. He Xing, our non-executive Director. InnoMed Innovation has 16 limited partners, including Dr. Yang Minmin, who holds approximately 33.33% partnership interests therein, and none of the remaining 15 limited partners holds 30% or more partnership interests therein.

InnoMed Advanced is a limited partnership established under the laws of the PRC on May 20, 2020, which is engaged in equity investment. The general partner of InnoMed Advanced is InnoMed Investment. InnoMed Advanced has seven limited partners, including Mr. He Xing, who holds 63.90% partnership interests therein, and none of the remaining six limited partners holds 30% or more partnership interests therein.

Save as Mr. He Xing and Dr. Yang Minmin, all the other limited partners are Independent Third Parties.

Xinqi Cornerstone

Xinqi Cornerstone is a limited partnership established under the laws of the PRC on July 12, 2022, which is engaged in equity investment, investment management, and asset management. Xinqi Cornerstone is an investment vehicle under CoStone Asset Management Co., Ltd (基石資產管理股份有限公司) ("**CoStone Capital**"), which is ultimately controlled by Zhang Wei (張維), who is the chairman, founder and ultimate controller of CoStone Capital with over 20 years of private equity experience. The general partner of Xinqi Cornerstone is Urumqi Phoenix Cornerstone Equity Investment Management (L.P.) (烏魯木齊鳳凰基石股權投資管理有限合夥企業), which is ultimately controlled by Zhang Wei. Xinqi Cornerstone has three limited partners, including Ma'anshan Lingnuo Cornerstone Equity Investment Partnership (L.P.) (馬鞍山領諾基石股權投資合夥企業(有限合夥)) which holds approximately 59.41% partnership interests therein, and none of the remaining two limited partners holds 30% or more partnership interests therein. The general partner of Ma'anshan Lingnuo Cornerstone Equity Investment Partnership (L.P.) is Tibet Dimensity Cornerstone Venture Capital Co., Ltd (西藏天璣基石創業投資有限公司), which is ultimately controlled by Zhang Wei, and the sole limited partner Liu Tieying (劉鐵鷹) holds approximately 99.80% partnership interests therein. We were introduced to the partners of CoStone Capital through an introduction by industry peers in March 2022. CoStone Capital primarily focuses on core sectors such as hard technology, advanced manufacturing, life sciences and healthcare, and emerging industries. Its portfolio includes a number of high-quality publicly listed companies in China and overseas. To the best knowledge of the Company, each of these aforementioned individuals and entities is an Independent Third Party.

Nanjing Noyikang

Nanjing Noyikang is a limited partnership established under the laws of the PRC on March 30, 2020, which is engaged in scientific research and technical services. The general partner of Nanjing Noyikang is Nanjing Aoning which is controlled by its general partner Dr. Yu Qin. Nanjing Noyikang is held as to (i) 44.44% by Zhao Jianguang (趙建光), (ii) 28.89% by Mr. He Xing, and (iii) 13.33% by Gao Kun (高坤).

To the best knowledge of the Company, save as Dr. Yu Qin and Mr. He Xing, each of these aforementioned individuals is an Independent Third Party.

Yangzhou Dingyi

Yangzhou Dingyi is a limited partnership established under the laws of the PRC on December 15, 2023, which is engaged in venture capital investment. The general partner of Yangzhou Dingyi is Jiangsu D&T Capital Management Co., Ltd. (江蘇鼎信資本管理有限公司), which is ultimately controlled by Liu Ting (柳婷). The sole limited partner of Yangzhou Dingyi is Yangzhou Shengtai Industrial Investment Promotion Development Co., Ltd. (揚州盛泰產業招商發展有限公司) which holds 99.99% partnership interests therein and in turn ultimately controlled by Yangzhou Municipal People's Government (揚州市人民政府).

To the best knowledge of the Company, each of these aforementioned individuals and entities is an Independent Third Party.

Efung Capital

Efung Capital is a limited partnership established under the laws of the PRC on July 5, 2024, which is engaged in venture capital investment. The general partner of Efung Capital is Shenzhen Efung Investment Management Enterprise (L.P.) (深圳市倚鋒投資管理企業(有限合夥)), which is ultimately controlled by Zhu Jinqiao (朱晉橋), the chairman and president of Shenzhen Efung Investment Management Enterprise (L.P.). Efung Capital has nine limited partners, including its largest limited partner Hunan Jinfurong Industry Guidance Fund Partnership Enterprise (L.P.) (湖南省金芙蓉產業引導基金合夥企業(有限合夥)) which holds approximately 29.12% partnership interests therein and is in turn ultimately owned by Hunan Provincial People's Government (湖南省人民政府). None of the limited partners of Efung Capital holds 30% or more partnership interests therein.

To the best knowledge of the Company, each of these aforementioned individuals and entities is an Independent Third Party.

Yangzhou Industrial Investment

Yangzhou Industrial Investment is a limited partnership established under the laws of the PRC on November 8, 2023. The general partner of Yangzhou Industrial Investment is Yangzhou Guoyang Fund Management Co., Ltd. (揚州市國揚基金管理有限公司), which is ultimately controlled by Yangzhou Municipal Finance Bureau (揚州市財政局). Yangzhou Industrial Investment has 12 limited partners, none of which holds 30% or more partnership interests therein.

To the best knowledge of the Company, each of these aforementioned individuals and entities is an Independent Third Party.

Xingxiang Jintou

Xingxiang Jintou is a limited partnership established under the laws of the PRC on December 15, 2022. The general partner of Xingxiang Jintou is Hunan Xingxiang Emerging Industry Investment Fund Management Co., Ltd. (湖南興湘新興產業投資基金管理有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Hunan Province (湖南省人民政府國有資產監督管理委員會). Xingxiang Jintou has four limited partners, including Jinshi Jiashan Industrial Development Investment Co., Ltd. (津市嘉山產業發展投資有限公司) which holds 40% partnership interests therein and is in turn ultimately wholly owned by Jinshi State-owned Assets Management Center (津市市國有資產經營管理中心), and three other limited partners, none of which holds 30% or more partnership interests therein.

To the best knowledge of the Company, each of these aforementioned individuals and entities is an Independent Third Party.

Zhanji Selection

Zhanji Selection is a limited partnership established under the laws of the PRC on September 29, 2022. The general partner of Zhanji Selection is Xiamen Jinyuan Equity Investment Co., Ltd. (廈門市金圓股權投資有限公司) ("**Xiamen Jinyuan Equity**"), which is ultimately controlled by Xiamen Municipal Finance Bureau (廈門市財政局). The sole limited partner of Zhanji Selection is Xiamen Jinyuan Zhanhong Phase II Equity Investment Partnership (Limited Partnership) (廈門金圓展鴻二期股權投資合夥企業(有限合夥)) which holds approximately 99.49% partnership interests therein and in turn ultimately owned by Xiamen Municipal Bureau of Finance (廈門市財政局).

To the best knowledge of the Company, each of these aforementioned individuals and entities is an Independent Third Party.

Jianyuan Boyi

Jianyuan Boyi is a limited partnership established under the laws of the PRC on June 5, 2015, which is engaged in management consulting and asset management. The general partner of Jianyuan Boyi is Jianyuan Tianhua Investment Management (Beijing) Co., Ltd. (建元天華投資管理(北京)有限公司), which is ultimately controlled by Zhao Jianguang (趙建光), its founding manager and ultimate controller. The sole limited partner of Jianyuan Boyi is Zhao Jianguang (趙建光) who holds 99% partnership interests therein.

To the best knowledge of the Company, each of these aforementioned individuals and entities is an Independent Third Party.

Jiangbei Tunzhi

Jiangbei Tunzhi is a limited partnership established under the laws of the PRC on August 5, 2021, which is engaged in venture capital investment. The general partner of Jiangbei Tunzhi is Nanjing Jiangbei New Area Innovation Investment Fund Management Co., Ltd. (南京江北新區創新投資基金管理有限公司), a wholly-owned subsidiary of Nanjing Jiangbei New Area Technology Group Co. Ltd. (南京江北新區科技投資集團有限公司) ("**Jiangbei New Area Technology**"). Nanjing Yangtze State-owned Assets Investment Group Co., Ltd. (南京揚子國資投資集團有限責任公司) holds approximately 73.36% equity interests of Jiangbei New Area Technology and is in turn ultimately controlled by the Management Committee of Nanjing Jiangbei New Area Management Committee (Nanjing High-tech Industrial Development Zone, Management Committee of Nanjing Area of China (Jiangsu) Pilot Free-Trade Zone) (南京江北新區管理委員會(南京高新技術產業開發區管理委員會、中國(江蘇)自由貿易試驗區南京片區管理委員會)) ("**Jiangbei New Area Management Committee**").

Jiangbei Tunzhi has two limited partners including (i) Nanjing Biotech and Pharmaceutical Valley Construction and Development Co., Ltd. (南京生物醫藥谷建設發展有限公司) ("**Nanjing B&T Valley**"), holding 50% partnership interest therein, and Nanjing B&T Valley is a wholly-owned subsidiary of Nanjing Jiangbei New Area Industrial Investment Group Co., Ltd. (南京江北新區產業投資集團有限公司) and is in turn ultimately controlled by Jiangbei New Area Management Committee, and (ii) Nanjing Jiangbei Xingchuang Entrepreneurship Investment Fund Partnership Enterprise (L.P.) (南京江北星創創業投資基金合夥企業(有限合夥)) ("**Jiangbei Xingchuang**"), holding 49.50% partnership interest therein. The general partner of Jiangbei Xingchuang is Nanjing Jiangbei New District Innovation Investment Fund Management Co., Ltd. (南京江北新區創新投資基金管理有限公司), which is ultimately controlled by Jiangbei New Area Management Committee. The sole limited partner holding 99% interests of Jiangbei Xingchuang is Nanjing High-Tech Venture Capital Co., Ltd. (南京高新創業投資有限公司), which is in turn ultimately controlled by Jiangbei New Area Management Committee.

To the best knowledge of the Company, each of these aforementioned entities is an Independent Third Party.

Zhongshan Jintou

Zhongshan Jintou is a limited partnership established under the laws of the PRC on December 30, 2021, which is engaged in equity investment, investment management, and asset management. The general partner of Zhongshan Jintou is Zhongshan Venture Capital Co., Ltd. (中山創業投資有限公司) ("**Zhongshan Venture Capital**"), a wholly-owned subsidiary of Zhongshan Financial Investment Holding Co., Ltd. (中山金融投資控股有限公司), which is in turn wholly owned by Zhongshan Investment Holding Group Co., Ltd. (中山投資控股集團有限公司) ("**Zhongshan Investment**"). Zhongshan Investment is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Zhongshan Municipality (中山市人民政府國有資產監督管理委員會) ("**Zhongshan SASAC**"). Zhongshan Jintou has four limited partners, including (i) Zhongshan Industrial Investment Master Fund (L.P.) (中山市產業投資母基金(有限合夥)) ("**Zhongshan Industrial Investment**") which holds 50% partnership interests therein and its general partner is Zhongshan Venture Capital, and (ii) Zhongshan Zhongyin Industry Invest Co., Ltd. (中山中盈產業投資有限公司) which holds 30.60% partnership interests therein, which is a wholly-owned subsidiary of Zhongshan Investment. None of the remaining two limited partners of Zhongshan Jintou holds 30% or more partnership interests therein.

To the best knowledge of the Company, each of these aforementioned entities is an Independent Third Party.

Triwise Jianteng

Triwise Jianteng is a limited partnership established under the laws of the PRC on June 21, 2024, which is engaged in venture capital investment. The general partner of Triwise Jianteng is Shenzhen Qianhai Triwise International Capital Management Co., Ltd. (深圳前海勤智國際資本管理有限公司) ("**Qianhai Triwise**"), which is ultimately controlled by Tang Dajie (湯大傑), the chairman of Qianhai Triwise. Triwise Jianteng has 14 limited partners, none of which holds 30% or more partnership interests therein.

To the best knowledge of the Company, each of these aforementioned individuals and entities is an Independent Third Party.

PUBLIC FLOAT AND [REDACTED]

Following the conversion of the Unlisted Shares into H Shares and upon completion of the [**REDACTED**] (taking into account the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised):

(a) our Single Largest Group of Shareholders, including Dr. Mao and Mr. Cao Guiping, being our executive Directors, and Jingning Noring and Lingxing Hainan, are our core connected persons and a total of [**REDACTED**] H Shares (taking into account the [**REDACTED**]) held by them will not be counted towards the public float, representing [**REDACTED**]% of our issued share capital in aggregate;

(b) Eaglenos Sciences is controlled by Dr. Yang Minmin. Nanjing Aoning is controlled by its general partner Dr. Yu Qin, who is the spouse of Dr. Yang Minmin. Nanjing Noyikang is controlled by its general partner Nanjing Aoning, which is ultimately controlled by Dr. Yu Qin. As such, Dr. Yang Minmin and Dr. Yu Qin are deemed to be interested in a total of [**REDACTED**] H Shares (taking into account the [**REDACTED**]) and will be regarded as the substantial shareholders of our Company and constitute core connected persons of our Company. The Shares held by Dr. Yang Minmin and Dr. Yu Qin will not be counted towards the public float, representing [**REDACTED**]% of our issued share capital in aggregate;

(c) The general partner of both InnoMed Advanced and InnoMed Innovation is InnoMed Investment, which is ultimately controlled by Mr. He Xing, our non-executive Director. Mr. He Xing also holds 63.90% limited partnership interests in InnoMed Advanced. As such, each of InnoMed Advanced and InnoMed Innovation is a close associate of Mr. He Xing. Therefore, the [**REDACTED**] H Shares (taking into account the [**REDACTED**]) held by InnoMed Advanced and InnoMed Innovation will not be counted towards the public float, representing [**REDACTED**]% of our issued share capital in aggregate;

(d) a total of [**REDACTED**] H Shares (taking into account the [**REDACTED**]) held by Suzhou Lirun, one of our substantial holders, will not be counted towards the public float, representing [**REDACTED**]% of our issued share capital in aggregate;

(e) a total of [**REDACTED**] Unlisted Shares (taking into account the [**REDACTED**]) held by our Shareholders who are not our core connected persons (nor are accustomed to take instructions from core connected persons of the Company in relation to the acquisition, disposal, voting or other disposition of their shares, and their acquisition of shares were not financed directly or indirectly by core connected persons of the Company) will be converted into H Shares and [**REDACTED**] on the Stock Exchange, and therefore will be counted as part of the public float, representing [**REDACTED**]% of our issued share capital in aggregate; and

(f) a total of [**REDACTED**] H Shares (taking into account the [**REDACTED**]) issued pursuant to the [**REDACTED**] will be counted as part of the public float, representing [**REDACTED**]% of our issued share capital in aggregate.

Based on the above, it is expected that immediately following completion of the [**REDACTED**], a total of [**REDACTED**] H Shares (taking into account the [**REDACTED**]), representing [**REDACTED**]% of our total share capital upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) will be counted as part of the public float.

With respect to the indicative [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**] (being the low end, mid-point and the high end of the [**REDACTED**], respectively), the expected market value of the Company's Shares would not exceed HK$[**REDACTED**]. Pursuant to Rule 19A.13A(1) of the Listing Rules, at least [**REDACTED**]% of the total number of issued Shares must at the time of the [**REDACTED**] be held by the [**REDACTED**]. Over [**REDACTED**]% of our Company's total issued Shares will be held by the [**REDACTED**] upon completion of the [**REDACTED**] and as a result, our Company will be able to meet the minimum public float requirement under Rule 19A.13A(1) immediately upon [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

FULL CIRCULATION

Our Company has applied for H Share full circulation to convert an aggregate of [**REDACTED**] Unlisted Shares held by [**REDACTED**] Shareholders, representing [**REDACTED**]% of the total issued Shares of our Company as of the date of this document and approximately [**REDACTED**]% of the total issued Shares of our Company upon completion of the Conversion of Unlisted Shares into H Shares and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised). For details, please refer to the section headed "Share Capital — Upon the Completion of the [**REDACTED**] and the [**REDACTED**]" in this document.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and the [**REDACTED**]:

			As of the Latest Practicable Date without taking into account the [REDACTED]		Immediately upon completion of the [REDACTED] (taking into account the [REDACTED] and assuming the [REDACTED] is not exercised)				
Name of Shareholder	Pre-[REDACTED] Investment Round	Type of Shareholders	Number of Unlisted Shares Held	Approximate ownership percentage	Number of Unlisted Shares Held	Number of H Shares Held	Approximate ownership percentage	No. of H Shares to be counted towards public float	Shareholding percentage held by each public Shareholder
Single Largest Group of Shareholders(Note 1)									
– Jingning Noring	–	Single Largest Group of Shareholders	1,799,117	21.41%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
– Dr. Mao	–	Single Largest Group of Shareholders	600,000	7.14%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
– Mr. Cao Guiping . . .	–	Single Largest Group of Shareholders	450,000	5.35%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
– Lingxing Hainan(Note 2) .	–	Single Largest Group of Shareholders	60,000	0.71%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Subtotal			**2,909,117**	**34.61%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Suzhou Lirun	**Series B**	**Sophisticated Investor**	**1,014,988**	**12.08%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Northern Light Venture Capital									
– Jichuang Xinyuan . . .	Series A	Sophisticated Investor	685,630	8.16%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
– Jichuang Fengyuan . .	Series A	Sophisticated Investor	274,580	3.27%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Subtotal			**960,210**	**11.43%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Eaglenos Sciences(Note 3) .	**–**		**494,860**	**5.89%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]
Chenqing Bencao	**Series B+**	**Other Pre-[REDACTED] Investors**	**475,302**	**5.65%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%

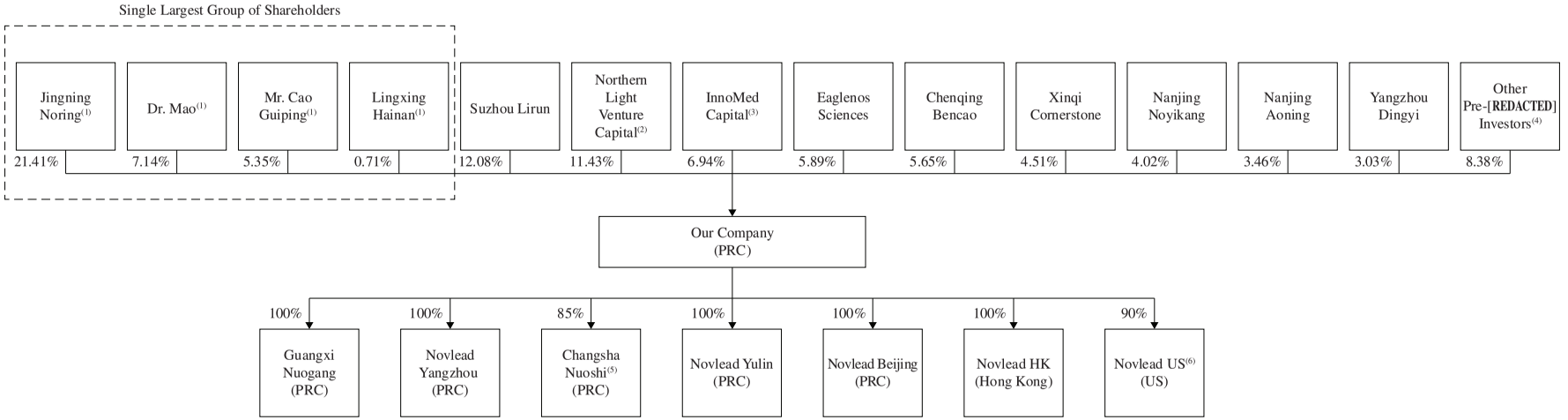
			As of the Latest Practicable Date without taking into account the [REDACTED]		Immediately upon completion of the [REDACTED] (taking into account the [REDACTED] and assuming the [REDACTED] is not exercised)				
Name of Shareholder	Pre-[REDACTED] Investment Round	Type of Shareholders	Number of Unlisted Shares Held	Approximate ownership percentage	Number of Unlisted Shares Held	Number of H Shares Held	Approximate ownership percentage	No. of H Shares to be counted towards public float	Shareholding percentage held by each public Shareholder
InnoMed Capital[(Note 4)]									
– InnoMed Innovation	Series Angel	Other Pre-[REDACTED] Investors	412,500	4.91%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
– InnoMed Advanced	Series A	Other Pre-[REDACTED] Investors	170,455	2.03%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Subtotal			**582,955**	**6.94%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Xinqi Cornerstone	**Series B+**	**Other Pre-[REDACTED] Investors**	**378,730**	**4.51%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Nanjing Noyikang[(Note 3)]	**Series Angel**	**Other Pre-[REDACTED] Investors**	**337,500**	**4.02%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Nanjing Aoning[(Note 3)]	**–**		**291,171**	**3.46%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Yangzhou Dingyi	**Series C**	**Other Pre-[REDACTED] Investors**	**255,010**	**3.03%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Efung Capital	**Series C**	**Other Pre-[REDACTED] Investors**	**153,006**	**1.82%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Yangzhou Industrial Investment	**Series C**	**Other Pre-[REDACTED] Investors**	**153,006**	**1.82%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Xingxiang Jintou	**Series C**	**Other Pre-[REDACTED] Investors**	**102,004**	**1.21%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Zhanji Selection	**Series B+**	**Other Pre-[REDACTED] Investors**	**75,745**	**0.90%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Jianyuan Boyi	**Series B+**	**Other Pre-[REDACTED] Investors**	**75,745**	**0.90%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Jiangbei Tunzhi	**Series B**	**Other Pre-[REDACTED] Investors**	**53,969**	**0.64%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Zhongshan Jintou	**Series C**	**Other Pre-[REDACTED] Investors**	**51,002**	**0.61%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Triwise Jianteng	**Series C**	**Other Pre-[REDACTED] Investors**	**40,802**	**0.49%**	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Other [REDACTED] Shareholders	–		–	–	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]	[REDACTED]%
Total			**8,405,122**	**100%**	[REDACTED]	[REDACTED]	**[100]%**	[REDACTED]	[REDACTED]%

Notes:

1. Such Shareholders are close associates of Dr. Mao and Mr. Cao Guiping (our Directors and members of the Single Largest Group of Shareholders), and therefore are our core connected persons. Hence, Shares held by such Shareholders will not be counted towards the public float.
2. As of the Latest Practicable Date, Lingxing Hainan is owned as to (i) 45.14% by Dr. Mao, (ii) 21.59% by Su Changmao (蘇昌茂), (iii) 11.68% by Mr. Cao Guiping, (iv) 10.79% by Qu Baogang (屈寶剛), (v) 10.79% by Bai Yun (白雲), all as limited partners, and (vi) 0.01% by Mr. Zhang Yuyan, its general partner. Mr. Su Changmao and Dr. Mao became acquainted at Peking University. Bai Yun and Dr. Mao became acquainted at social events. Su Changmao graduated with a bachelor from the School of Life Sciences of the Peking University and has industry and entrepreneurial experience in the medical services . Bai Yun has experience in organizational management. Bai Yun provided strategic advice regarding talent recruitment to support our Company's business expansion. Qu Baogang is a PRC medical device registration regulatory expert. He provided advisory services in relation to the registration process of our medical devices.
3. Such Shareholders are close associates of Dr. Yang Minmin and Dr. Yu Qin who will be deemed substantial shareholders of our Company, and therefore are our core connected persons. Hence, Shares held by such Shareholders will not be counted towards the public float.
4. Such Shareholders are close associates of Mr. He Xing, our non-executive Director, and therefore are our core connected persons. Hence, Shares held by such Shareholders will not be counted towards the public float.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately before completion of the [**REDACTED**]:



Notes:

(1) As of the Latest Practicable Date, Jingning Noring is owned as to 21.12% by Dr. Mao as a limited partner and its general partner is Nanjing Miyu, which is a company wholly owned by Dr. Mao. Further, Jingning Noring is owned as to 14.23% by Jingning Nuoming, which is owned as to 53.33% by Nanjing Miyu as the general partner. No other limited partner is holding 30% or more partnership interest in Jingning Noring. Dr. Mao therefore is entitled to full control over the voting rights of Jingning Noring in our Company. Lingxing Hainan is owned as to 45.14% by Dr. Mao as a limited partner and its general partner is Mr. Zhang Yuyan, our executive Director, who has entrusted the voting rights as a general partner in Lingxing Hainan to Dr. Mao pursuant to a voting proxy dated December 10, 2025, being the date on which Mr. Zhang Yuyan became the general partner of Lingxing Hainan. As such, Dr. Mao is entitled to full control over the voting rights of Lingxing Hainan in our Company. Dr. Mao, Mr. Cao Guiping, Jingning Noring and Lingxing Hainan entered into a concert party agreement on October 10, 2021, pursuant to which each of parties therein agreed to act in concert with respect to their voting rights as shareholders in our Company, with Dr. Mao's opinion prevailing in case of disagreement. Accordingly, as of the Latest Practicable Date, Dr. Mao, Jingning Noring, Mr. Cao Guiping and Lingxing Hainan were our Single Largest Group of Shareholders and were entitled to exercise and control the voting rights of approximately 34.61% of our issued Shares. See "— Concert Party Agreement" above for details.

(2) Includes Shares held by Jichuang Xinyuan and Jichuang Fengyuan. See "— Pre-[**REDACTED**] Investments — Information about our Pre-[**REDACTED**] Investors — Northern Light Venture Capital" above for details.

(3) Includes Shares held by InnoMed Innovation and InnoMed Advanced. See "— Pre-[**REDACTED**] Investments — Information about our Pre-[**REDACTED**] Investors — InnoMed Capital" above for details.

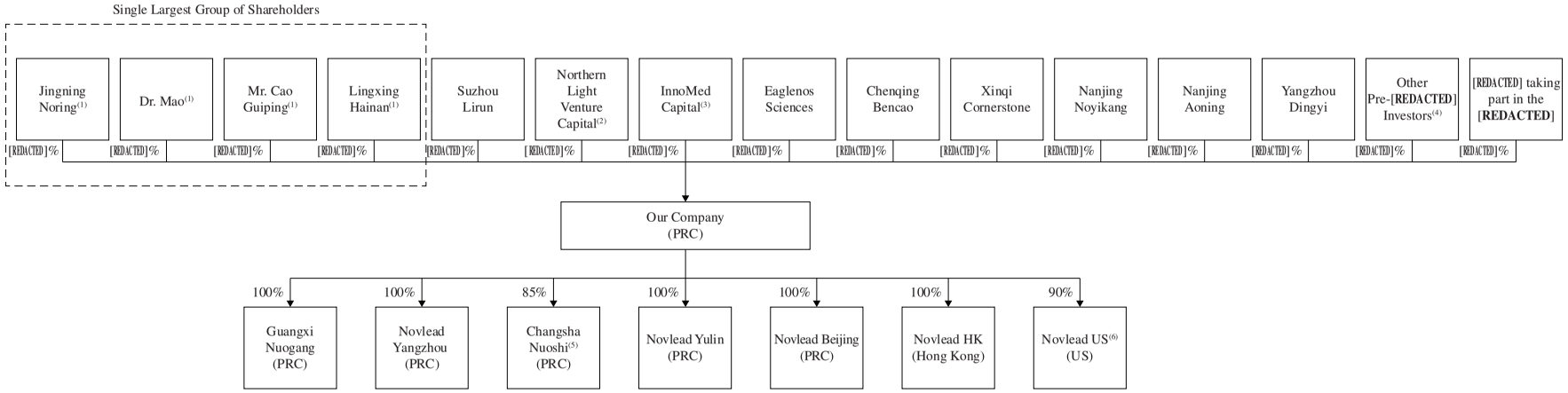
(4) Other Pre-[**REDACTED**] Investors include other Shareholders, each holding less than 2% shareholding interests in our Company immediately before completion of the [**REDACTED**]. See "— Pre-[**REDACTED**] Investments" and "— Capitalization of Our Company" above for details.

(5) Changsha Nuoshi is owned as to 85% by our Company and as to 15% by Nuoshi Team (Jingning) Biotechnology Partnership (Limited Partnership)* (諾什團隊(景寧)生物科技合夥企業(有限合夥)), which is owned as to 10% by Dr. Mao as a general partner and as to 90% by Mr. Cao Guiping as a limited partner.

(6) Novlead US is owned as to 90% by our Company and as to 10% by Zhang Qili, who is an independent investor whom Dr. Mao became acquainted with in the U.S. and who is optimistic about the biotechnology and medical device industry. Zhang Qili is an entrepreneur with entrepreneurial experience and investment experience in both the PRC and in the U.S. He brings knowledge and experience in business development in the U.S. to our Company and an Independent Third Party.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Note: For notes (1) to (6), please see "— Corporate Structure Immediately Before Completion of the [**REDACTED**]" above.

OVERVIEW

Who We Are

Incorporated in 2018, we focus on the development and commercialization of iNO therapy for cardiopulmonary indications. We operate in the gas-based cardiopulmonary device market, with iNOwill as our Core Product centered on therapeutic applications, alongside certain other products relating to diagnostic and therapeutic applications. As of the Latest Practicable Date, we had five approved products (including one Core Product, iNOwill) and five product candidates under development, spanning three major product lines addressing cardiopulmonary care. All our products are independently developed inhouse. Our Core Product, iNOwill, was approved by the NMPA in 2022 and received EU CE certification in 2025. It delivers iNO as a selective pulmonary vasodilator, which is not curative but provides support primarily in acute and critical care settings for patients with severe cardiopulmonary disease such as pulmonary hypertension, requiring ICU and bedside hospital care. While our Core Product currently targets a specific patient subgroup with a relatively limited addressable market, we are pursuing indication expansion for iNOwill to broaden its potential clinical applications and addressable patient population, subject to successful clinical development and regulatory approval.

Our product pipeline spans the full cardiopulmonary care continuum, from intensive care and perioperative intervention to inpatient treatment, outpatient monitoring and home-based disease management. Through our three complementary product lines — (i) iNO therapy, (ii) cardiopulmonary circulatory support and (iii) respiratory diagnostics — we aim to address evolving clinical needs across different care settings while progressively building an integrated diagnosis and treatment pathway.

- Within our iNO therapy product line, our Core Product, iNOwill, was approved by the NMPA in 2022 and received EU CE certification in 2025. iNOwill is designed primarily for intensive care settings, where inhaled nitric oxide therapy is used to provide cardiopulmonary support for patients requiring acute respiratory and pulmonary vascular management. Building on our proprietary instant NO generation technology, we are advancing indication expansion from PH to ARDS, COPD and CAP, with the objective of progressively extending iNO therapy beyond its current ICU-focused applications into broader respiratory disease management across the cardiopulmonary care continuum.

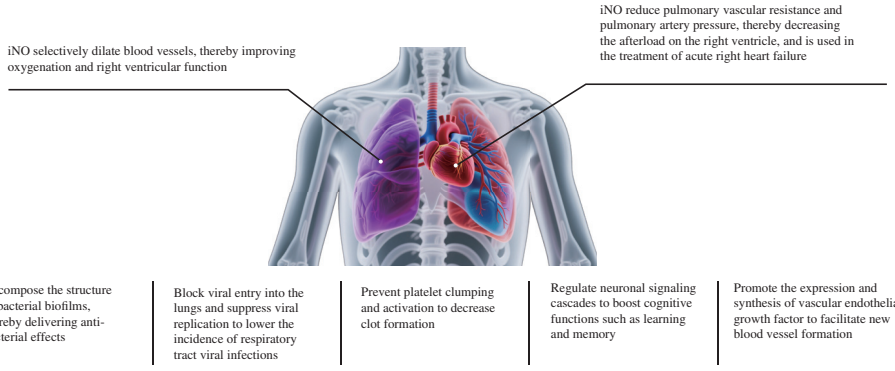
- Within our cardiopulmonary circulatory support product line, our Key Product, NovaPulse IABP, was approved by the NMPA in 2025. NovaPulse is designed for mechanical circulatory support in intensive care units, operating rooms and catheterization laboratories, where respiratory and circulatory support are frequently provided in parallel. From a clinical-function perspective, iNO therapy provides pulmonary vascular support by reducing pulmonary vascular resistance and right ventricular afterload, while IABP provides temporary circulatory support principally by reducing left ventricular afterload and augmenting coronary perfusion. Together with iNOwill, NovaPulse enables us to address complementary respiratory and circulatory needs within the same critical care workflow, strengthening our clinical presence in ICU and perioperative care while expanding our cardiopulmonary critical care offering.

- Within our respiratory diagnostics product line, we are developing PElink, our pulmonary function diagnostic platform, to support disease assessment and longitudinal monitoring from hospital settings to outpatient clinics and, ultimately, home-based disease management. Together with VQfit, our portable iNO product candidate intended for outpatient and at-home use, PElink is expected to support home-based diagnosis, treatment and longitudinal monitoring for chronic respiratory diseases.

Clinical Significance of NO and Unmet Needs in Global Cardiopulmonary Care

From fundamental physiology to critical care practice, NO is a clinically important molecule that underpins both normal cardiopulmonary homeostasis and life-support interventions in ICUs. The vasodilatory function of NO was formally recognized by the Nobel Prize in Physiology or Medicine in 1998, establishing the scientific foundation for the development of iNO therapy.

Biological function of NO

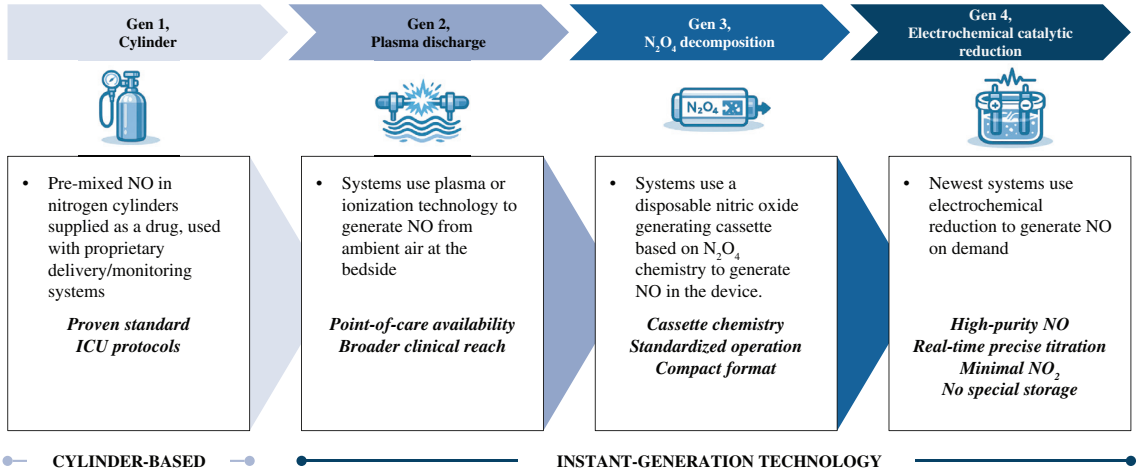


We operate in a underpenetrated and growing global market for NO therapy, driven by the physiological importance of NO and its established clinical utility. Over the past two decades, iNO has become an important therapeutic option across severe cardiopulmonary disease as it can selectively dilate pulmonary vessels and improve oxygenation, enabling lung selective hemodynamic control without compromising systemic blood pressure. A representative example is PPHN. iNO is widely used in NICUs and has been shown to reduce the need for ECMO without increasing mortality or neurodevelopmental impairment. Beyond PPHN, iNO has been increasingly recognized and applied in major indications, including PH, CAP, ARDS and COPD, where rapid, finely titratable and lung selective support is often needed but remains difficult to achieve with existing approaches, severe hypoxemia and respiratory failure, and high burden chronic disease with limited acute rescue and long term management options. According to Frost & Sullivan, in 2025, there were approximately 84.0 million prevalent PH cases and 262.2 million prevalent COPD cases globally, while annual CAP and ARDS cases were approximately 66.6 million and 4.2 million, respectively. These underlying disease populations provide a broad epidemiological base for the clinically relevant high-risk subgroups in which iNO may be used. In parallel, NO is also being explored in broader chronic respiratory conditions such as asthma, which affected approximately 407.0 million people globally in 2025, where exhaled NO may serve as a bio-marker to support diagnosis and longer-term disease management. Beyond these applications, in certain critical-care and perioperative scenarios where patients require both respiratory and circulatory support, iNO therapy may be used together with IABP. The two therapies perform complementary clinical functions: iNO reduces pulmonary vascular resistance and right ventricular afterload, while IABP reduces left ventricular afterload and augments coronary perfusion.

Despite its established clinical value, the widespread adoption of iNO therapy has historically depended on first-generation, cylinder-based delivery systems, which is resource-intensive and structurally cost-heavy, as it typically requires specialized cylinders, trained personnel, reliable supply chain and compliant storage infrastructure. These characteristics have limited the scalability of iNO therapy in emerging markets and in remote or underserved regions of developed countries, and have also constrained the extension of iNO beyond hospital-based care into outpatient pathways, inter-facility transport and home-based settings.

To overcome these structural constraints, the industry has evolved toward instant NO generation technologies, shifting from centralized supply to decentralized, point-of-care production. Second-generation systems, typically based on plasma discharge, are widely used in certain settings to enable bedside NO generation without reliance on cylinder logistics. Third-generation systems further advanced this evolution through N_2O_4 decomposition systems, enabling compact device formats and more standardized consumable-based operation. Fourth-generation electrochemical catalytic reduction generation has emerged to more fully integrate decentralization with clinical-grade control. Our iNOwill system utilizes proprietary fourth-generation technology to generate high-purity NO, combining a cylinder-free form factor with precise dose control and real-time modulation. This approach supports enhanced gas purity and safety assurance while enabling stable, millisecond-level NO delivery and high operational efficiency.

Evolution of iNO Delivery Generations



Source: Literature Review, Frost & Sullivan Analysis

Our Technology Platform and Product Pipeline

Our gas-liquid precision control technology platform is the cornerstone of our product innovation. It supports end-to-end, closed-loop control of target molecules in both gas and liquid media, spanning generation, real-time sensing and monitoring, and software-enabled regulation. Our platform comprises three integrated technical pillars: (i) NO generation technologies. We have established two NO generation approaches, electrochemical catalytic reduction and plasma discharge, to support different clinical requirements and device configurations; (ii) Gas sensing and molecular monitoring technologies. We have developed complementary sensing capabilities based on electrochemical detection and chemiluminescence to measure NO and other clinically relevant gases and to track respiratory gas composition and dynamics in real time; and (iii) Intelligent flowpath design and control technologies. We have built high-precision, fast-response gas/liquid circuit systems together with proprietary control algorithms to regulate gas release, mixing, flow and timing, supporting breath-synchronized delivery, stable concentration maintenance and safety-oriented fail-safe mechanisms.

Leveraging our gas-liquid precision control technology platform, we have established a product pipeline as illustrated below:

Segment	Product[1]	Concept/ Application Scenario	Competent Authority/ Registration Classification	Indications	Pre-Clinical	Pipeline Progress Clinical Trials	Registration & Commercialization	Time of Approval	Upcoming Milestone and Timeline
Inhaled NO	★iNOwill	iNO (ICU & Inpatient)	NMPA/III[4]	PH[5]	China		[3]	2022.4	2027Q2 New features upgrade
				COPD	China			-	2027Q2 Registrational trial initiation
				ARDS	China			-	2026Q4 Registrational trial initiation
				CAP	China			-	2029 Registrational trial initiation
			UDEM/IIb	PH[5]	China, EU			2025.9	2026Q3 PMCF study initiation
				ARDS	Multi-center (under evaluation)			-	2026Q4 Registrational trial initiation
			FDA[2][4]	PH	the United States			-	**2026 Pre-submission review**
				ARDS	the United States			-	2028Q1 Registrational trial initiation
	eNOaire	iNO (Inpatient & Transfer)	NMPA/II	PH	China		[3]	2024.2	Post-approval study
			UDEM/IIb	PH	China	[3]		-	2026Q4 Application review
	VQfit	Portable iNO (Outpatient & At-Home)	NMPA/III	COPD	China	[3]		-	2026Q4 Innovative Medical Device Application review
Cardio-pulmonary Circulatory support	▲NovaPulse IABP	IABP (ICU & Inpatient)	NMPA/III	IABP therapy	China		[3]	2025.9	2026Q4 New features upgrade
	NovaVent	Ventilator (ICU & Inpatient)	NMPA/II	Respiratory support+PH				-	2027Q1 Type test
Respiratory Diagnosis	eNOglow	FeNO detection (ICU, Inpatient & Outpatient)	GMPA/II[6]	High-precision airway inflammation assessment	China		[3]	2024.6	Post-approval study
	PElink	FeNO detection & Spirometer (Outpatient & At-Home)	GMPA/II[6]	Pulmonary function, airway diseases	China	[3]		-	2026Q3 Application review

★ Core Product ▲ Key Product Among our product candidates, these class III devices completed the clinical evaluation through comparison of the same variety of medical devices, and the class II devices are exempted from clinical trial requirements

Abbreviations: FeNO=Fractional Exhaled Nitric Oxide. PH=Pulmonary Hypertension. COPD=Chronic Obstructive Pulmonary Disease. ARDS=Acute Respiratory Distress Syndrome. CAP=Community-Acquired Pneumonia.

Notes:

(1) All of our products and product candidates are self-developed.

(2) Following our Pre-Submission and subsequent communications with the FDA, the FDA confirmed that iNOwill would be regulated as a Class III device.

(3) The product has undergone clinical trials that are not required for regulatory registration, in order to generate medical evidence for further product improvement or more effective commercialization.

(4) Based on our consultations with the relevant Competent Authorities, clinical trials are required for our PRC Indication Expansion and U.S. Registration. On May 28, 2026, we consulted with the Yangtze River Delta Center for Medical Device Evaluation and Inspection of the NMPA ("**YDCDEI**") regarding the clinical trial requirements for the proposed expansion of iNOwill into COPD, ARDS and CAP. During the consultation, a Clinical Review Officer of the Review Department advised that registration clinical trials would be required for such indication expansion under the current regulatory framework, primarily because there are no approved equivalent products for these indications. Our PRC legal advisers are of the view that the YDCDEI is the appropriate channel through which we may obtain pre-application communication and guidance from the Center for Medical Device Evaluation of the NMPA (the "**CMDE**"), and that the review staff member of the clinical group of its Evaluation Department that we consulted with, is competent to address our enquiries in this regard and to provide the relevant confirmation. In late May 2026, we submitted a Pre-Submission to the FDA in relation to our proposed U.S. registration of iNOwill for PH, ARDS and COPD. The FDA provided written feedback in July 2026 and held a formal meeting with us in August 2026. Based on these communications, the FDA indicated that iNOwill would be regulated as a Class III medical device requiring premarket approval ("PMA") and advised that PH, ARDS and COPD would require new clinical evidence through clinical trials. For the neonatal PPHN indication, the FDA considered it reasonable for a PMA application to rely on comparative evidence consisting of existing published literature, the precedent of the comparable FDA-approved device, non-U.S. real-world evidence, post-market registry data and device nonclinical testing, and based on such feedback we currently expect that a new U.S. clinical trial under an IDE will not be required before submission of a PMA application for that indication. Based on their review of the FDA's organizational structure and the respective roles of the participating FDA officials, our U.S. legal advisers as to U.S. medical device regulatory matters are of the view that such officials possessed the requisite regulatory authority, technical expertise and institutional competence to provide official guidance regarding the applicable clinical and regulatory requirements for iNOwill.

(5) iNOwill is registered as a Class III medical device with the NMPA in the PRC and classified as Class IIb in the EU under the EU MDR. At the component level, the NO generation reactor of iNOwill is registered as a Class III medical device with the NMPA and is, in the EU, an accessory to iNOwill N200 classified as Class IIb under the EU MDR, while the tube accessories of iNOwill are applied for registration as a Class II medical device with the Guangxi MPA and are, in the EU, accessories to iNOwill N200 classified as Class IIa under the EU MDR.

(6) The Class II device is subject to approval and regulatory oversight by the provincial medical products authority, which in this instance is the Guangxi Medical Products Administration.

Our Commercialization

We possess full-spectrum execution capabilities across the end-to-end product lifecycle — from R&D and clinical development to manufacturing and commercialization — enabling us to implement tailored go-to-market strategies across diverse geographies. In the Chinese mainland, we established ourselves in the iNO therapy market through clinical adoption leadership and a distribution sales model, achieving wide hospital coverage and market leadership. We pursue a two-pronged approach overseas: in emerging markets, we prioritize accessibility and rapid clinical adoption through localized training; in mature markets, such as Europe following our 2025 CE certification, we focus on increasing hospital penetration and engagement to drive the transition from traditional cylinder-based systems to our portable, instant-generation alternatives.

Our Commercialization Strategy of iNOwill

We believe that we can replicate our successful growth trajectory in China to overseas expansion. The sales volume of our Core Product iNOwill grew from 146 units in 2024 to 182 units in 2025. For the six months ended June 30, 2025 and 2026, our sales volume of iNOwill grew from 66 units to 153 units. This sustained growth and market leadership provide strong evidence of our competitiveness and ability to establish market share.

Although the overseas iNO therapy market is currently still dominated by traditional cylinder-based nitric oxide delivery systems, the market is undergoing an underlying transition toward instant-generation technologies. In particular:

- The PRC market demonstrates the commercial viability of instant-generation technologies in a market environment where instant-generation technologies and cylinder-based systems were able to compete simultaneously. As disclosed in the "Industry Overview" section of the Document, when iNO therapy developed in the PRC market, both cylinder-based systems and instant-generation technologies were available in the market. However, conventional cylinder-based iNO therapy had not achieved broad adoption in China given the relatively high cost of imported cylinders, while domestic instant-generation devices gradually established the mainstream delivery model following market entry, supported by guideline endorsement and market education. According to Frost & Sullivan, instant-generation iNO therapy in China grew from RMB16.2 million in 2022 to RMB81.6 million in 2025 and is expected to further increase to RMB2,931.9 million by 2035, representing CAGR of approximately 43.1% from 2025 to 2035. During the same period, the cylinder-based market remained relatively limited in size. Under such competitive market environment, iNOwill achieved the largest market share in the PRC instant-generation nitric oxide delivery market, according to Frost & Sullivan.

- Industry data also supports the increasing global adoption trend of instant-generation technologies. Overseas markets adopted iNO therapy earlier, and traditional cylinder-based systems established the mainstream delivery model before instant-generation technologies became commercially available. As a result, overseas hospitals have historically relied on existing cylinder-based procurement systems, medical gas supply chains and clinical workflows. However, according to Frost & Sullivan, instant-generation technologies are expected to continue gaining share over traditional cylinder-based delivery systems globally. The global instant-generation iNO therapy market is expected to grow from approximately US$0.11 billion in 2025 to approximately US$0.49 billion in 2030 and approximately US$1.40 billion in 2035, representing CAGR of approximately 34.2% from 2025 to 2030 and 23.3% from 2030 to 2035, respectively, significantly exceeding the expected growth rate of traditional cylinder-based systems during the same periods. Such transition is supported by replacement cycles, physician and patient education, market development by industry participants and evolving regulatory and quality requirements in certain markets.

Second, the transition trend is primarily driven by the product advantages and cost-saving advantages of instant-generation technologies over traditional cylinder-based systems. iNOwill demonstrates operational and product advantages over traditional cylinder-based systems. Unlike cylinder-based systems, iNOwill generates nitric oxide in real time and does not rely on external medical gas factories or cylinder logistics infrastructure. As a result, hospitals are not required to arrange cylinder transportation, storage, replacement or related operational management. In addition, iNOwill features simplified operational procedures, relatively compact equipment size and real-time gas generation capabilities, which improve operational convenience and safety in clinical settings. Such operational advantages may facilitate gradual replacement of traditional cylinder-based systems during hospitals' equipment upgrade and replacement cycles.

We believe that hospitals have strong incentives in transitioning towards our products. INOwill offers a clear and compelling cost advantage over traditional cylinder-based nitric oxide delivery systems, which is a key driver for hospital adoption. In addition, iNOwill eliminates the need for cylinder delivery, storage, and handling, thereby removing associated logistics expenses and operational complexity. Importantly, cylinder-based systems also tend to generate avoidable waste. For example, in neonatal emergency settings, a cylinder may only be partially used, with the remaining gas often discarded due to clinical or safety constraints. By contrast, iNOwill produces gas on demand, allowing precise, real-time usage and effectively eliminating such wastage. Taking all these factors into consideration, while conventional cylinders is estimated at approximately $136,060 per ICU bed annually (US$57 per treatment hour assuming 2,400 treatment hours per year), according to Frost & Sullivan, iNOwill is estimated to reduce treatment costs to approximately US$17,500 per ICU bed annually (US$7 per treatment hour assuming 2,400 treatment hours per year), represents cost savings of approximately 90%. As these figures are estimated based on market research and built on assumptions, it is subject to inherent uncertainties and are subject to change based on various factors. See "Risk Factors — Risks Related to the [**REDACTED**] — Facts, forecasts and statistics in this document relating to our industry that were obtained from official government publications may not be fully reliable." In addition, the use of iNOwill can also lead to a relatively short payback period of 6–18 months for hospitals with moderate usage, according to Frost & Sullivan. Given these substantial savings, along with simplified operations and logistics, hospitals have strong economic incentives to transition from traditional cylinder-based systems to iNOwill.

We recorded revenue of RMB45.5 million, RMB63.2 million, RMB22.4 million and RMB58.1 million in 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Looking ahead, we are well-positioned to capture significant growth opportunities in the gas-based cardiopulmonary therapeutic and diagnostic device market including the overseas market. Currently, our overseas sales are still at a preliminary stage and we are building our global sales network. For example, iNOwill was certified as a Class IIb medical device for PH under the EU MDR only in September 2025.

Given that the EU CE certification was obtained only on September 30, 2025, iNOwill's commercialization in the EU contributed only for a limited period in 2025. Against this backdrop, the increase in overseas sales volume from 18 units in 2024 to 40 units in 2025 and the increase in overseas revenue by 106.4% from RMB3.9 million to RMB8.0 million during the same period represent notable commercial progress. Following the EU CE certification of iNOwill in September 2025, we entered into an agreement with a France-based distributor for iNOwill in October 2025, with a contract value of US$768,000, equivalent of approximately RMB5.3 million. We also recorded shipments to the EU market with an aggregate shipment amount of approximately RMB5.5 million in 2025 and RMB3.8 million for the six months ended June 30, 2026 following the EU CE certification, providing an initial commercial basis for the Company's expansion into the European market. As of June 30, 2026, our overseas sales volume amounted to 65 units and generated revenue of RMB9.8 million, both of which have already exceeded the record for the entire year of 2025. As we continue to deepen commercialization efforts in the EU, the commercial potential of our overseas business is expected to expand further and the positive commercialization momentum is expected to continue after the Track Record Period.

According to Frost & Sullivan, the global iNO market reached US$1.05 billion in 2025 and is expected to grow at a CAGR of 8.4% to reach US$1.58 billion by 2030; the global IABP market reached US$0.60 billion in 2025 and is expected to grow at a CAGR of 10.1% to reach US$0.96 billion by 2030; and the global FeNO market reached US$0.12 billion in 2025 and is expected to grow at a CAGR of 30.4% to reach US$0.47 billion by 2030. Although our current global market share remains relatively small, this primarily reflects the early stage of our overseas commercialization rather than a lack of market competitiveness. We believe that our differentiated instant iNO generation technology, together with our initiatives in expanding overseas distributor network and marketing activities in Europe, provides a solid foundation for further increasing our market share over time.

We have been engaging experienced R&D and sales personnel to support our overseas expansions. For example, we cooperate with a CRO to support the PMCF conducted in Europe, which help us carry out clinical studies while efficiently utilizing our in-house medical resources. We also provide product training and technical support to our overseas distributors, who leverage their established local sales channels and customer relationships to conduct customer education, product promotion and after-sales support in their respective markets. The distributorship model allows us to efficiently expand into overseas markets without the need to establish a large local sales force in the initial stage of commercialization. We are actively engaging overseas distributors to help capture overseas market opportunities. As of June 30, 2026, we cooperated with 24 overseas distributors across more than 26 countries and regions. All of our overseas sales were conducted through distributors as of the same date. Engaging distributors is an efficient way to reach wider overseas customers with the distributors' established sales network in different regions. While the substantial majority of our employees are located in Chinese mainland, we maintain a dedicated team to support our overseas expansion, with 3, 5 and 7 employees as of September 30, 2025, December 31, 2025 and June 30, 2026, respectively. Going forward, we will allocate a portion of our [**REDACTED**] from the [**REDACTED**] to support our overseas development. In particular, approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to grow our overseas business. Specifically, approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for recruitment of overseas distributors; approximately [**REDACTED**]%, or HK$[**REDACTED**] will be allocated to recruitment of personnel focused on overseas sales and marketing activities, approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used for the participation in high-level overseas academic conferences for iNOwill and approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used for the overseas expert consultancy fees. See "Future Plans and Use of [**REDACTED**]" for further details.

Our Commercialization Strategy of NovaPulse IABP

We plan to strengthen the synergies between iNOwill and NovaPulse IABP. iNOwill and NovaPulse IABP address different but complementary clinical needs in critical-care and perioperative settings. In clinical scenarios where patients require both respiratory support (offered by iNOwill) and circulatory support (offered by NovaPulse IABP), the two products may be used together as part of the same care pathway. Their complementary functions, overlapping application settings and shared clinical resources enable us to broaden our product offering in ICUs, operating rooms and catheterization laboratories and deepen our engagement with critical-care and cardiovascular departments.

The IABP market in China has historically been supplied predominantly by overseas brands, while the penetration of IABP systems remains limited in a number of hospitals and less-developed regions. We believe that domestically developed IABP systems, supported by local clinical training, maintenance and after-sales services, may facilitate broader access to IABP therapy. We initially plan to focus on cardiology departments, CCUs and catheterization laboratories of leading hospitals and subsequently expand into a wider base of Class III hospitals and selected Class II hospitals.

OUR COMPETITIVE STRENGTHS

Capabilities in Product Development and Market Adoption of Instant-Generation iNO Therapy

We focus on the development and commercialization of iNO therapy for cardiopulmonary indications. We have developed proprietary capabilities across the NO technology chain, spanning NO generation, delivery, monitoring, storage and clinical application. This end-to-end capability enables us to translate NO innovation into products that are safe, portable and adaptable, and to deploy NO-based solutions across multiple cardiopulmonary care settings, including adjacent critical care support and respiratory diagnostics.

We have translated our technological capabilities into a product pipeline. We offer a product portfolio across both therapeutic and diagnostic NO applications, including our Core Product, iNOwill, our Key Product, NovaPulse and the eNOglow analyzer. In addition to achieving regulatory approvals, our products have demonstrated clinical performance and operational advantages, which have supported market adoption. For details of our competitive advantage and product efficiency, see "— OUR PRODUCT PIPELINE — iNOwill — Our Core Product — Competitive Advantages."

We support the adoption of Instant-Generation iNO Therapy. On the clinical front, we collaborated with leading industry associations to fill application gaps. For example, in 2024, our R&D staff contributed as authors to the Expert Consensus on the Clinical Application of Inhaled Nitric Oxide in Critical and Severe Disease, and our CEO served as a guest expert. We also participated in the revision of the NMPA's Registration Technical Guidelines for Inhaled Nitric

Oxide Therapy Devices (《一氧化氮治療儀註冊審查指導原則》). Beyond China, we are supporting the transition from traditional cylinder-based NO systems to portable, instant-generation technologies. According to Frost & Sullivan, we are the first company to obtain EU CE certification for an electrochemical-based NO therapy system. In emerging markets, we have supported clinical adoption by combining product deployment with academic outreach and clinician training. For details of our commercialization activities, see "— OUR COMMERCIALIZATION STRATEGIES" and "— SALES AND MARKETING."

Proprietary Technology Platform and Differentiated Products

Reliability, Safety and Adaptability Enabled by Our Technology Platform

Our gas-liquid precision control technology platform supports deployment across diverse care settings. We generate on-demand NO output across its operating range with electrochemical catalysis, with real-time monitoring of patient-side gas composition and breath-to-breath variability using electrochemical detection and chemiluminescence. Our proprietary control algorithms and high-precision circuit engineering regulate gas release, mixing, flow and timing, supporting breath-synchronized delivery, stable concentration maintenance and safety mechanisms in ICU environments. The algorithms also support real-time dose calculation, automated self-checks, intelligent alarm decisioning and consumable life management. For details, see "— Our Gas-Liquid Precision Control Technology Platform."

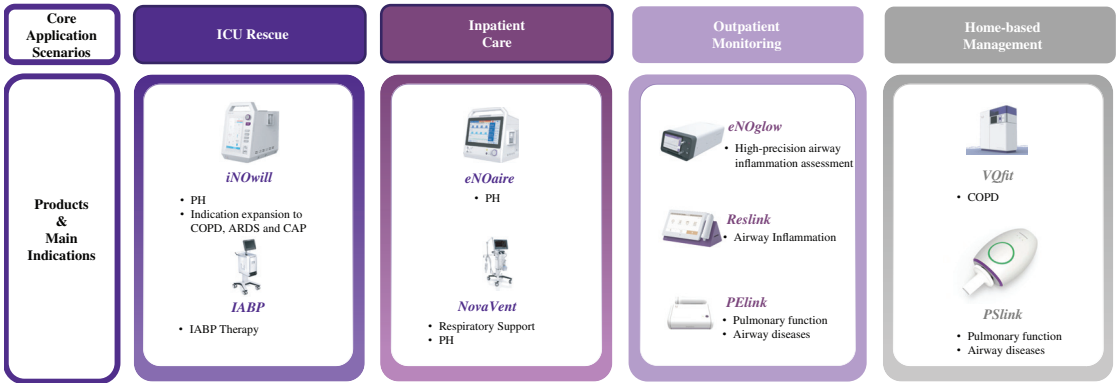
Product Differentiation: iNOwill Setting a New Benchmark

iNOwill is designed to support dosing precision, gas purity and operational safety in clinical deployment. The relevant product specifications include:

(i) *Broad and precisely controllable NO generation range*, (ii) *High output stability and reliable concentration control*, (iii) *Favorable safety profile with rapid therapeutic readiness*, and (iv) *Operational convenience, portability and capacity*. For details of iNOwill's product specifications, clinical trial results and competitive advantages, see "— OUR PRODUCT PIPELINE — iNOwill — Our Core Product."

Broad Applications Across the Cardiopulmonary Care Continuum

Our Product Layout



Across the full continuum of cardiopulmonary care—from ICU rescue, inpatient care to outpatient monitoring and home-based management—we offer a portfolio of gas-based therapeutic and diagnostic devices for use across different care settings. In critical care, iNOwill delivers inhaled NO therapy for neonatal, pediatric and adult ICU patients who require rapid, lung-selective support for severe cardiopulmonary compromise, while NovaPulse IABP provides temporary mechanical circulatory support in ORs, ICUs and cath labs for patients with acute hemodynamic instability where prompt perfusion support is needed; we are also developing NovaVent to integrate mechanical ventilation, iNO delivery and electrical impedance tomography monitoring into an integrated platform for respiratory management. Beyond the ICU, eNOaire extends cylinder-free iNO therapy to general wards and intra-/inter-hospital transport where portability and standardized deployment are critical. In diagnostics, eNOglow enables real-time chemiluminescence-based exhaled NO monitoring through tidal breathing, expanding FeNO use to populations such as neonates, children and ventilated ICU patients, while our Reslink series provides FeNO testing for

outpatient clinics to support routine airway inflammation assessment and broader access in lower-tier institutions. For home care, VQfit is being developed for chronic respiratory conditions such as COPD, and PElink and PSlink being development to support longitudinal monitoring and remote chronic disease management.

Capabilities Across the Product Lifecycle

We possess capabilities across the full product lifecycle — from research and development, clinical trial and registration, to supply chain management, manufacturing, and commercialization. These capabilities support our product development and commercialization activities.

In-House R&D Capabilities. As of the Latest Practicable Date, we had filed 158 patent applications, among which, 85 patents had been granted, covering key aspects of our technology platform and product portfolio. To date, we have independently or jointly published 18 peer-reviewed scientific articles, including multiple papers in SCI journals with impact factors above 5. For details, see "— RESEARCH AND DEVELOPMENT."

Clinical Trial and Registration Execution. We maintain a clinical and regulatory team. In China, we have participated in or supported approximately 20 clinical trials, involving more than 50 hospitals. Internationally, we have established research collaborations in Europe and the U.S., with our Core Product iNOwill having received EU CE certification and having completed a Pre-Submission consultation with the FDA in relation to the proposed U.S. registration of iNOwill. We are also actively involved in global multicenter research. For example, we are participating in a Phase III, double-blind, international multicenter randomized study evaluating perioperative iNO in adults undergoing cardiac surgery with cardiopulmonary bypass. For details, see "— OUR PRODUCT PIPELINE — iNOwill — Our Core Product."

Supply Chain and Manufacturing. We have built a multi-site manufacturing network covering different product categories, supporting production capacity and compliance with applicable quality standards. We have internally developed a wide range of core components to reduce dependency on standardized imported parts and improve performance, stability, and cost control. These include NO-resistant coatings, humidity-controlled sampling tubes and electrochemical NO sensors. These components have been deployed commercially and also sold independently, particularly our ppb-level NO sensors which have provided an alternative to products supplied by multinational suppliers. For details, see "— MANUFACTURING."

Commercialization Strategy Across Domestic and Overseas Markets. In the Chinese mainland, we commercialize our products. We adopt a hybrid academic promotion and distributor model, covering 31 provinces and almost 700 hospitals as of the Latest Practicable Date. Overseas, we pursue a strategy across emerging and mature markets. As of the Latest Practicable Date, our products had been commercialized in 10 overseas countries and regions, including France and Hungary.

Experienced Global Leadership Team Empowered by Strategic Investors

We are led by an experienced and highly complementary global management team with deep expertise across biomedical research, product innovation, and commercial execution. Dr. Wen Mao, our Chief Executive Officer, has nearly 20 years of experience across academic research and industry commercialization. Mr. Zhang Yuyan, our Chief Technology Officer, has nearly 20 years of experience in high-end medical device R&D and engineering management. Mr. Junlin Ou, our Vice President of Business, has over 20 years of experience across pharmaceuticals, medical devices, diagnostics, and healthcare media. Our management team's capabilities are further strengthened by the strong support of reputable institutional investors, including Suzhou Lirun and Northern Light Venture Capital. These shareholders provide not only long term capital support, but also strategic resources, industry insights, and access to global networks.

OUR GROWTH STRATEGIES

We believe that our eight years of dedicated and independent exploration and accumulation in the field of iNO treatment, our comprehensive patent portfolio and independent intellectual property rights, and our developed technology platform are designed to help address practical barriers associated with iNO therapy devices. We aim to bring iNO therapy to a wider population and make advanced cardiopulmonary care more convenient, inclusive and widely available. Building on these foundations, we intend to pursue the following strategies to further grow our business.

Building a Comprehensive iNO-Centric Ecosystem Covering Multiple Indications and Care Scenarios

We are committed to addressing critical clinical needs across cardiopulmonary, respiratory, and anti-infection settings. Central to this commitment is the continued expansion of our iNO therapy pipeline into a broad, multi-indication and multi-scenario clinical ecosystem.

Indication Expansion Across Respiratory Diseases. Leveraging our proprietary instant generation NO technology, we aim to extend the clinical application of iNO therapy from PH to additional high need respiratory conditions such as ARDS, CAP and COPD. We will pursue staged clinical development and regulatory filings for these additional indications, accelerating iNO therapy adoption across the spectrum of respiratory disease. Specifically, approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] from the [**REDACTED**] will be used to fund ongoing and planned clinical trials of iNOwill for indication-expansion in the PRC, including clinical trials in ARDS, CAP and COPD. See "Future Plans and Use of [**REDACTED**]" for details.

Multi-Scenario Commercial Penetration. We will prioritize a staged commercialization strategy aligned with indication expansion. Our initial focus will be on establishing clinical benchmarks in ICU and critical care settings, followed by systematic penetration into general hospital wards and outpatient clinics. Ultimately, we intend to support home-based treatment scenarios, adapting product forms and service models to meet the distinct needs of each care environment.

Product Candidate Development. For outpatient and home maintenance therapy, our portable iNO device VQfit will advance clinical research into COPD and other chronic respiratory conditions. These product indication strategies are designed to unlock sustained market uptake and expand the overall addressable patient population. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the development and registration of our other products and product candidates, such as VQfit, PElink and PSlink, NovaVent and eNOaire in the EU. See "Future Plans and Use of [**REDACTED**]" for details.

Market Outlook and Synergy. With domestic iNO therapy markets expected to grow rapidly in the coming years, the continued expansion of indications and care scenarios positions us to steadily increase market share and expand our coverage of clinical use cases. Our long term objective is to create a comprehensive iNO enabled clinical ecosystem underpinned by diversified indication and application portfolios, strengthening our leadership position in gas based cardiopulmonary care.

Leveraging Our ICU Presence and Technology Synergies to Broaden the Cardiopulmonary Diagnostic and Therapeutic Pipeline

We will accelerate the development of subsequent product lines to complete a diagnostic to therapy clinical continuum and expand our cardiopulmonary product matrix across care scenarios.

Strengthening Synergies Between iNOwill and Our Cardiopulmonary Circulatory Support Product Line. Building on our medical device R&D and system integration capabilities, we are continuing the commercial development of NovaPulse IABP and its related consumables. iNOwill and NovaPulse IABP address different but complementary clinical needs in critical-care and perioperative settings. iNO therapy reduces pulmonary vascular resistance and right ventricular afterload, while IABP provides temporary circulatory support by reducing left ventricular afterload and augmenting coronary perfusion. In clinical scenarios where patients require both respiratory and circulatory support, the two products may be used together as part of the same care pathway. Their complementary functions, overlapping application settings and shared clinical resources enable us to broaden our product offering in ICUs, operating rooms and catheterization laboratories and deepen our engagement with critical-care and cardiovascular departments.

Completing a Full Cycle Diagnostics and Therapy Loop — NO Breath Testing and Home Diagnostics. We plan to expand our respiratory diagnostics portfolio, including portable FeNO devices. This suite will enable continuous airway inflammation monitoring and directly link diagnostic insights to therapeutic planning, enabling a "detect-treat-follow up" management loop.

Expanding into Home-based Chronic Respiratory Disease Management

We plan to extend our product portfolio from hospital-based acute intervention and clinical diagnostics to the long-term management of chronic respiratory diseases in home settings. We are developing PElink for home-based pulmonary function monitoring and VQfit as a portable therapeutic product for outpatient and at-home use. Together, these products are intended to support an integrated pathway covering home-based diagnosis, treatment and longitudinal monitoring.

Expanding Our Global Business Footprint Through Targeted Overseas Commercialization

We will continue to strengthen our global presence, leveraging our leadership position in core Asian markets while progressively expanding into major Western markets with differentiated development and commercialization strategies. In North America, we will finalize a clear regulatory and registration roadmap for our iNO therapy to support subsequent FDA filings. Aligned with regulatory availability, we will coordinate regional commercialization efforts through "registration driven sales" strategies. iNO therapy products will be prioritized for market introduction, with diagnostic products trialed in select countries to build early adoption and clinical familiarity. In Asia Market, we have already established commercial presence in emerging markets. These early successes provide important footholds for broader regional expansion. In the EU market, we will initiate post-market clinical trials and multicenter collaborations with local key opinion leaders (KOLs) to develop region specific evidence packages. We plan to use approximately [**REDACTED**]%, or HK$[**REDACTED**] of [**REDACTED**] from the [**REDACTED**], for planned PMCF and indication-expansion clinical trials in the European Union. In North American market, we will finalize and implement a clear sales and partnership strategy of iNOwill for the U.S. market, once regulatory clearance is obtained. We plan to use approximately [**REDACTED**]%, or HK$[**REDACTED**] of [**REDACTED**] from the [**REDACTED**], for clinical validation and registration of iNOwill for indications including PH and ARDS in the United States. See "Future Plans and Use of [**REDACTED**]" for details.

Strengthening Commercial Execution to Solidify Regional Leadership

We will continue to deepen our commercialization capabilities and reinforce our positions in existing markets through targeted, data driven execution strategies.

End to End Hospital Coverage. We will extend coverage across hierarchical medical institutions — from tertiary hospitals to community level facilities — matching product specialization with institutional needs. In support of this effort, we will synchronize the rollout of digital chronic disease management tools to complement product use and enhance patient outcomes.

Academic and KOL Driven Market Penetration. Our commercialization strategy is anchored by academic engagement, KOL networks, and strategic hospital penetration. We will continue to establish clinical evidence, cultivate opinion leader support, and drive adoption across all care levels.

Expansion of Commercial Teams. In response to rapid business growth, we will continue to expand our marketing and sales teams, with a focus on refined distributor management, core hospital engagement, and deeper regional operational capacity. Key markets will be prioritized, with tailored local support to accelerate adoption.

Enhancing Our R&D Infrastructure and Manufacturing Capabilities to Support Sustainable Growth

We will invest in infrastructure and talent to support the next phase of technological innovation, capacity expansion, and operational excellence. We plan to upgrade our R&D infrastructure and product line automation to support continuous innovation and enhance our capability to manufacture high-quality products at scale. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for this purpose. See "Future Plans and Use of [**REDACTED**]" for details.

Frontier Technology Exploration. We will increase R&D investment in advanced technologies by exploring the integration of NO technology with artificial intelligence, patient self-management, and other frontier fields. This will enable the development of smarter, more precise gas-based diagnostic and therapeutic systems and deepen our intellectual property moat.

Production Capacity Optimization. To meet growing market demand, we will optimize production, introducing automated production lines and strengthening production capabilities. Concurrently, we will scale production teams to improve operational efficiency and ensure consistent product quality.

Talent Development and Organizational Capability Building. Leveraging the global vision of our founding team, we will recruit top R&D, manufacturing, and supply chain talent from around the world and build a professional talent pipeline. This approach will provide foundational support for technological upgrades, capacity expansion, and advanced supply chain execution.

OUR PRODUCT PIPELINE

As of the Latest Practicable Date, we had five approved products and five product candidates under development. Our product pipeline covers critical care, inpatient, outpatient and home-based disease management for cardiopulmonary care, and consists of three major product lines: (i) iNO therapy, (ii) cardiopulmonary circulatory support, and (iii) respiratory diagnostics.

All of our products and product candidates are developed in-house, and we retain global rights to them through active patent registrations and proprietary technical know-how. In particular, we have received regulatory approvals for our products in jurisdictions such as Chinese mainland; EU; Indonesia; Taiwan, China; Malaysia; UK; UAE; Vietnam and Turkey. In the future, we plan to enter into jurisdictions, including the United States, Uzbekistan, Saudi Arabia, Philippines, Israel, Hong Kong, Japan, South Korea, Oman, Mexico, Colombia, Australia, Brazil, Canada and Costa Rica. For details, see "— Overview — Our Technology Platform and Product Pipeline" and "— iNOwill — Our Core Product — Material Communications with Competent Authorities." Our integrated R&D and manufacturing capabilities enable us to design core components such as electrochemical NO sensors and gasflow sensors and to deploy them across multiple product lines. During the Track Record Period, we primarily generated revenue from the sale of hospital-use therapeutic products through distributors, who then supplied them to medical institutions. In addition, we recorded a small portion of revenue from contract development services where we conduct product development for customers based on our R&D capabilities and maintenance services provided to customers after the sales of products.

iNO THERAPY

As of the Latest Practicable Date, our iNO portfolio comprised two commercial-stage products, iNOwill (our Core Product) and eNOaire, and one product candidate, VQfit. iNOwill is positioned primarily for ICU and hospital bedside use, and has been registered as a Class III medical device in China for PH since 2022 and certified as a Class IIb medical device for PH under the EU MDR since 2025. eNOaire is designed for hospital and transfer scenarios where portability and simplified deployment are particularly relevant, and has been registered as a Class III medical device in China for PH since 2024; we expect to start preparing for CE certificate application in the first quarter of 2026. VQfit is our clinical-stage portable iNO product candidate for outpatient and at-home scenarios to address COPD; we expect to submit innovative medical device application in China in the second quarter of 2026.

Our Core Product forms the foundation of our iNO therapy portfolio. Our other iNO therapy products, including eNOaire and VQfit, were subsequently developed based on this foundation and share certain common technical principles. Our Core Product and our other iNO therapy products differ primarily in their NO generation technologies, intended use scenarios and product design. The principal differences among iNOwill, eNOaire and VQfit in terms of their NO generation technologies, generation and output characteristics, product design and portability, and intended clinical scenarios and care settings are summarized below.

Comparison item	iNOwill (Core Product)	eNOaire	VQfit
NO generation technology	Electrochemical NO generation technology	Plasma discharge technology	Plasma discharge technology
Generation and output characteristics	Supports high-purity NO generation and stable, millisecond-level NO delivery, with a maximum NO concentration of 200 ppm. The higher output supports potential future higher-concentration iNO therapy scenarios, and allows the required therapeutic NO concentration to be delivered with less impact on the overall gas flow through the ventilator circuit.	Maximum NO concentration of 80 ppm; not designed for ICU scenarios requiring high-concentration NO therapy.	Plasma discharge generation designed for its wearable and portable configuration.

Comparison item	iNOwill (Core Product)	eNOaire	VQfit
Product design and portability	Relatively larger device configuration due to the design requirements of the electrochemical generation technology and reactor system; primarily designed for bedside use rather than patient transfer or home use.	Lighter device design; can operate without connection to an external power supply; and does not require a replaceable NO generation reactor.	Wearable and portable device design.
Intended clinical scenarios and care settings	ICU, NICU and other inpatient settings for critically ill patients requiring precise respiratory support.	Inpatient and patient transfer scenarios where portability and simplified deployment are particularly relevant.	Outpatient and home-based applications, particularly the long-term management of chronic respiratory diseases.

Based on the above, our Directors are of the view that iNOwill, eNOaire and VQfit are complementary products designed for distinct clinical scenarios and care settings, with no material potential for cannibalization among them.

Case Studies for application of our iNO Therapy products

#1 NICU. A newborn with PPHN secondary to meconium aspiration developed severe hypoxemia and required mechanical ventilation. The NICU team initiated iNO therapy using iNOwill for approximately 70 hours, after which the infant was successfully weaned off iNO and ventilatory support as oxygenation improved.

#2 Inter-hospital Transport. A 26-week premature infant with severe BPD and PH required an approximately six-hour transfer from Kunming to Guangdong. The transport team used eNOaire to maintain continuous iNO therapy with ventilatory support during the transfer, enabling continuity of care upon arrival at the receiving NICU.

#3 ICU. An adult patient developed severe respiratory failure with refractory hypoxemia. The ICU team added iNO therapy using iNOwill alongside prone positioning and standard ventilatory measures, with oxygenation improving within 24 hours and subsequent weaning from mechanical ventilation.

iNOwill — Our Core Product

iNOwill, our Core Product, is a portable iNO therapy device that generates medically usable NO on demand at the point of care and integrates NO generation, delivery and real-time monitoring into a single system. iNOwill delivers iNO as a selective pulmonary vasodilator to provide support to patients with severe cardiopulmonary disease in acute and critical care settings. It is primarily positioned for ICU and hospital bedside use, including neonatal, pediatric and adult ICUs, and perioperative cardiac and respiratory care settings for the management of cardiopulmonary disease such as PPHN, PH, ARDS and COPD.

Product Structure

iNOwill comprises the main unit, the NO generation reactor and the tube accessories, as illustrated in the table below. These three components are designed to function together as a single iNO therapy system. In the PRC, iNOwill has been approved by the NMPA as an integrated system for PH and is classified as a Class III medical device. The NO generation reactor is separately registered with the NMPA as a Class III medical device, while we have applied to register the tube accessories with the Guangxi MPA as a Class II medical device. Under the EU MDR, iNOwill and the NO generation reactor are classified as Class IIb, while the tube accessories are classified as Class IIa. Although the NO generation reactor and the tube accessories are classified in their own right as accessories, they are designed for use with iNOwill and are covered by the same EU Declaration of Conformity and EU quality management system certificate. That certificate records no conditions or limitations to its validity.

Component	Function	Risk Classification /Competent Authorities	Consumables	Lifetime
Main unit	The main unit integrates key functional components, including the nitrogen module to generate nitrogen as the carrier gas, electrochemical $NO/NO_2/O_2$ sensors to monitor gas concentrations, and control and display components for system operation and parameter adjustment.	No distinct registration approval	N	Seven years
NO generation reactor	A replaceable NO generation reactor that generates nitric oxide for therapeutic use.	PRC (NMPA): III EU (UDEM): IIb	Y	120-500 hours
Tube accessories . .	Gas tubing comprising tube accessories intended for use with the system to enable delivery of nitric oxide (NO) gas into the inspiratory limb of the patient's breathing circuit.	PRC (Guangxi MPA): II EU (UDEM): IIa	Y	Single-use tubes or reusable tubes (approximately 60-100 uses)

Based on the NMPA regulatory approval, the main unit, the NO generation reactor and the tube accessories may be manufactured by us or by third-party suppliers that are qualified and compliant with applicable regulatory requirements. As of the Latest Practicable Date, we manufactured the main unit in-house and engaged qualified third-party suppliers to manufacture the NO generation reactor and tube accessories in accordance with our specifications and quality requirements. Upon delivery, we conduct final inspection of these components and complete the final assembly of the integrated iNOwill system. We adopted this arrangement primarily because establishing and maintaining dedicated production lines for the NO generation reactor and tube accessories would require additional capital expenditure and result in higher production costs. The main unit, the NO generation reactor and the tube accessories are designed by us and approved to function together as components of the integrated iNOwill system. Although the NO generation reactor and tube accessories are manufactured by qualified third-party suppliers in accordance with our specifications and quality requirements, they are not interchangeable with corresponding components designed by other manufacturers. iNOwill is compatible with ventilator circuits developed by third-party manufacturers.

Available Models

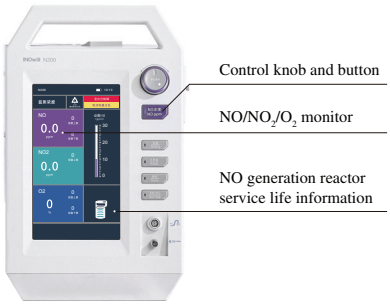
iNOwill is available in four main unit models (N100, N200, N300 and N350) and four compatible NO generation reactor models (INO-W1, INO-W2, INO-W3 and INO-W4). The main unit models incorporate the same core electrochemical nitric oxide generation technology and intended use, with differences primarily relating to functional configuration and operating specifications. The compatible NO generation reactor models primarily differ in their service life. The principal features of each model are summarized below.

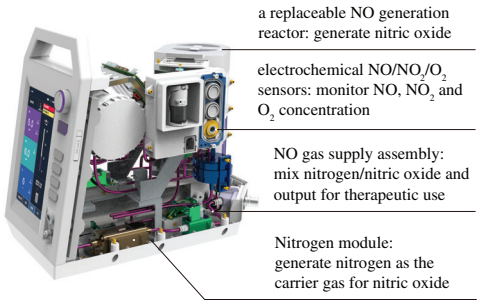
Main unit model	Principal features
N100	Base configuration supporting the core functions of iNOwill, including electrochemical NO generation, continuous $NO/NO_2/O_2$ monitoring, alarm management, high-frequency oscillatory ventilation (HFOV) compatibility, flow-sensor heating and dynamic current control.
N200	Includes all functions of the N100 model and further incorporates environmental NO monitoring to support environmental gas monitoring during clinical use.
N300	Includes all functions of the N200 model and further incorporates a simplified high-flow nasal cannula (HFNC) mode (without a flow sensor), synchronization-rate display and an expanded standard hardware configuration (including a medical trolley, medical air compressor and uninterrupted power supply (UPS)).

Main unit model	Principal features
N350	Includes all functions of the N200 model and further supports a broader range of optional hardware configurations and accessories to accommodate different operational requirements.

Reactor model	Service life
INO-W1 . .	Approximately 120 operating hours
INO-W2 . .	Approximately 200 operating hours
INO-W3 . .	Approximately 300 operating hours
INO-W4 . .	Approximately 500 operating hours

The following chart illustrates the display and main unit with NO generation reactor of iNOwill.



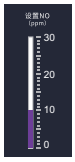


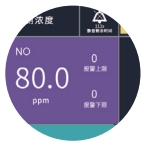
Operation Procedure

The following chart illustrates the operation procedure of iNOwill.

(i) Install NO generation reactor into its slot and connect iNOwill gas tubing into the ventilator circuit.

(ii) Set the target NO concentration and alarm concentration limits for NO, NO_2 and O_2 on the graphical interface. We determine the factory-default alarm concentration limits based on safety considerations and typical clinical use. The default high and low alarm limits for NO are 30 ppm and 0 ppm, respectively, as NO therapy is generally administered at 20 ppm; the default high alarm limit for NO_2 is 3 ppm to limit exposure to this potentially toxic by-product; and the default high and low alarm limits for O_2 are 100% and 18%, respectively, with the 18% threshold providing an early warning against hypoxia relative to the normal atmospheric oxygen concentration of approximately 20.93%. During treatment, physicians may adjust the NO high and low alarm limits within the permitted ranges as illustrated in chart below based on the prescribed NO concentration and the patient's condition.





Alarm concentration limits may be preset for NO (5–200 ppm for the high limit and 0–195 ppm for the low limit), NO_2 (1–50 ppm for the high limit) and O_2 (21%–100% for the high limit and 18%–99% for the low limit).

During treatment, iNOwill generates NO in the reactor and injects it into the ventilator circuit in synchrony with the measured ventilator waveform to deliver the prescribed NO concentration. The device continuously monitors NO, NO_2 and O_2 concentrations in the mixed gas and issues an alarm if any monitored concentration exceeds, or where applicable falls below, the preset alarm limit.

Mechanism of Action

iNO acts as a selective pulmonary vasodilator. When delivered via the respiratory circuit, NO reaches ventilated alveoli and diffuses into the pulmonary vasculature, where it activates the guanylate cyclase-cGMP pathway, relaxes pulmonary vascular smooth muscle, reduces pulmonary vascular resistance and lowers pulmonary artery pressure. iNOwill is designed to apply this mechanism in a controlled and verifiable manner at the bedside. The device generates NO on demand via an electrochemical reduction process in the NO generation reactor, introduces the therapeutic gas into the inspiratory limb of the respiratory circuit, mixes it with the ventilator gas stream and deliver to the lung of the patients.

Competitive Advantages

Building on our electrochemical instant-generation NO technologies, the iNOwill series replaces the traditional "gas factory + cylinder logistics" paradigm with a "device + reactant" model and is designed to offer key competitive advantages, including: (i) broad, precisely controllable NO generation using a proprietary electrochemical reactor and integrated nitrogen module that produces approximately 390-3,500 ppm NO on demand, (ii) high output stability and reliable breath-by-breath concentration control through high-frequency flow sensing and embedded algorithms that synchronize NO injection with the inspiratory waveform across different ventilation modes, (iii) a favorable safety profile with rapid therapeutic readiness, reaching target NO levels in about two minutes while maintaining NO_2 typically <1 ppm at the delivery terminus, supported by gas-path purification, continuous $NO/NO_2/O_2$ monitoring and integrated alarm and purge logic, (iv) operational convenience and bedside portability through a disposable NO generation reactor that avoids cylinder replacement and, according to Frost & Sullivan, provides an approximate one-fifth bedside footprint and about five times the effective bedside gas capacity per replacement compared with traditional cylinder-based systems, and (v) improved logistics, economics and accessibility by reducing reliance on cylinder transport, storage and centralized gas plants and lowering total cost of ownership, thereby supporting wider adoption of iNO therapy in secondary and lower-tier hospitals and in regions with unstable cylinder supply.

Market Opportunity and Competitive Landscape

Globally, instant-generation iNO systems accounted for about US$0.11 billion in 2025 and are forecast to reach approximately US$0.49 billion by 2030 at a CAGR of 34.2%, far outpacing the low single-digit growth expected for cylinder-based workflows. In China, the INO therapy market was approximately US$12.5 million in 2025 and is projected to grow to about US$66.9 million by 2030, at a CAGR of 39.6%, with instant-generation platforms already representing around 91% of market value. While the global market remains dominated by established cylinder-based drug-device franchises in the United States and European Union, instant-generation alternatives have gradually gained shares, and iNOwill is one of the instant-generation iNO providers to capture the trend. For details, see "Industry Overview — Global iNO Therapy Market."

Development Timeline and Milestones

The table below summarizes the key development milestones of iNOwill.

Year	Key Milestones
2019	Initiated iNOwill R&D and technology validation
2020-2024 .	Filed core patents
2022	Obtained NMPA Class III medical device registration certificate
2022-2023 .	Conducted two clinical trials for postoperative PH in pediatric and adult patient populations that support EU CE certification (collectively, the "**Clinical Trials**") in collaboration with collaborative hospitals, undertook sponsor equivalent obligations and was treated as the sponsor of the Clinical Trials by the UDEM for the purposes of the CE certification.
2023	Submitted application for CE certification
	Registered with Indonesian Ministry of Health
2024	Registered with Taiwan TFDA registration; developed and launched Taiwan-specific system variant
	Achieved cost reduction for the console and reaction module
	Extended the reaction module service life to 500 operating hours
2025	Obtained CE certification (Class IIb) under EU MDR via UDEM
	Submitted NMPA registration amendment to enhance oxygen concentration monitoring sensitivity
	Filed and obtained NMPA Class III medical device registration certificate for NO generation reactor of iNOwill
	Registered with Turkey Ürün Takip Sistemi
2026	Registered with Medical Device Authority of Malaysia, the United Arab Emirates and the MHRA of the United Kingdom

Following receipt of the NMPA Class III medical device registration certificate in April 2022, we commenced commercialization of iNOwill in the Chinese Mainland by making our first commercial shipment in September 2022. Following receipt of the EU CE certification in September 2025, we made our first commercial shipment of iNOwill to the EU in November 2025. As of the Latest Practicable Date, we had also made commercial shipments of iNOwill to certain other overseas markets, including Indonesia, Taiwan, Vietnam, Türkiye, Malaysia and the United Arab Emirates, with the earliest such shipment made to Indonesia in September 2023.

Material Communications with Competent Authorities

*Chinese Mainland — The NMPA and Guangxi Medical Products Administration (the "**Guangxi MPA**").* In April 2021, we submitted a Class III medical device registration application for iNOwill to the NMPA. In April 2022, we obtained a Class III medical device registration certificate from the NMPA for iNOwill as an integrated system for PH, comprising the main unit, the NO generation reactor and the tube accessories. These components function together, and are regulated, as one integrated iNO therapy system; the subsequent separate registration of certain components did not change the integrated nature of iNOwill. For purposes of such NMPA approval, we conducted the clinical evaluation of iNOwill through comparison with the same variety of medical devices from February 2021 to April 2021, and no registrational clinical trial was required. In May 2025, we submitted a registration amendment application in relation to an upgrade of the oxygen-concentration monitoring sensitivity and related performance specifications of the registered product, and subsequently obtained the Medical Device Change Registration (Filing) Certificate (the "**Change Certificate**") from the NMPA on March 3, 2026. The registration amendment application is a change to the product technical requirement. Our PRC Legal Advisor confirmed that the Change Certificate does not affect the validity of the original NMPA registration approval for the Core Product and that the Change Certificate is to be used together with it. On December 23, 2025, we obtained a separate Class III medical device registration certificate for the NO generation reactor from the NMPA. In March 2026, we submitted a Class II medical device registration application for the tube accessories to the Guangxi MPA, which had not been approved as of the Latest Practicable Date. Under the applicable PRC medical device regulatory framework, registration units are principally delineated by reference to a product's technical principles,

structural composition, performance indicators and scope of application. Accordingly, a component may be registered under a separate registration unit while continuing to form part of, and function only within, an integrated medical device system. The staggered timing reflected our subsequent registration approach for the replaceable consumable components following the original approval of iNOwill as a complete product, rather than the separate development of these components. We pursued separate registration of the NO generation reactor and tube accessories because they have finite service lives, may require replacement during routine clinical use and may be supplied separately for use with iNOwill. On May 28, 2026, we consulted with the Yangtze River Delta Center for Medical Device Evaluation and Inspection of the NMPA ("**YDCDEI**") regarding the clinical trial requirements for the proposed expansion of iNOwill into COPD, ARDS and CAP. During the consultation, a Clinical Review Officer of the Review Department advised that registration clinical trials would be required for such indication expansion under the current regulatory framework, primarily because there are no approved equivalent products for these indications. Our PRC legal advisers are of the view that the YDCDEI is the appropriate channel through which we may obtain pre-application communication and guidance from the Center for Medical Device Evaluation of the NMPA (the "**CMDE**"), and that the review staff member of the clinical group of its Evaluation Department that we consulted with, is competent to address our enquiries in this regard and to provide the relevant confirmation.

European Union — UDEM. We initiated preparation for CE certification of iNOwill in July 2022 and submitted an application to UDEM under the EU MDR in 2023. On September 30, 2025, UDEM issued an EU quality management system certificate under Annex IX, Chapters I and III to the EU MDR covering iNOwill N200 as a complete product, together with the NO generation reactor and the tube accessories as its accessories. Under the EU MDR, iNOwill and the NO generation reactor are classified as Class IIb, while the tube accessories are classified as Class IIa. Although the NO generation reactor and the tube accessories are classified in their own right as accessories, they are designed for use with iNOwill and are covered by the same EU Declaration of Conformity and EU quality management system certificate. The certificate identifies us as the manufacturer.

The table below summarizes the respective regulatory pathways and our corresponding communication responsibilities regarding the Clinical Trials in China and EU.

Jurisdiction/ Regulatory Body	Clinical Trial Requirement	Our Role and Communication Responsibilities
China (NMPA) .	Not required for NMPA	The Clinical Trials did not involve communications with the NMPA, as they were not registrational trials required for the NMPA medical device approval. Prior to the commencement of the Clinical Trials, we prepared relevant materials, including research protocol, informed consent forms and the ethical review application, to the hospital ethics committee of the collaborating hospitals.
EU (UDEM) . .	Required by UDEM in accordance with EU MDR	Pre-trial phase: We engaged in multiple rounds of communication with UDEM regarding the necessity of clinical trials. UDEM concluded that the Equivalence Route was not applicable due to the novel technical features of the device, and that clinical trials would therefore be required to support CE certification. In response, we revised its clinical evaluation strategy to adopt self-generated clinical investigations and submitted a draft clinical investigation plan, covering both the ongoing Pediatric Trial and the proposed Adult Trial, to UDEM. UDEM subsequently reviewed and confirmed the proposed investigation plan. Clinical phase: We led confirmation that the trial design and execution were in accordance with Annex XV of the MDR. Post-trial phase: We prepared the Clinical Evaluation Report (CER), responded to UDEM's review comments, and finalized the submission. UDEM expressly endorsed the Clinical Trials as "the manufacturer's own clinical trials," stating in its Clinical Evaluation Assessment Report that these "directly met the purpose of demonstrating the clinical performance and utility of the device," and confirming that the results were used to validate iNOwill's conformity with the applicable safety and performance requirements under the MDR.

Jurisdiction/ Regulatory Body	Clinical Trial Requirement	Our Role and Communication Responsibilities
		We are preparing to conduct PMCF in Europe, which serves as a part of the ongoing regulatory oversight measures for the UDEM to further validate the safety and performance of certified medical devices in a real-world setting. We will act as the sponsor of trials for PMCF and trials to support application of iNOwill for more indications, and will be responsible for their design, implementation and related regulatory communications.

Note: UDEM, through its Sales Director for China, who acted as its principal contact for the iNOwill's CE certification, confirmed that clinical trials were required to support CE certification and that we undertook sponsor-equivalent obligations in the Clinical Trials and were treated by UDEM as the sponsor. Our EU legal adviser is of the view that the Sales Director for China, as UDEM's principal contact for our CE certification process, was competent, in the ordinary course of such person's responsibilities, to provide UDEM's confirmation regarding our role as the sponsor for purposes of the CE certification.

United States — The FDA. In late May 2026, we submitted Pre-Submission to the FDA in relation to the proposed U.S. registration of iNOwill. The FDA issued written feedback on July 27, 2026 and held a formal meeting with us on August 4, 2026. Based on these communications, the FDA indicated that iNOwill would be regulated as a Class III medical device requiring premarket approval ("PMA"). The FDA advised that PH, ARDS and COPD would require new clinical evidence through clinical trials. For the neonatal PPHN indication, the FDA considered it reasonable for a PMA application to rely on comparative evidence consisting of existing published literature, the precedent of the comparable FDA-approved device, non-U.S. real-world evidence, post-market registry data and device nonclinical testing, and based on such feedback we currently expect that a new U.S. clinical trial under an IDE will not be required before submission of a PMA application for that indication. Based on their review of the FDA's organizational structure and the respective roles of the participating FDA officials, our U.S. legal advisers as to U.S. medical device regulatory matters are of the view that such officials possessed the requisite regulatory authority, technical expertise and institutional competence to provide official guidance regarding the applicable clinical and regulatory requirements for iNOwill.

Other Jurisdictions. In Indonesia, iNOwill obtained a medical device approval from the Ministry of Health on May 30, 2023, which classifies iNOwill as a Class C non-radiation electromedical device. The approval was issued to PT Sinovac Biotech Indonesia as the registrant and identifies Novlead as the manufacturer, and is valid until February 2028. In Taiwan, China, iNOwill obtained a Medical Device Registration License from the Taiwan Food and Drug Administration on April 6, 2024, which classifies iNOwill as a Class D device. The license was issued to Xinzhen Instrument Co., Ltd. (信正儀器有限公司) as the local medical device firm and identifies Novlead as the manufacturer, and is valid until April 2029. In Vietnam, iNOwill completed a Class B medical device declaration with the Hanoi Department of Health on September 8, 2025. The declaration was made by CÔNG TY TNHH THIẾT BỊ Y TẾ MINH ANH as the declarant and identifies Novlead as the product owner and manufacturer, and does not have a fixed expiry date. In Turkey, iNOwill registered with Ürün Takip Sistemi on December 29, 2025 as a Class IIb medical device. The certificate was issued to KEYVAC BİYOLOJİK ÜRÜŁNLER SANAYİ VE TİCARET ANONİM ŞİRKETİ as the authorized representative and identifies Novlead as the manufacturer, and does not have a fixed expiry date. In Malaysia, iNOwill obtained a Medical Device Registration Certificate from the Medical Device Authority of Malaysia on April 15, 2026, which classifies iNOwill as a Class C medical device. The certificate was issued to Medifocus Supplies Sdn. Bhd. as the authorized representative and identifies Novlead as the manufacturer, and is valid until April 14, 2031. In the United Arab Emirates, iNOwill obtained a classification certificate on April 7, 2026. The certificate was issued to VIRTUS MEDICAL EQUIPMENT & SUPPLIES STORE as the local certificate holder and identifies Novlead as the manufacturer. In the United Kingdom, iNOwill was registered with the MHRA on August 5, 2026. The registration was made through Horizon Med Tech Ltd. and identifies Novlead as the manufacturer.

Summary of Clinical Trials

As of the Latest Practicable Date, iNOwill had been or was being evaluated in 14 clinical trials at more than 50 hospitals. These studies cover PH, PPHN, ARDS, COPD, cardiovascular surgery requiring cardiopulmonary bypass, and additional critical-care indications such as high-altitude pulmonary edema, hypoxic respiratory failure in premature infants and lung transplantation.

Clinical Trials that Support EU CE certification

We conducted the Clinical Trials in collaboration with collaborative hospitals. Although the Clinical Trials were conducted to generate clinical evidence supporting our CE certification application, they were carried out under the public-hospital clinical research funding framework in the PRC. Under this framework, the relevant research funding was awarded to and administered through the collaborative public hospitals. Accordingly, for institutional and administrative purposes, due to the public funding nature of the Clinical Trials, collaborative hospitals were designated as trial sponsors in China. Such designation reflected the applicable institutional arrangement for administering publicly funded clinical research in the PRC and did not affect the allocation of sponsor responsibilities for the Clinical Trials. We, despite not being a named sponsor in China, solely undertook sponsor-equivalent obligations in the Clinical Trials, while the collaborative hospitals primarily performed the institutional and administrative functions associated with the public funding arrangement. UDEM treated us as the sponsor for purposes of the CE certification. For details of work allocation between us and collaborative hospitals, see " — Collaborations Regarding the Clinical Trials for our Core Product iNOwill." In assessing the Clinical Trials conducted in the PRC supporting EU CE certification, UDEM primarily considered that (i) the EU MDR does not prescribe specific requirements on patient ethnicity or minimum sample size for clinical investigations; (ii) clinical data may be derived from clinical investigations and other clinically relevant experience, including retrospective studies and real-world data; and (iii) the Clinical Trials, together with other supporting clinical evidence, were sufficient to demonstrate the safety and performance of iNOwill for conformity assessment purposes. In particular, at the time of the CE certification, NO therapy products had already been approved and marketed in the EU for the treatment of PH. Accordingly, the Clinical Trials were designed to demonstrate the safety and performance of iNOwill, which adopts electrochemical NO generation technology, rather than to re-establish the clinical efficacy of NO therapy for PH. Against this regulatory and evidentiary background, UDEM accepted the enrolment of 14 adult patients and 18 paediatric patients for the CE conformity assessment. The key milestones of the Clinical Trials are set out in the timeline below.

- July 2022: Initiated preparation for CE certification application, exploring both the Equivalence Route and the Clinical Investigation Route

- October 2022: Commenced patient enrollment for pediatric postoperative PH clinical trial in collaboration with Shanghai Children's Medical Center (the "**Pediatric Trial**")

- March 2023 — June 2023: Engaged in multiple rounds of communication with UDEM, during which UDEM concluded that the Equivalence Route was inapplicable and that self-generated clinical investigation data were required for the CE conformity assessment. Accordingly, revised our clinical evaluation strategy and submitted a draft clinical investigation plan to UDEM, covering both the ongoing Pediatric Trial and the proposed adult postoperative PH clinical trial in collaboration with Peking University International Hospital (the "**Adult Trial**"). UDEM subsequently reviewed and confirmed the proposed investigation plan.

  As part of its review, UDEM proposed two refinements in June 2023, comprising (i) the inclusion of NO_2 monitoring results as part of the safety and stability assessment evidence and (ii) further enrollment of patients across different age groups to ensure that the overall enrolled patient population appropriately covered the full age range of 0 to 18 years, rather than being concentrated in relatively older or younger age groups. We adjusted the Pediatric Trial enrollment plan in response to UDEM's feedback and continued enrollment. Patients enrolled prior to the refinements remained part of the Pediatric Trial and formed part of the clinical evidence for the CE conformity assessment. The refinements did not change the treatment, study endpoints or risk profile of the Pediatric Trial. In particular, the age-related refinement resulted in the enrollment of older paediatric patients and did not introduce any additional newborns or infants into the enrolled population. Accordingly, no separate ethics approval from the relevant PRC hospitals was required under applicable PRC requirements. The complete results of the Pediatric Trial were subsequently accepted as part of the clinical evidence supporting the CE certification of iNOwill. Based on the foregoing, our Directors are of the view, and the Sponsor concurs, that commencing the Pediatric Trial before receiving UDEM's confirmation did not adversely affect the progression of the trial or the CE certification of iNOwill, as UDEM subsequently reviewed and confirmed the clinical investigation plan covering the ongoing Pediatric Trial, proposed the relevant refinements to its enrollment plan and accepted its complete results as part of the clinical evidence supporting the CE certification of iNOwill.

In assessing the Clinical Trials conducted in the PRC as supporting evidence for the EU CE conformity assessment, UDEM primarily considered that (i) the EU MDR does not prescribe specific requirements on patient ethnicity or minimum sample size for clinical investigations; (ii) clinical data may be derived from clinical investigations and other clinically relevant experience, including retrospective studies and real-world data; and (iii) the Clinical Trials, together with other supporting clinical evidence, were sufficient to demonstrate the safety and performance of iNOwill for conformity assessment purposes. In particular, at the time of the CE certification, NO therapy products had already been approved and marketed in the EU for the treatment of PH. Accordingly, the Clinical Trials were designed to demonstrate the safety and performance of iNOwill, which adopts electrochemical NO generation technology, rather than to re-establish the clinical efficacy of NO therapy for PH. Against this regulatory and evidentiary background, UDEM accepted the enrollment of 14 adult patients and 18 paediatric patients for the CE conformity assessment.

- July 2023: Initiated patient enrollment for Adult Trial in accordance with UDEM-reviewed plan
- September 2023: Completed Pediatric Trial
- November 2023: Completed Adult Trial

The Clinical Trials were conducted in the PRC and were therefore subject to the applicable PRC regulatory requirements governing their conduct. As advised by our PRC Legal Advisor, as the Clinical Trials were not related to the registration of, or the application for registration of any medical device with the NMPA, the GCP requirements applicable to medical device clinical trials for NMPA registration did not apply. As the Clinical Trials were not conducted in the EU, the EU regulatory requirements governing the conduct of clinical investigations in the EU, including the applicable GCP requirements, did not apply to their conduct. Nevertheless, because the clinical data generated from the Clinical Trials were subsequently used to support the CE conformity assessment of iNOwill, the use and assessment of such data were subject to the applicable EU MDR requirements on clinical data and clinical evaluation, including Article 61 and Annex XIV of the EU MDR and other applicable requirements to be confirmed by our EU Legal Advisor. UDEM reviewed the clinical data in accordance with the applicable EU MDR requirements and accepted them as part of the clinical evidence supporting the CE certification of iNOwill.

Peking University International Hospital Trial (The Adult Trial)

Overview

We conducted an adult clinical trial at Peking University International Hospital (Cardiac Surgery Department) between July 2023 and November 2023 to evaluate the safety and effectiveness of iNOwill for postoperative iNO therapy. The study enrolled adult patients with congenital heart disease and pulmonary arterial hypertension who had undergone cardiac surgery. Primary efficacy assessments focused on changes in mean pulmonary artery pressure (mPAP) and oxygenation (PaO_2/FiO_2) from baseline to post-treatment timepoints, with interim observations during treatment, while safety assessments covered complications and adverse events during therapy and hypoxic rebound during withdrawal of iNO therapy.

Trial design

The Adult Trial was a prospective, open-label, single-arm clinical investigation conducted in adult patients undergoing cardiac surgery for congenital heart disease with pulmonary arterial hypertension. A total of 14 adult patients were planned to be enrolled, and 14 were actually enrolled and included in the analysis. Eligible patients had pulmonary artery pressure greater than 20 mmHg as measured at rest by right-heart catheterization and were assessed as requiring iNO therapy for at least six hours after surgery. Key exclusion criteria included, severe bleeding risk, confirmed methemoglobinemia, anticipated short-term risk of death that would preclude completion of treatment and missing system data preventing analysis.

In accordance with the trial protocol, iNO therapy using iNOwill generally commenced at 20 ppm approximately two hours after surgery, once systemic circulation was considered basically stable, and continued until the end of respiratory support as part of standard postoperative management. The Adult Trial assessed efficacy primarily through changes in mPAP and PaO_2/FiO_2 from baseline to post-treatment observation timepoints, with interim measurements during treatment. Secondary observations included the time course of hemodynamic and oxygenation changes at approximately two, four and six hours after treatment initiation and the presence or

absence of hypoxic rebound during withdrawal of iNO. Safety evaluation covered the incidence and severity of adverse events ("**AE**"), serious adverse events ("**SAE**") and treatment-emergent adverse events ("**TEAE**"), monitoring of NO_2 and methemoglobin as markers of NO-related toxicity and observations of device performance or malfunction.

Trial status

The Adult Trial was conducted and completed within the planned study period from July 2023 to November 2023. All 14 enrolled patients received iNO therapy via iNOwill and completed the planned observation period in accordance with the protocol. The trial proceeded without suspension, early termination or any safety-related protocol amendments requested by regulators or the ethics committee, and all planned efficacy and safety endpoints were evaluated in the full analysis set.

Trial results and key observations

The Adult Trial observed statistically significant improvements in pulmonary hemodynamics and oxygenation following treatment with iNOwill: mPAP decreased from (40.71 ± 11.73) mmHg at baseline to (35.14 ± 12.56) mmHg ($p = 0.0012$), and PaO_2/FiO_2 increased from (157.6 ± 65.2) mmHg to (221.8 ± 92.3) mmHg ($p = 0.0395$). Interim assessments at approximately two, four and six hours indicated that these improvements developed during therapy and were sustained, with patients with baseline PaO_2/FiO_2 below 300 mmHg showing statistically significant improvement after six hours that was maintained through withdrawal.

No AE, TEAE or SAE attributable to iNO therapy via iNOwill were reported, and no hypoxic rebound was observed during NO withdrawal. NO_2 and methemoglobin levels remained within protocol-defined safety ranges, with no clinically meaningful NO_2 toxicity, methemoglobinemia, device defects or malfunctions identified. Overall, the investigators concluded that iNOwill demonstrated a favorable safety profile and provided clinically meaningful improvements in pulmonary hemodynamics and oxygenation in this adult postoperative population.

Shanghai Children's Medical Center Trial (The Pediatric Trial)

Overview

We conducted a pediatric clinical trial at Shanghai Children's Medical Center between October 2022 and September 2023 to evaluate the safety, delivery stability and clinical performance of iNOwill in pediatric patients after surgery for congenital heart disease. The Pediatric Trial was commenced to support CE certification of iNOwill, based on our preliminary assessment that clinical investigations would likely be required. Our Directors are of the view, and the Sponsor concurs that the earlier commencement of the Pediatric Trial has no implication on the necessity of the Clinical Trials for obtaining CE certification.

Trial design

The Pediatric Trial was a prospective, open-label, single-arm investigation enrolling pediatric patients aged 0 to 18 years with refractory PH following congenital heart disease surgery. A total of 18 patients were planned, and 18 patients were actually enrolled and analyzed. Inclusion criteria focused on patients with persistent elevation of pulmonary artery pressure and inadequate improvement in systemic circulation despite standard pharmacological therapy, consistent with the prevailing pediatric guidelines. Key exclusion criteria included severe left-heart hypoplasia or duct-dependent congenital heart disease, fatal congenital defects with congestive heart failure, congenital methemoglobinemia and severe active bleeding.

In accordance with the trial protocol, NO was delivered by iNOwill, with concentration generally starting at 3 ppm and titrated up to 80 ppm based on clinical need. As part of a structured withdrawal strategy, sildenafil was introduced one to two days prior to planned withdrawal at a dose of 0.3 to 0.5 mg/kg administered once every four to six hours. Primary efficacy assessments compared mPAP and PaO_2/FiO_2 before and after treatment, including evaluation at 24 hours after initiation, with additional indicators such as central venous pressure and NT-proBNP collected to assess postoperative cardiac function. Delivery stability was evaluated by examining NO concentration before and after changes in ventilator parameters, and safety was assessed through regular monitoring of NO_2 and methemoglobin every four hours and systematic recording of all AEs, SAEs and TEAEs, with causality assessment.

Trial status

The Pediatric Trial completed enrolment and follow-up within the planned study period from October 2022 to September 2023. All 18 enrolled patients received iNO therapy via iNOwill and completed the planned observation period in accordance with the protocol. There were no trial suspensions, premature terminations or protocol amendments required by regulators or ethics committees due to safety concerns or other reasons.

Trial results and key observations

The Pediatric Trial showed statistically significant improvements in pulmonary artery pressure and oxygenation following treatment with iNOwill: mPAP decreased from (50.2 ± 20.6) mmHg at baseline to (28.6 ± 10.5) mmHg after treatment ($p = 0.01$), and PaO_2/FiO_2 increased from (91.4 ± 35.9)% to (103.4 ± 39.9)% ($p < 0.001$), CVP decreased from (15.3 ± 2.1) mmHg to (13.8 ± 1.3) mmHg ($p < 0.001$), and NT-proBNP decreased from (10,583.9 ± 7,938.4) pg/ml to (9,866.0 ± 7,802.5) pg/ml ($p = 0.02$). These results suggest reduced right-ventricular load, improved hemodynamics and better oxygenation in this high-risk postoperative pediatric population.

Monitored NO concentration remained stable before and after changes in ventilator mode and tidal volume. During treatment, mean NO_2 concentration was approximately (0.1 ± 0.02) ppm, and methemoglobin averaged (0.9 ± 0.6)% (maximum 2.8%), all within predefined safety ranges. No cases of NO_2 toxicity, clinically significant methemoglobinemia or other treatment-related adverse reactions were observed. Three patients, representing approximately 16.7% of the study population, died during the observation period; investigators attributed these deaths to sepsis, right-heart failure and multiple organ dysfunction syndrome, related to underlying disease and postoperative complications rather than to iNOwill or iNO therapy. No device malfunctions or defects contributing to AEs or SAEs were identified. The investigators concluded that iNO therapy delivered via iNOwill had a favorable benefit-risk profile in this pediatric population.

Collaborations Regarding the Clinical Trials for our Core Product iNOwill

As disclosed above, although the Clinical Trials generated clinical evidence supporting our CE certification application, the relevant research funding was awarded to and administered through the participating public hospitals under the public-hospital clinical research funding framework in the PRC. Accordingly, for institutional and administrative purposes, the collaborative hospitals were designated as the official trial sponsors in China and primarily performed the institutional and administrative functions associated with the public funding arrangement. Such designation did not affect the allocation of sponsor responsibilities for the Clinical Trials. Despite not being named as a trial sponsor in China, we solely undertook all sponsor-equivalent obligations throughout the Clinical Trials and were treated as the sponsor by UDEM for purposes of the CE certification. Our Directors confirm and the Sponsor concurs that we were so treated by UDEM for the purpose of obtaining the CE certification.

An interview was conducted with UDEM's Sales Director for China in December 2025 (the "**UDEM Interview**") to confirm the nature of the Clinical Trials and our role therein. Based on the UDEM Interview, UDEM confirmed that:

- The Clinical Trials were treated in the same manner as other UDEM-approved clinical trials, including confirmation of clinical necessity, review of study design for compliance with relevant requirements under the MDR, and assessment of the Clinical Evaluation Report.

- UDEM accepted the Clinical Trials as our own clinical data, treated us as the sponsor for the Clinical Trials, and confirmed that such data formed a key part supporting the CE certification of the iNOwill system.

- We assumed full responsibility for communications with UDEM throughout the CE process, including pre-trial consultation, trial execution and post-trial reporting. UDEM further noted that we are preparing to conduct PMCF in Europe and will act as sponsor for planned PMCF.

To demonstrate our key contributions in the clinical trials for our Core Product iNOwill, a side-by-side comparison of typical sponsor functions as well as our and collaborative hospitals' responsibilities in the Pediatric and Adult Trials is provided in the following table.

Clinical Trial Stage	Typical Role in a Registrational Trial	Our Role	Collaborative Hospitals' Role
1. Product design and development	Sponsor designs and develops trial device	**In both Clinical Trials:** We independently designed and developed the iNOwill device and core components including NO generation module and monitoring system.	**In both Clinical Trials:** N/A
2. Clinical trial design	Co-led by PI and sponsor, including participating hospital reviewing clinical feasibility and ethical compliance, and confirming assessment parameters and outcome	**In the Pediatric Trial:** We co-led trial design with PI, focusing on device strategy and monitoring protocols. **In the Adult Trial:** We co-led trial design with PI including endpoints, parameters and monitoring protocols.	**In the Pediatric Trial:** Collaborative Hospital reviewed grouping logic, feasibility and ethical compliance. **In the Adult Trial:** Collaborative Hospital confirmed feasibility and ethical compliance.
3. Patient enrollment, including consent collection and CRF completion	Participating hospital obtains informed consent, enrolls patients and completes CRF entries with support from Sponsor	**In both Clinical Trials:** We monitored inclusion/exclusion criteria, supported patient recruitment, including coordinating across hospital departments to identify eligible patients, specified key CRF data points and supervised CRF completion.	**In both Clinical Trials:** Collaborative Hospital obtained informed consent, enrolled patients and completed CRF entries.
4. Providing test product, trial site training and device installation	Sponsor provides devices, installs devices and trains personnel	**In both Clinical Trials:** We supplied full device systems and consumables; conducted site installation, calibration, and SOP-based training on alarm limits, $NO/NO_2/O_2$, settings and purging.	**In both Clinical Trials:** Collaborative Hospital received training and implemented device operation accordingly in clinical setting.
5. Testing of the device and examination of the patients	Sponsor provides equipment and oversight; participating hospital enrolls and treats patients	**In both Clinical Trials:** We maintained technical integrity of devices during treatment and provided ongoing technical support and compliance oversight.	**In both Clinical Trials:** Collaborative Hospital enrolled patients, administered NO therapy using the iNOwill system per training.
6. Safety monitoring and data capture	Organized by the sponsor with participating hospital conducting patient evaluations and safety/efficacy assessments	**In both Clinical Trials:** We oversaw installation and system monitoring ($NO/NO_2/O_2$, concentrations, alarm settings) and ensured product compliance with regulatory and trial protocol.	**In both Clinical Trials:** Collaborative Hospital conducted patient exams and efficacy/safety evaluation, and logged data in CRFs.
7. Data analysis and report drafting	Participating hospital (to provide anonymized data, execute and prepare the report) and sponsor (to coordinate and assist)	**In the Pediatric Trial:** We participated in data analysis and conducted final clinical report review. **In the Adult Trial:** We conducted data analysis and drafted clinical summary report.	**In the Pediatric Trial:** Collaborative Hospital recorded and anonymized data, and prepared draft report. **In the Adult Trial:** Collaborative Hospital recorded and anonymized data.

During the clinical phase of both Clinical Trials, we also assumed critical responsibilities in both the development of therapeutic protocol and the operation of therapeutic devices. These responsibilities ensured that physicians and clinical staff administered the therapy consistently, safely and in accordance with trial requirements. The table below summarizes our lead roles across both dimensions:

Component	Our Responsibilities	Collaborative Hospitals' Responsibilities
Therapeutic Protocol	Developed and delivered therapeutic protocol training based on recognized clinical guidelines, including: • Recommended iNO dosing (e.g., 20 ppm for post-cardiac surgery patients) • Clinical indicators for weaning off therapy (e.g., PaO_2/FiO_2 thresholds) • iNO withdrawal procedures to mitigate hypoxic rebound	Assigned designated ICU physicians and respiratory care personnel to receive our training. Performed iNO therapy according to the provided protocol and guidelines.

Component	Our Responsibilities	Collaborative Hospitals' Responsibilities
Device Operation	Conducted device operation training, including: • System setup: gas source, power supply, circuit connections • Device integration with ventilators, high-flow systems, ECMO and anesthesia machines • Device boot-up and automatic system checks • NO concentration selection and adjustment • Alarm parameter configuration (NO, NO_2, O_2 limits) • Troubleshooting of typical alerts (e.g., source pressure, filter block) • Routine maintenance: component change, cleaning cycles	Assigned designated ICU physicians and respiratory care personnel to receive our training. Operated the iNOwill in accordance with our guidance during training sessions. Performed routine maintenance and logged device usage data for trial records.

Other Trials

We conducted the clinical evaluation of iNOwill for the treatment of PPHN, ARDS and COPD, as set out below. For completed trials, reports show iNOwill therapy all met endpoints of the trials.

Year	Clinical Trials
2022	Acted as sponsor for trial evaluating the effectiveness of iNOwill for patients with PPHN (ongoing)
2023	Acted as sole corporate participant for trial evaluating the effectiveness of iNOwill for patients with PPHN (completed in 2025)
	Acted as sole corporate participant for trial evaluating the effectiveness of iNOwill for neonatal hypoxic respiratory failure in premature infants (ongoing)
	Acted as sole corporate participant for trial evaluating the effectiveness of iNOwill in adult patients with ARDS (completed in 2024)
	Acted as sole corporate participant for trial evaluating the effectiveness of iNOwill following lung transplantation (ongoing)
	Acted as sole corporate participant for trial evaluating the effectiveness of iNOwill in patients with COPD (ongoing)
	Acted as sole corporate participant for trial evaluating the effectiveness of iNOwill for high altitude pulmonary edema (completed in 2025)
2024	Acted as sole corporate participant for trial evaluating the effectiveness of iNOwill for adult patients with ARDS (completed in 2025)
	Acted as sole corporate participant for trial evaluating the effectiveness of iNOwill in patients undergoing surgery for aortic dissection with cardiopulmonary bypass (ongoing)
	Acted as sole corporate participant for trial evaluating the effectiveness of iNOwill in cardiac surgeries (ongoing)
2025	Acted as sole corporate participant for trial evaluating the effectiveness of iNOwill in adult patients with ARDS (ongoing)

Further Development Plan

Post-Approval Study

Following the grant of CE certification for iNOwill as a Class IIb device under the EU MDR, we plan to sponsor PMCF trials in Europe, as required by UDEM under the MDR. The prospective clinical trial under the PMCF plan is expected to be initiated in the third quarter of 2026 and completed by 2028.

PMCF is a regulatory requirement applicable to all CE certified medical devices under the MDR. Our Directors confirm and the Sponsor concurs that as stated in the EU CE certificate, CE Mark certification obtained by us is not subject to any conditions, restrictions or other contingencies and is not dependent on the PMCF or the PMCF results. The purpose of PMCF is to proactively collect and evaluate clinical data generated from real-world use to (i) confirm the safety and

performance of the device throughout its expected lifetime, (ii) identify unknown or emerging risks and adverse events, and (iii) ensure the continued acceptability of the benefit-risk profile, among others. PMCF is undertaken by the manufacturer in accordance with a documented PMCF plan, and results are summarized in periodic PMCF reports submitted to the Notified Body. These reports typically include clinical safety and performance metrics, analysis of adverse event rates, and, where applicable, investigation of device-related issues to assess root causes and support ongoing risk-benefit evaluation. PMCF serves as a part of ongoing regulatory oversight measures for the Notified Body over certified medical devices; while the Notified Body may engage with the manufacturer based on PMCF findings, PMCF does not automatically trigger revision or withdrawal of the CE certificate.

We have adopted a comprehensive PMCF plan comprising literature review, user feedback surveys and post-market surveillance, together with clinical trials as part of the overall framework. Such comprehensive approach was determined for the following reasons: (i) the inclusion of prospective clinical trials enables the generation of structured and high-quality clinical data, which enables UDEM to track and assess the device's safety and effectiveness in real-world clinical use on an ongoing basis, thereby facilitating the acceptance of the PMCF plan; and (ii) the prospective clinical trials would facilitate clinical adoption by hospitals and physicians by providing high-quality clinical evidence to support the use of the device in routine clinical practice. Our PMCF plan has been reviewed and accepted by UDEM as part of the conformity assessment process. On June 16, 2025, UDEM reviewed and approved our clinical evaluation report and confirmed that all corrective actions had been adequately addressed and met the applicable requirements. UDEM, through its Sales Director for China, who acted as its principal contact for the iNOwill's CE certification, further confirmed that the prospective clinical trial forms part of the approved PMCF plan and is required to be conducted under such PMCF plan. Our EU legal adviser further confirmed that the Sales Director for China, as UDEM's principal contact for the Company's CE certification process, was an appropriate representative of UDEM to communicate UDEM's position regarding the approved PMCF plan. Accordingly, we will conduct the prospective clinical trial in accordance with the approved PMCF plan.

As set out in our PMCF plan submitted to UDEM, PMCF implementation for iNOwill will comprise a multicenter, prospective, observational PMCF study in European clinical sites, initiated within 12 months after launch in the EU market, with participation from at least three healthcare centers over a three-year period and a planned enrollment of 160 patients, collecting patient demographics, disease and treatment characteristics, NO/NO_2 levels, adverse events and clinical outcomes to further validate electrochemical NO generation, confirm safety and performance under real-world conditions and analyze emerging risks, with interim data summaries planned approximately one and two years after study initiation and final analysis and reporting targeted within three years. As part of our ongoing R&D and clinical development activities relating to the PMCF, we have finalized the draft clinical investigation protocol, identified five clinical centers while evaluating the inclusion of additional centers, and identified the principal investigators. The relevant site agreements and documentation are under review, and we expect to complete site contracting and initiate the PMCF clinical trial in the third quarter of 2026. The trial design of the first-stage prospective clinical trial under the PMCF plan is set out in the table below.

Objective	To evaluate the safety and performance of the iNOwill in neonates needing nitric oxide therapy as per standard routine care.
Design	A prospective, multicenter, single arm clinical trial.
Sample Size	A total of 50 participants will be recruited, all receive iNOwill treatment.
Number of trial centers . .	Five clinical centers in Europe have been identified, and we are evaluating the inclusion of additional centers.

Inclusive Criteria	Inclusive criteria: (1) Gestational age $\geq 34^{+0}$ weeks of gestation and postnatal age $\leq$30 days. (2) Echocardiographic diagnosed with pulmonary hypertension. (3) Hypoxemic respiratory failure defined according to specific criteria. (4) The guardian/legal representative has been fully informed of the benefits and risks. Exclusive criteria: (1) Suspected pulmonary hypoplasia. (2) Congenital heart defects (other than a small, hemodynamically insignificant patent ductus arteriosus, or a ventricular septal defect or a patent foramen ovale). (3) Methemoglobinemia (MetHb >2.5%) before the onset of iNO treatment. (4) Need for immediate cardio-pulmonary resuscitation (i.e. terminal conditions). (5) Severely growth-restricted infants (birth weight £5th percentile or -2 Z-score). (6) Any condition that, in the investigator's judgment, makes the infant unsuitable for participation in this clinical trial.
Intervention group assignment	Single group: all participants will receive INOwill treatment.
Effective Evaluation	Primary endpoint: Oxygenation metrics (Oxygenation index, Oxygen saturation index, PF ratio, SF ratio) calculated from routinely collected vital parameters (data already available because already registered in clinical care) at the baseline (i.e. before the treatment onset), 60 minutes, 6 hours, 24 hours after the initiation of the treatment and, finally, at the treatment discontinuation. Secondary endpoints: (1) INOwill device set-up time. (2) Technical parameters measured by the INOwill as done by any other common iNO delivery system (i.e. iNO and NO_2 delivered concentrations). (3) Results of a usability assessment survey (dedicated questionnaire).

	(4)	Device-economics estimation analysis (cost/day of treatment). The PMCF clinical trial does not adopt the same primary and secondary endpoints as the Pediatric Trial and Adult Trial conducted for the CE conformity assessment. Its primary endpoint focuses on oxygenation metrics, while its secondary endpoints primarily assess device performance and use, including device set-up time, delivered NO and NO2 concentrations, usability and device economics. Accordingly, the PMCF clinical trial is not primarily intended to expand the patient population; its planned enrollment reflects its distinct post-market objective of evaluating device safety and performance during routine clinical use.
Safety Evaluation	(1)	Rate of adverse events and serious adverse events.
	(2)	Rate of device deficiencies.

Compared with pre-market clinical studies conducted for CE conformity assessment, PMCF studies are designed for different regulatory objectives and may therefore involve broader patient populations to generate post-market clinical evidence supporting the continued evaluation of device safety and performance. According to Frost & Sullivan, PMCF studies are commonly designed to evaluate device performance and safety in broader real-world clinical settings and, where justified by the post-market evidentiary objectives, may involve larger sample sizes, longer follow-up periods or more heterogeneous patient populations than pre-market registration studies.

Product Improvement

We plan to continue advancing iNOwill through iterative product-generation upgrades, with a focus on improving performance consistency, usability, connectivity and cost efficiency in ICU and perioperative settings.

Indication Expansion

COPD

Therapeutic rationale and potential clinical application

We believe that iNOwill may provide clinically meaningful benefits in COPD primarily through improving pulmonary vascular dysfunction and exercise tolerance. COPD patients commonly experience reduced endogenous nitric oxide bioavailability and pulmonary vascular remodeling, which may lead to pulmonary vasoconstriction and pulmonary hypertension. By supplementing nitric oxide directly through inhalation, iNO may reduce PAP and improve pulmonary vascular hemodynamics.

In addition, iNO may improve ventilation/perfusion ("**V/Q**") matching and reduce ventilatory demand during exercise, thereby improving exercise capacity and alleviating exertional dyspnea. Published studies have demonstrated improvements in pulmonary hemodynamics and exercise tolerance in COPD patients receiving iNO therapy, including improvements in VO_2peak in certain COPD patient subgroups. iNO may also exhibit anti-inflammatory and anti-infective properties through modulation of macrophage activity and reduction of excessive inflammatory activation.

Based on the above therapeutic mechanisms, iNO therapy may potentially serve as supportive treatment in selected moderate-to-severe COPD patients, particularly those with pulmonary hypertension, impaired pulmonary hemodynamics or exercise-related hypoxemia.

Published clinical evidence

Clinical efficacy

Published clinical evidence further supports the potential clinical applicability of iNO therapy in COPD. Representative studies have demonstrated improvements in pulmonary hemodynamics, ventilation/perfusion matching, oxygenation and exercise tolerance following iNO therapy in

COPD patients. Roger et al. (1997) reported that inhalation of 40 ppm NO during exercise in COPD patients moderately reduced pulmonary hypertension and prevented the exercise-associated decrease in PaO_2, through redistribution of pulmonary blood flow from low-V/Q units to normal-V/Q units. Vonbank et al. (2003) also demonstrated improvements in pulmonary hemodynamics and exercise capacity in COPD patients receiving iNO therapy. More recently, Collins et al. (2026), a randomized, double-blind, placebo-controlled crossover study, identified a responsive COPD subgroup and demonstrated that patients with a higher pulmonary small-vessel volume fraction (BV5/TVV) experienced significantly greater improvement in peak oxygen uptake (VO_2peak) following iNO therapy (interaction $p = 0.02$). The study further reported that, for every 1% increase in BV5/TVV, VO_2peak increased by approximately 0.14 mL/kg/min, providing further evidence that iNO therapy may improve exercise tolerance in selected COPD patients with pulmonary vascular abnormalities.

Clinical safety

Published literature also supports the safety profile of iNO therapy when administered under monitored clinical settings. Vonbank et al. (2003) reported that three-month iNO therapy in severe COPD patients was safe, with no increase in toxic reaction products of nitric oxide observed. The relevant expert consensuses also recommend routine monitoring of methemoglobin levels and NO_2 concentrations during treatment.

Expert consensus support

The planned indication expansion of iNOwill into COPD is supported by published studies and expert consensuses. In particular, the "Chinese Expert Consensus on Clinical Application of Inhaled Nitric Oxide Therapy (2024 Edition)" notes that iNO may be used in chronic pulmonary diseases such as COPD, while generally at concentrations ranging from 20 to 40 ppm. The "Chinese Expert Consensus on Clinical Application of Inhaled Nitric Oxide in Critical and Emergency Care (2024)" further notes that iNO may reduce pulmonary artery pressure, improve pulmonary hemodynamics and ventilation/perfusion matching, and alleviate clinical symptoms in patients with moderate-to-severe COPD

ARDS

Therapeutic rationale and potential clinical application

We believe that iNOwill may provide clinically meaningful benefits in ARDS primarily through selective pulmonary vasodilation and improvement of V/Q mismatch. ARDS patients commonly experience diffuse alveolar injury, intrapulmonary shunting, pulmonary hypertension and right ventricular dysfunction. iNO selectively dilates pulmonary vessels in well-ventilated alveolar regions, thereby reducing intrapulmonary shunting and improving oxygenation, as reflected by improvements in the PaO2/FiO2 ratio. In addition, by reducing PAP and PVR, iNO may improve right ventricular function and reduce right ventricular afterload without materially affecting systemic hemodynamics. iNO may also be used together with prone-position ventilation to further improve oxygenation in patients with refractory hypoxemia.

Based on the above therapeutic mechanisms, iNO therapy may potentially serve as supportive or rescue therapy in selected ARDS patients with refractory hypoxemia, pulmonary hypertension or right ventricular dysfunction, including in combination with prone-position ventilation.

Published clinical evidence

Clinical efficacy

Published clinical evidence further supports the potential clinical applicability of iNO therapy in ARDS. Epidemiological studies have reported that iNO has been used in approximately 24.9% to 65.8% of ARDS patients in the evaluated clinical settings, with its clinical utilization increasing over time. Published studies generally demonstrated that administration of iNO at concentrations commonly ranging from 5 to 20 ppm, with doses up to 40 ppm in certain studies, improved oxygenation in ARDS patients, with treatment durations of up to 30 days. Published evidence further demonstrated that iNO combined with prone-position ventilation resulted in greater improvement in oxygenation than prone-position ventilation alone. In addition, administration of 5 ppm iNO was reported to improve long-term pulmonary function in ARDS survivors, while studies in pediatric ARDS demonstrated that administration of 5–10 ppm iNO shortened the duration of mechanical ventilation and hospitalization, improved ECMO-free survival and enhanced longer-term outcomes. More recent clinical studies further support the potential clinical benefits of iNO

therapy in selected ARDS patients. In particular, Di Fenza et al. (2023), a multicenter randomized controlled trial involving 193 patients, reported that administration of 80 ppm iNO for 48 hours resulted in significantly greater improvement in PaO_2/FiO_2 compared with conventional treatment (mean difference 39.1 mmHg; 95% CI 18.1–60.3), corresponding to a 99.5% probability of improving oxygenation. Mekontso Dessap et al. (2023) further reported that, among patients with refractory ARDS meeting ECMO criteria, 51.6% no longer fulfilled the criteria for ECMO following iNO therapy, and this subgroup experienced significantly lower in-hospital mortality (OR = 0.23; 95% CI 0.06–0.89). In addition, Fritzmann et al. (2025) reported that, in severe ARDS patients with right ventricular dysfunction, each additional hour of iNO therapy was associated with a 2.5% relative reduction in the hazard of death (HR = 0.975; 95% CI 0.957–0.993), suggesting that iNO therapy may reduce the excess mortality risk associated with right ventricular dysfunction.

Clinical safety

Published literature also supports the safety profile of iNO therapy when administered under monitored clinical settings.

Di Fenza et al. (2023) reported that high-dose (80 ppm) iNO therapy was well tolerated, with no serious adverse events related to the intervention. Mekontso Dessap et al. (2023) observed no marked increase in methaemoglobin levels above the 5% threshold in the vast majority of treated patients. Fritzmann et al. (2025) further noted that iNO use was not associated with worsening hemodynamics or other safety concerns. The relevant expert consensuses also recommend routine monitoring of methemoglobin levels and NO_2 concentrations during treatment.

Expert consensus support

The planned indication expansion of iNOwill into ARDS is supported by published clinical evidence and expert consensuses. In particular, the "Chinese Expert Consensus on Clinical Application of Inhaled Nitric Oxide in Critical and Emergency Care (2024)" recommends that, for ARDS patients who remain refractory to conventional treatment, iNO may be administered at concentrations generally ranging from 5 to 20 ppm to improve oxygenation, and further notes that iNO may be used in combination with prone-position ventilation to achieve greater improvement in oxygenation. The "Chinese Expert Consensus on Clinical Application of Inhaled Nitric Oxide Therapy (2024 Edition)" further identifies ARDS and acute hypoxemic respiratory failure as important clinical application scenarios for iNO therapy, with an initial recommended dose of 5–20 ppm and doses of up to 80 ppm in selected patients.

CAP

Therapeutic rationale and potential clinical application

We believe that iNOwill may provide clinically meaningful benefits in CAP through both respiratory support and direct antimicrobial effects. Similar to ARDS, iNO may improve oxygenation by optimizing V/Q matching, reducing intrapulmonary shunting and rapidly correcting hypoxemia.

In addition, high-concentration iNO has demonstrated direct antiviral and antibacterial activities in published studies. Existing studies suggest that high-concentration iNO may inhibit replication of viruses such as SARS-CoV-2, reduce viral load and exhibit bactericidal effects against multidrug-resistant pathogens, including multidrug-resistant Pseudomonas aeruginosa and Klebsiella pneumoniae. iNO may also reduce excessive inflammatory responses and mitigate lung injury.

Viral pneumonia, including COVID-19, represents a major subset of community-acquired pneumonia (CAP) and shares key pathophysiological features with other severe pulmonary infections, including hypoxemia, ventilation/perfusion (V/Q) mismatch, and pulmonary inflammation. Therefore, the clinical evidence from published studies on severe viral pneumonias and other pulmonary infections provides relevant scientific support for evaluating iNO therapy in the broader CAP population.

Based on the above therapeutic mechanisms, conventional-concentration iNO therapy may potentially improve oxygenation in selected CAP patients with hypoxemic respiratory failure. In addition, subject to further clinical validation, high-concentration iNO therapy may potentially provide additional antimicrobial benefits through its antiviral and antibacterial effects.

Published clinical evidence

Clinical efficacy

Published clinical evidence further supports the potential clinical applicability of iNO therapy in CAP and other severe pulmonary infections. Published studies demonstrated that short-term administration of 5 ppm iNO significantly improved intrapulmonary shunting and arterial oxygenation in patients with community-acquired bacterial pneumonia complicated by respiratory failure. During the SARS outbreak, a rescue study involving six patients with severe SARS reported that administration of up to 30 ppm iNO for at least three days significantly improved arterial oxygenation, reduced respiratory support requirements and reduced progression of pulmonary infiltrates. Epidemiological studies conducted during the MERS and H1N1 influenza outbreaks further reported clinical use of iNO to improve oxygenation in approximately 20% and 36% of critically ill patients in the evaluated populations, respectively. In addition, published literature has demonstrated that high-concentration iNO exhibits antiviral activity against SARS-CoV-2 and antibacterial activity against multidrug-resistant pathogens, providing further scientific rationale for evaluating iNO therapy in pulmonary infections. More recent published studies further demonstrated the potential antiviral and antibacterial effects of high-concentration iNO therapy. In particular, Friedrich et al. (2025) reported in a randomized controlled trial that a single six-hour administration of 160 ppm iNO increased oxygen-free days from 8 to 11 days and reduced median hospitalization duration from 7.0 days to 4.5 days in patients with COVID-19. Di Fenza et al. (2023) further reported that administration of 80 ppm iNO accelerated the reduction of SARS-CoV-2 viral load in plasma and sputum compared with conventional treatment. In addition, Yu et al. (2026) demonstrated in a porcine model that administration of 300 ppm iNO reduced multidrug-resistant Pseudomonas aeruginosa burden in lung tissue by approximately 2-log, while also improving oxygenation and lung compliance, and reported preliminary clinical feasibility in two ICU patients with multidrug-resistant infections. Kalashnikova et al. (2025) further reported that prophylactic administration of 200 ppm iNO following cardiac surgery reduced the incidence of nosocomial pneumonia from 24.3% to 5.4% (OR = 0.178; 95% CI 0.036–0.89).

Clinical safety

Published literature also supports the safety profile of iNO therapy, including high-concentration regimens, when administered under monitored clinical settings. Friedrich et al. (2025) reported that 160 ppm iNO for six hours was well tolerated with no adverse events. Yu et al. (2026) confirmed the safety of 300 ppm iNO in a phase 1 trial with no adverse events and further reported no iNO-related adverse events in a long-term follow-up of patients exposed to high-dose iNO for more than 6 years. Kalashnikova et al. (2025) also reported that high-dose iNO was safe in the postoperative setting. The relevant expert consensuses also recommend appropriate monitoring of methemoglobin levels and NO_2 concentrations during treatment.

Expert consensus support

The planned indication expansion of iNOwill into CAP is supported by published studies and expert consensuses. In particular, the "Chinese Expert Consensus on Clinical Application of Inhaled Nitric Oxide in Critical and Emergency Care (2024)" recommends conventional-concentration iNO therapy to improve short-term oxygenation in patients with severe pneumonia-related hypoxemia and further recognizes that high-concentration iNO may reduce pathogen load in pulmonary infections. The "Chinese Expert Consensus on Clinical Application of Inhaled Nitric Oxide Therapy (2024 Edition)" identifies COVID-19- related acute hypoxemic respiratory failure as an important clinical application scenario for iNO therapy. In addition, the Society for Maternal-Fetal Medicine's Management Considerations for Pregnant Patients with COVID-19 notes that iNO may be considered in pregnant patients with COVID-19 and refractory hypoxemia.

Planned clinical trials for indication expansion

To support our planned indication expansion of iNOwill and our planned U.S. registration, we expect to initiate a series of clinical trials across the PRC, the European Union and the United States for PH, ARDS, COPD and CAP. Unlike our pre-market clinical trials conducted to support the CE conformity assessment of iNOwill, which were designed to demonstrate the safety and performance of our device for delivering NO through a novel electrochemical generation technology, the planned clinical trials are intended to support indication expansion and regulatory approval for indications for which NO therapy has not yet been approved in the relevant jurisdictions. Accordingly, the clinical design and planned enrollment size of each study were determined independently based on its respective regulatory objective, development stage and applicable statistical methodology, rather than by reference to our CE certification studies. The planned enrollment size for each clinical trial was determined based on formal statistical sample size calculations, taking into account the primary

efficacy endpoint, expected treatment effect, published clinical evidence, anticipated patient dropout rates and operational considerations, including multi-center implementation. The enrollment calculations generally adopted a two-sided significance level of 0.05 and statistical power of 80%.

Specifically, in the PRC, we currently plan to enroll approximately 500 patients for the COPD clinical trial, 350 patients for the ARDS clinical trial and 500 patients for the CAP clinical trial. We currently expect to initiate the ARDS clinical trial in the fourth quarter of 2026, COPD clinical trial in the second quarter of 2027, followed by the CAP clinical trial in 2029. We have adopted a parallel clinical development strategy for the planned PRC indication expansion in COPD, ARDS and CAP because (i)published clinical evidence and scientific rationale support the clinical investigation of iNO therapy across all three indications; (ii) the three indications are primarily managed within respiratory medicine and intensive care departments, enabling efficient utilization of overlapping clinical sites, investigators and patient recruitment resources and (iii) the PRC also provides an efficient and cost-effective clinical development environment, while clinical experience and data generated from the PRC may provide supportive evidence for future regulatory interactions and indication expansion in other jurisdictions, subject to the requirements of the relevant regulatory authorities. For our overseas indication expansion strategy, we currently plan to prioritize ARDS because, compared with COPD, broader published clinical evidence is currently available regarding the application of NO therapy in ARDS, providing a stronger scientific basis for registration clinical development. With respect to CAP, we currently plan to commence clinical development in the PRC only. Compared with ARDS, the currently available published clinical evidence supporting the application of NO therapy in CAP remains relatively limited. Accordingly, we intend to first conduct clinical studies in the PRC to further validate the clinical design, treatment regimen and efficacy endpoints before evaluating potential indication expansion or registration in overseas markets. Accordingly, in the European Union, we currently plan to conduct an international multi-center clinical trial for ARDS with an expected enrollment of approximately [100] patients, which is expected to commence in the fourth quarter of 2026. Subject to the progress of the ARDS program and the clinical evidence generated therefrom, we may subsequently evaluate the clinical development of COPD. In the United States, following our Pre-Submission in late May 2026, the FDA's written feedback in July 2026 and our formal meeting with the FDA in August 2026, the FDA advised that PH and ARDS would require new clinical evidence through clinical trials. We currently plan to enroll approximately 200 patients for the planned PH clinical trial and approximately 300 patients for the planned ARDS clinical trial, with the ARDS clinical trial currently expected to commence in the first quarter of 2028. Subject to the progress of the ARDS program, we may subsequently evaluate the clinical development of COPD.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET iNOwill FOR NEW INDICATIONS OR COMMERCIALIZE IN NEW MARKETS SUCCESSFULLY.

eNOaire — Our iNO Therapy Device for Inpatient and Transfer Scenarios

eNOaire is our commercial-stage, cylinder-free iNO therapy device for hospital and patient-transfer scenarios where portability, simplified set-up and cost-efficiency are important. It integrates gas generation, dosing and monitoring in a compact unit with an LCD interface and combined touchscreen/knob/key controls that display ventilator flow waveform, NO delivery flow and real-time NO, NO_2 and O_2 concentrations. Using plasma discharge, eNOaire draws in dry air via an internal pump, generates NO and few NO_2, and then passes the gas stream through NO_2 adsorption media and particulate filters so that NO at the user-set concentration is injected into the ventilator inspiratory limb. A dual-pathway design with separate injection and sampling lines and a dedicated flow-monitoring module allows NO delivery to be synchronized with the inspiratory phase while electrochemical sensors continuously monitor NO, NO_2 and O_2, helping maintain stable and safe iNO concentrations across different ventilation modes and during patient transfers between ICU, operating room and wards. eNOaire has been registered as a Class III medical device with the NMPA for PH since 2024, and we submitted application for CE certification under the EU MDR in April 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP eNOaire FOR NEW INDICATIONS OR COMMERCIALIZE IN NEW MARKETS SUCCESSFULLY.

VQfit — Our iNO Therapy Product Candidate for Outpatient and At-home Use

VQfit is our portable iNO therapy product candidate designed for clinic and at-home scenarios. It is intended to provide supportive iNO therapy for moderate-to-severe patients with conditions such as COPD, interstitial lung disease, right heart failure and pulmonary-disease-and/or hypoxia-induced PH in medical environments such as monitored and general wards, outpatient and respiratory rehabilitation rooms, community rehabilitation facilities, as well as in

home settings including indoor and outdoor home use and community elderly activity centers. As of the Latest Practicable Date, VQfit had completed key engineering development and pre-clinical testing. In July 2026, we had submitted an innovative medical device application for VQfit to the NMPA.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VQfit SUCCESSFULLY.

CARDIOPULMONARY CIRCULATORY SUPPORT

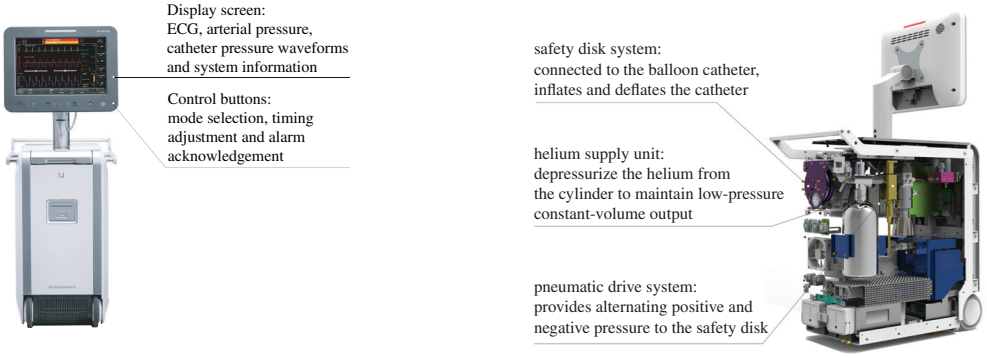
We are extending our product development from iNO therapy into broader cardiopulmonary circulatory support and life-support applications for cardiovascular and perioperative care in operating rooms, catheterization laboratories and intensive-care units. These environments demand stable performance, responsive control and reliable safety management under continuous use. Within this segment, our portfolio comprises NovaPulse, our Key Product and commercial-stage IABP for temporary mechanical circulatory support in these settings, and NovaVent, our ventilator product candidate under development for critical-care respiratory support, designed to integrate mechanical ventilation, iNO therapy and electrical impedance tomography within a synergetic platform.

NovaPulse — Our Key Product

Our Key Product NovaPulse is an in-house developed IABP designed for cardiovascular and perioperative care in operating rooms, ICUs and catheter laboratories where temporary mechanical circulatory support is required. IABP provides temporary circulatory support through counter-pulsation, principally by augmenting coronary perfusion and reducing left ventricular afterload. It is intended to provide circulatory support for indications including heart failure, cardiogenic shock and perioperative support for high-risk interventional and surgical procedures. NovaPulse has been registered as a Class III medical device with the NMPA since September 2025 and has since entered scaled commercial shipment in China, with 48 commercial units shipped by December 31, 2025, including 34 units in December 2025.

Product Structure

The following chart illustrates the product structure of NovaPulse.

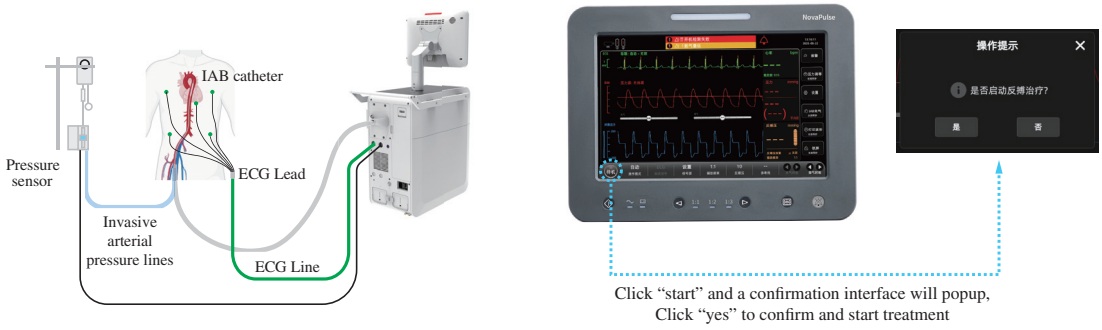


Operation Procedure

The following chart illustrates the operation procedure of NovaPulse.

(i) Insert intra-aortic balloon (IAB) catheter via an appropriate arterial access. Connect IABP console to ECG, invasive arterial pressure lines and the inserted IAB catheter.

(ii) Select trigger mode and the system will synchronize catheter inflation and deflation with the cardiac cycle at a targeted assist ratio.



Mechanism of Action

IABP therapy provides temporary support by augmenting coronary perfusion and reducing left ventricular afterload in settings such as acute coronary syndrome, perioperative support in cardiac and non-cardiac surgeries and selected complications of heart failure. It operates via counter-pulsation: a balloon catheter positioned in the descending aorta inflates during diastole to increase aortic diastolic pressure and enhance coronary perfusion, and deflates just before systole to reduce aortic end-diastolic pressure and left ventricular afterload, thereby lowering myocardial oxygen demand and improving cardiac output. Through these mechanisms, IABP can support hemodynamic stabilization and organ perfusion in patients with low cardiac output states, cardiogenic shock or perioperative hemodynamic compromise.

NovaPulse delivers IABP therapy by providing controlled pneumatic drive and timing support for balloon inflation and deflation synchronized with the cardiac cycle. The console generates and regulates positive and negative pressure for rapid inflation and deflation and supports assist ratios of 1:1, 1:2 and 1:3 for different levels of support and stepwise weaning. Embedded algorithms analyze ECG and arterial pressure signals to select trigger sources and determine inflation and deflation timing, with options for automatic optimization or user fine-tuning. Safety measures include structural isolation between the pneumatic and catheter systems, dehumidification of the pneumatic pathway and dual-battery-backed operation to support bedside and transport use.

Competitive Advantages

NovaPulse is designed to support efficient and reliable IABP use in clinical settings, with (i) Data management: convenient data entry, precise query and one-click export, enabling seamless traceability of patient history and secure storage; (ii) Dual interaction: an intuitive touchscreen for efficient operation, paired with physical confirmation controls for added safety; (iii) Smart assist adjustment: three assist ratios with intelligent switching to support smooth transitions and match different clinical states; (iv) One-click reporting: rapid export of therapy reports and operating logs to facilitate review and analysis; and (v) Real-time monitoring: continuous checks on sensors, cables and catheter connections with automated alerts to support safe use throughout the procedure.

Market Opportunity and Competitive Landscape

In China, the IABP market is expected to grow from RMB790.1 million in 2025 to RMB1,381.6 million in 2030, representing a CAGR of 11.8%, supported by cath-lab build-out, rising PCI penetration and broader recognition and treatment of severe ischemic events and acute heart failure. The IABP market in China has historically been supplied predominantly by overseas brands, while the penetration of IABP systems remains limited in a number of hospitals and less-developed regions. We believe that domestically developed IABP systems, supported by local clinical training, maintenance and after-sales services, may facilitate broader access to IABP therapy. We initially plan to focus on cardiology departments, CCUs and catheterization laboratories of leading hospitals and subsequently expand into a wider base of Class III hospitals and selected Class II hospitals. For details, see "Industry Overview — China IABP Therapy Market."

Development Timeline and Milestones

Year	Milestone
2023	Initiated NovaPulse R&D and technology validation
2024	Submitted application for NMPA Class III medical device registration
	Completed animal studies
2025	Obtained NMPA Class III medical device registration
	Commenced commercial shipment
	Initiated a prospective first-in-man (FIM) clinical trial of NovaPulse (ongoing)

Following receipt of the NMPA Class III medical device registration certificate in September 2025, we commenced commercialization of NovaPulse in the Chinese Mainland by making our first commercial shipment in September 2025. As of the Latest Practicable Date, we had not commenced commercialization of NovaPulse in the EU or any other overseas jurisdiction.

Material Communications with Competent Authorities

We submitted a Class III medical device registration application for NovaPulse to the NMPA in May 2024. After submitting the requested supplemental technical and evaluation materials, including animal-study results, we obtained a Class III medical device registration certificate for NovaPulse in September 2025. For purposes of such NMPA approval, we conducted the clinical evaluation of NovaPulse through comparison with the same variety of medical devices from April 2025 to June 2025, and no registrational clinical trial was required.

Summary of Clinical Trial

In November 2025, we initiated and sponsored a post-approval, single-arm FIM clinical trial of NovaPulse to support marketing and sales efforts. In the trial, NovaPulse was used together with commercially available and investigational balloon catheters, in adult patients with hemodynamically unstable cardiovascular disease requiring IABP support. The study plans to enroll 11 adult patients who require IABP implantation due to hemodynamic instability. As of the Latest Practicable Date, the study was ongoing and six patients were being enrolled; five patients had been enrolled and completed treatment and both had been safely weaned without reported adverse events.

The patient selection criteria is as follows:

Inclusive Criteria	• Critically ill cardiovascular patients with hemodynamic instability assessed by us as requiring IABP implantation, defined as systolic blood pressure < 90 mmHg for more than 30 minutes or requiring catecholamines to maintain systolic blood pressure ≥ 90 mmHg;
	• Patients with suitable arterial access permitting successful IABP placement; and
	• Patients who understand the trial purpose, voluntarily consent to participate, sign the informed consent form and agree to undergo relevant examinations and clinical follow-up.
Exclusive Criteria	• Age below 18 or above 90 years;
	• Pregnant or lactating women;

- Patients with any IABP contraindication, including: moderate-to-severe aortic regurgitation; ruptured aortic sinus aneurysm; aortic diseases (aortic dissection, aortic aneurysm, aortic trauma, severe aortic atherosclerosis); peripheral vascular disease (e.g., severe iliac artery stenosis or calcification); cardiac arrest or ventricular fibrillation; severe bleeding tendency or hemorrhagic disorders (e.g., active bleeding, severe thrombocytopenia); severe anemia; irreversible brain damage or acute cerebral hemorrhage;
- Patients unable to receive antiplatelet or anticoagulant therapy, or with a history of heparin allergy;
- Patients currently or previously enrolled in other clinical trials that may affect the endpoint events of this study; and
- Patients whom the investigator considers unsuitable for the study due to any underlying medical or psychiatric condition.

The following table sets forth the evaluation criteria and the results of the first five patients who had been enrolled and successfully discharged.

Evaluation criteria	Result for the first five patients enrolled and discharged
Safety: Incidence of adverse events ("**AEs**") and serious adverse events ("**SAEs**") during the clinical trial period	No CTCAE-defined AE or SAE assessed as related to NovaPulse had been reported.
Clinical operability: the operability of IABP and the flow of the balloon catheter will be assessed by physicians operating the IABP	All ten operability questionnaire items were rated "very satisfied" (score 5) by the treating physicians, indicating favorable clinical operability and reliability of the device.
Efficacy: Counter pulsation pressure, hemodynamic indicators (including cardiac output, cardiac index and mean arterial pressure) and changes in cardiac biomarkers (e.g., NT-proBNP) following IABP implantation	The mean counter pulsation pressure was maintained at 100–110 mmHg during IABP operation. Hemodynamic parameters (cardiac output, cardiac index and mean arterial pressure) showed improvement at 24 hours post-implantation compared with baseline. NT-proBNP decreased at 24 hours post-implantation, although subsequent time-point fluctuations were noted, which may be related to the small sample size, individual variability and the complex conditions of the patients.

Further Development Plan

We plan to focus further development on upgrading NovaPulse with fiber-optic aortic pressure sensing and a compatible fiber-optic balloon catheter, while continuing routine post-market surveillance. The fiber-optic upgrade is intended to improve waveform fidelity and timing accuracy, reduce set-up complexity and susceptibility to artefact compared with conventional fluid-filled pressure lines, and enhance counter-pulsation performance in ICU, perioperative and catheter-lab workflows. Over time, we also expect to support further clinical evaluations of NovaPulse with the fiber-optic configuration to characterize safety, hemodynamic support performance and usability, and to inform subsequent product iterations within the existing intended use.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP NovaPulse FOR NEW INDICATIONS OR COMMERCIALIZE IN NEW MARKETS SUCCESSFULLY.

NovaVent — Our Product Candidate for General Hospital Respiratory Support

NovaVent is our product candidate being developed as a critical care and inpatient respiratory support system designed to synergistically combine three functions that are conventionally provided by separate devices — mechanical ventilation, iNO therapy and electrical impedance tomography monitoring — into a synergetic platform, with the aim of improving treatment effectiveness while reducing bedside complexity in hospital workflows. We expect to perform type test for NovaVent in the first quarter of 2027.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET NovaVent SUCCESSFULLY.

NovaPath — Our Product Candidate for Cardiopulmonary Bypass and Extracorporeal Life Support

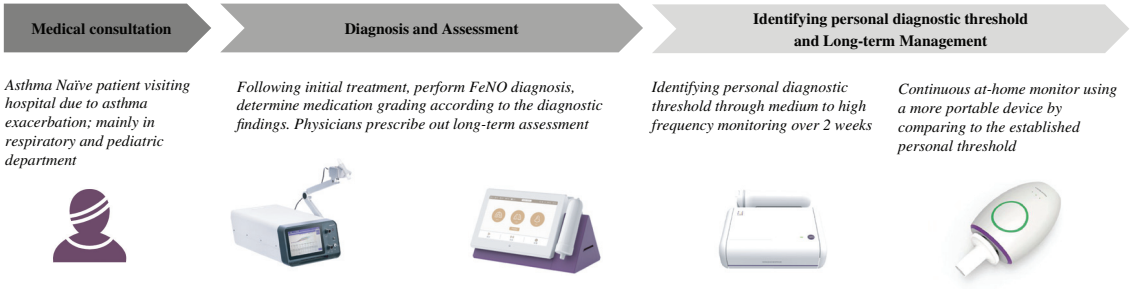
NovaPath is our disposable arteriovenous cannula product candidate being developed to establish high-flow, low-resistance arterial perfusion and venous drainage access for patients requiring cardiopulmonary bypass during cardiac surgery or extracorporeal membrane oxygenation support in critical-care settings. NovaPath adopts biocompatible materials and an optimized wall-thickness design, with the aim of maintaining hemodynamic stability during extracorporeal circulation, reducing the risks of hemolysis and thrombosis, and facilitating cannulation and placement. We expect to submit a Class III medical device registration application for NovaPath to the NMPA in the fourth quarter of 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET NovaPath SUCCESSFULLY.

RESPIRATORY DIAGNOSTICS

We are developing a portfolio of respiratory diagnostic products focused on exhaled nitric oxide (FeNO) and lung-function assessment to enable earlier detection and more refined management of chronic airway diseases across hospital, clinic, primary-care and at-home settings. FeNO is a non-invasive biomarker of airway inflammation used to support the diagnosis and monitoring of asthma, chronic cough, COPD and other airway diseases, while spirometry remains a core tool for assessing airflow limitation and treatment response. Within this segment, we have two major commercial-stage FeNO analyzers — eNOglow, a chemiluminescence-based system designed for high-sensitivity, rapid and multi-mode FeNO measurement for tertiary hospitals, pediatric departments and ICU settings, and Reslink, an analyzer based on our self-developed electrochemical NO sensor targeted at respiratory outpatient clinics and lower-tier hospitals — as well as two portable product candidates: PElink, a outpatient and at-home device combining FeNO and selected lung-function parameters, and PSlink, an at-home spirometry device designed to support high-frequency monitoring of lung function against individualized "personal best" baselines between specialist visits.

The following chart illustrates the portfolio and main application of our major respiratory diagnostic products portfolio.



Product Name	eNOglow	Reslink	PElink	PSlink
Function	FeNO Diagnosis carried out by physicians or technicians	FeNO Diagnosis carried out by physicians or technicians	FeNO Diagnosis & Spirometer	Spirometer
Usage Scenario	Mainly Outpatient, Also fit in ICU/Inpatient setting	Outpatient	Outpatient & At-Home	At-Home
Intended indication and population	Patients of all ages with airway Inflammatory disease, including neonates or ICU patients	School-age children and adults with airway inflammatory disease	Airway inflammatory disease and Lung function test for patient who can comply	Lung function test for patient who can comply
Competitive Edge	Diagnosis for high accuracy, Sensitivity and short response time	Affordable diagnostic solution for lower tier medical institution	Solution for long-term management and establishment of precision diagnosis basis	Solution for long-term management

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND/OR MARKET OUR RESPIRATORY DIAGNOSTIC PRODUCTS AND PRODUCT CANDIDATES SUCCESSFULLY.

OTHER PRODUCTS AND SERVICES

Our other products and services comprise (i) contract development services where we conduct product development for customers based on our R&D capabilities, (ii) others, primarily including maintenance services provided to customers after the sales of our medical devices. Our maintenance service primarily covers the following with no additional charge: (1) after-sales services, including replacement of defective components, system upgrades, periodic equipment inspections, preventive maintenance and servicing, and (2) post-sales technical training for our distributor engineers. Upon expiration of the warranty period, we may continue to provide maintenance services and components for replacement at RMB150 to RMB41,000 for replacement components, RMB10,000 to RMB120,000 for maintenance services and RMB2,000 to RMB3,000 per distributor engineers trained.

OUR GAS-LIQUID PRECISION CONTROL TECHNOLOGY PLATFORM

Our intelligent gas-liquid precision control technology platform is the cornerstone of our product innovation. It supports end-to-end, closed-loop control of target molecules in both gas and liquid media, spanning generation, real-time sensing and monitoring, and software-enabled regulation. By integrating molecular generation, sensor-based detection, control algorithms and fluidic engineering, we are able to deliver medical gas and fluid solutions with high precision, reliability and scalability across different clinical settings.

Our platform comprises three integrated technical pillars:

NO generation technologies. We have established two NO generation approaches — electrochemical catalytic reduction and plasma discharge — allowing us to adapt NO supply to different clinical requirements and product configurations. Our electrochemical catalytic reduction approach enables NO generation and purification under mild conditions within an integrated process, supporting high-purity, high-concentration therapeutic NO output. Based on bench testing, NO concentration could be generated across a wide range (approximately 390 ppm to 3,500 ppm) under consecutive applied currents (10-90 mA). The electrolytic cell also demonstrated stable NO output at a fixed concentration over five consecutive time periods, supporting reliable dose control. In addition, the system could reach a target therapeutic NO level within approximately two minutes, while maintaining $NO_2 < 1$ ppm across therapeutic dosing ranges. These capabilities underpin our iNOwill series. Separately, our plasma discharge approach enables a compact generation module and flexible integration with portable or transport-oriented device architectures, supporting products designed for broader in-hospital and mobile use scenarios, including eNOaire, NovaVent and VQfit.

Gas sensing and molecular monitoring technologies. We have developed complementary sensing capabilities based on electrochemical detection and chemiluminescence, enabling measurement of NO and other clinically relevant gas components under different sensitivity and workflow requirements. By combining differentiated sensors, sampling modules and monitoring logic, our systems can track patient-side gas composition and dynamics in real time, including breath-to-breath variability and delivered concentrations of therapeutic NO, key by-products (such as NO_2), oxygen and other parameters, supporting dosing precision and safety management. Our monitoring solutions are embedded across our therapeutic products (including iNOwill and eNOaire) and are also applied in our diagnostic offerings and patient-side respiratory circuits.

Intelligent flowpath design and control technologies. We have built high-precision, fast-response and high-reliability gas/liquid circuit systems, together with proprietary fluid-control algorithms. These capabilities enable controlled gas release, mixing, flow and timing to match clinical therapy and diagnostic requirements, including breath-synchronized delivery, stable concentration maintenance and safety-oriented fail-safe mechanisms. Our control architecture is designed to maintain consistent performance across different care settings and operating conditions and serves as a common technical backbone across all of our core product lines.

Software, algorithms and practical AI-enabled functions are embedded in our technology platform and apply in our product lines to support controllability, verification and usability. In our iNO therapy systems, algorithms adjust NO output in real time based on inspiratory flow to maintain stable patient-side concentration, improve gas utilization and support automated workflow functions such as initiation, weaning and key-component life monitoring. In our IABP system, AI supports more reliable triggering and clinical feedback by enhancing ECG signal recognition in

noisy ICU environments, analyzing arterial pressure waveforms to provide objective indicators of counterpulsation effectiveness, and enabling predictive maintenance through monitoring of device pressure signatures. In our respiratory diagnostic products, intelligent sampling and signal-processing algorithms help standardize breath collection and improve measurement repeatability, and we are developing data-fusion approaches that link hospital and outpatient or at-home devices by combining parameters such as FeNO, lung function, CO_2 waveforms and symptom/medication logs to support longitudinal monitoring and earlier risk identification.

MAJOR RESEARCH COLLABORATIONS AND LICENSING ARRANGEMENTS

University of Michigan Licensing Arrangement

In March 2020, we entered into a patent license agreement with The Regents of the University of Michigan ("**Michigan**"), which was amended in December 2021 (together, the "**Michigan License Agreement**"). Michigan is the governing body of the University of Michigan, a leading public research university in the United States and an Independent Third Party. Under the Michigan License Agreement, Michigan grants us an exclusive license, with the right to grant sublicences, in the PRC and Hong Kong over certain Michigan-owned patents and patent applications relating to NO-releasing polymers and gas-delivery devices capable of generating and delivering NO-containing gas streams (the "**Licensed Michigan IP**"). We entered into the Michigan License Agreement at an early stage of our development to support our chosen technical route. As part of our initial technology assessment and patent landscape analysis, we identified that the University of Michigan was among the earliest institutions to publish and establish foundational research in electrochemical nitric oxide generation, with corresponding patent filings across multiple jurisdictions. In connection with our intention to develop and commercialize iNO therapy products based on electrochemical generation technology and to prioritize regulatory registration in China, we obtained the license to address potential patent overlap risks identified at the early stage, support our freedom to operate during product development and registration, and establish an initial patent position in our primary target market. Such exclusive arrangement also limits the ability of other market participants to obtain similar rights within the same jurisdiction, thereby solidifying our positioning in early-stage market development. The Michigan License Agreement also serves as a professional endorsement from a leading academic institution, which enhanced the credibility of our technological approach. This endorsement have also helped us in marketing education and brand communications with hospitals and distributors and supported our product sales. Our Core Product has been independently developed by us and does not rely on, nor is directly based on, the Licensed Michigan IP. Michigan retains customary rights to use the Licensed Michigan IP for academic research, teaching and publication and to license such non-commercial uses to other non-profit organizations. The salient terms of the Michigan License Agreement are set forth below:

- **Payment:** We paid Michigan a one-off, non-refundable license issue fee and agreed to (i) pay an annual license maintenance fee before and after the first commercial sale of any product that utilizes the Licensed Michigan IP (which may be fully or partially creditable against running royalties), (ii) make development and regulatory milestone payments upon the achievement of specified clinical, regulatory and commercial milestones, and (iii) pay running royalties at a single-digit percentage rate on our net sales of products that use the Licensed Michigan IP, subject to customary adjustments and minimum-royalty provisions.

- **Intellectual Property:** Michigan retains ownership of all background intellectual property and patents comprised in the Licensed Michigan IP. We own intellectual property, data and know-how that we independently develop in connection with our products.

- **Termination:** The Michigan License Agreement may be terminated early by mutual agreement, by either party for uncured material breach or insolvency of the other party, or by us at will upon advance written notice.

- **Sublicense:** We are allowed to sublicense the licenses to third parties, provided that we shall notify Michigan in writing of every sublicense agreement and each amendment thereto within thirty days after their execution, and shall require all sublicenses to be consistent with the terms of the Michigan License Agreement. Each sublicense granted by us shall terminate upon the termination of the Michigan License Agreement.

- **Dispute Resolution:** Any dispute under the Michigan License Agreement shall be resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chambers' Arbitration Institution.

The patents and their corresponding technologies under the Michigan License Agreement are set forth in the below table. All of the licenses are owned by Michigan and licensed to us.

No.	Patent Summary	Registration No.	Key Technologies Involved
1	A nitric oxide delivery device comprising a shell permeable to nitric oxide	CN104394923B	This patent relates to integrating an electrochemical NO generation device into an implanted catheter for purposes such as anti-infection and anti-thrombosis. The Core Product does not include the following key technical features recited in the claims of this patent: "a shell permeable to nitric oxide" and "a working electrode made of a copper-containing conductive material." Therefore, the Core Product does not fall within the scope of protection of this patent, and implementation of the Core Product technology does not depend on this patent.
2	A nitric oxide delivery device comprising a shell permeable to nitric oxide	HK40020499B	This patent relates to integrating an NO generation source into an implanted catheter for purposes such as anti-infection and anti-thrombosis. The Core Product does not include a delivery conduit, nor does it include an outlet conduit carrying N_2 and NO that is configured downstream of the inspiratory gas conduit carrying O_2-containing gas, and the N_2/NO/O_2 gas is not mixed within the outlet conduit. Therefore, the Core Product does not fall within the scope of protection of this patent, and implementation of the Core Product technology does not depend on this patent.
3	A gas delivery device comprising a nitric oxide generation system	CN121623046A	This patent relates to an alternative solution for delivering NO-containing gas using an electrochemical NO generation device. The Core Product does not include the following key technical features recited in the claims of this patent: "the delivery catheter is connected to the outlet of an outlet conduit downstream of the inspiratory gas conduit, such that the output gas flow has time to mix within the outlet conduit before being delivered to the destination." Therefore, the Core Product does not fall within the scope of protection of this patent, and implementation of the Core Product technology does not depend on this patent.

RESEARCH AND DEVELOPMENT

We conduct our product research and development primarily in-house. Our R&D system covers the full product lifecycle from concept formation and feasibility assessment through design and development, pre-clinical testing, clinical evaluation, registration and post-market iteration.

Our R&D Team. Our R&D team are led by our chief executive officer, Dr. Mao Wen, and our chief technology officer, Mr. Zhang Yuyan. Several senior R&D members have previously participated in the development or industrialization of devices such as ICU ventilators and anesthetic workstations. As of the Latest Practicable Date, our R&D team comprised 47 employees, representing approximately 27.5% of our total headcount, of whom approximately 42.6% held master's or doctoral degrees. Our R&D personnel cover disciplines including chemistry, pharmacy, material science, mechanic engineering, biomedical engineering and computer science. We have entered into confidentiality and non-compete arrangements with key employees and R&D staff, under which intellectual property conceived and developed during employment belongs to us. As of the Latest Practicable Date, we had not experienced any loss of key R&D personnel (including core R&D members as set forth below in "— Research and Development — Clinical Development."

Our R&D Costs. We have devoted and expect to continue to devote a significant portion of our resources to R&D as we expand the indications and continue the clinical development of our Core Product, advance other pipeline candidates through clinical trials and conduct additional pre-clinical studies. In 2024, 2025 and the six months ended June 30, 2025 and 2026, our R&D expenses were approximately RMB33.0 million, RMB34.7 million, RMB13.7 million and RMB20.3 million, representing approximately 72.4%, 54.9%, 61.3% and 34.8% of our total revenue, respectively. Of these amounts, RMB12.3 million, RMB14.5 million, RMB5.1 million and RMB8.7 million were attributable to our Core Product, respectively, representing 37.4%, 41.8%, 37.2% and 42.9% of our total research and development costs, and 13.9%, 16.1%, 13.4% and 14.8% of our total operating expenses, in the corresponding years/periods.

Clinical Development. We conduct clinical trials as a core component of our product development, registration and post-market evidence generation strategy. Our clinical affairs function is led by Ms. Zhou Fang, who has approximately 10 years of experience in the medical device and pharmaceutical fields with a focus on device registration, multi-center clinical trials and global regulatory strategy, and is staffed by professionals with medical, pharmacy or biomedical engineering backgrounds. Our clinical team has led the design and execution of registration-enabling and post-market trials for our products.

Our Core R&D Members include the core leadership and other relevant personnel, who collectively possess the qualifications, relevant experience and functional expertise necessary to support the continuous development of our products (including the Core Product). We expect our Core R&D Members to remain with us after the [**REDACTED**]. The core leadership includes the following Core R&D Members.

Dr. Mao Wen, as chairperson, executive Director and chief executive officer, is responsible for overall leadership and strategic direction of the Core Product, including R&D, registration and commercialization. With over 14 years of experience in biological research and the medical device industry, a doctorate degree in neuroscience, and her prior role as R&D director at Abbott Diabetes Care Inc., Dr. Mao has extensive experience in overseeing complex medical device development programs and managing cross-functional R&D teams. Dr. Mao participated in various research projects including the Nanjing Life and Health Science and Technology Pre-clinical Technology Project (南京市生命健康科技專項臨床前技術項目) in 2022: *Portable Inhaled Nitric Oxide Therapy Device for Neonatal and Adult Pulmonary Hypertension* (《用於新生兒和成人肺動脈高壓治療的便攜式吸入一氧化氮治療儀》); the Nanjing Industrial and Information Technology Development Special Project (南京市工業和信息化發展專項) in 2023: *Breakthrough in Key and Core Technologies for Nitric Oxide (NO) Generation and Sustained-Release in Multi-Scenario Medical Applications* (《多場景醫學應用的一氧化氮(NO)發生、緩釋關鍵核心技術攻關項目》); and the Guangxi Zhuang Autonomous Region Science and Technology Planning Project (廣西壯族自治區科技計劃項目) in 2026: *R&D and Industrialization of Domestically Pioneering Chemiluminescence Nitric Oxide Breath Analyzer* (《國內首創化學發光一氧化氮呼氣分析儀研發及產業化》). Dr. Mao was awarded the Outstanding Youth Award in Pharmaceutical Science and Technology (醫藥科技傑出青年獎) in the 2024 10th Jiangsu Medical Science and Technology Award (2024第十屆江蘇醫藥科技獎) in 2025. She holds 8 patents in relation to NO therapy. Her experience in global product development, registration and commercialization of medical-device products supports the advancement of the Core Product through clinical and regulatory stages.

Mr. Zhang Yuyan, as executive Director and chief technology officer, is responsible for overall technology strategy and product development. He holds a bachelor's degree in automation and a master's degree in control theory and control engineering, and has over 17 years of experience in medical-device systems engineering and R&D management, including his prior roles at GE Medical Systems and Suzhou Hengrui Hongyuan Medical Technology Co., Ltd. His experience in systems design, engineering integration and ICU-related device development, including respiratory-support and extracorporeal circulation-related equipment, is highly relevant to the development of electrochemical iNO delivery systems used in critical care settings.

Ms. Fang Zhou, who joined the Group in May 2022, is the leader of the Company's clinical affairs function. She holds a master's degree in traditional Chinese medicine chemistry from China Pharmaceutical University and has clinical research and medical affairs experience at Chia Tai Tianqing Pharmaceutical Group, where she managed clinical research projects and academic promotion for anti-infective product lines. During her tenure at Chia Tai Tianqing, she focused on anti-infective products used in ICU, respiratory, and hematology settings, gaining extensive experience in disease areas closely related to NO therapy, including severe infections and respiratory support. She led multiple clinical trials and real-world studies as project manager and supervised a medical team. Her background in clinical research management, medical academic support and clinical trial execution supports the clinical validation and regulatory advancement of the Core Product. Since joining us, she has built the medical department from scratch, led clinical trials, supported the publication of medical papers and NO-related expert consensuses, and contributed to the registration and launch of products in areas including ICU, cardiology, neonatology and respiratory medicine, which are key therapeutic fields for NO therapy.

In addition to the above, our Core R&D Members comprise personnel with complementary expertise spanning electrochemical NO generation, gas sensing and purification, medical-device systems engineering, hardware and software development, mechanical design and clinical research. Collectively, these members support the in-house development, verification and continued optimization of the Core Product across its principal technical modules, and enable our R&D capabilities in electrochemical catalysis-based iNO technologies to be maintained by a multidisciplinary team rather than being dependent on any single individual.

(i) Electrochemical catalysis, NO generation, sensing and purification

Dr. Mao Yujia joined the Group in November 2021 upon completion of her doctoral studies and is primarily responsible for electrode and electrolytic-cell development. She holds a doctoral degree in chemistry from the University of Houston. Her doctoral research specialized in physical chemistry, particularly the development of super-resolution force spectroscopy and its application to the study of DNA-drug interactions and surface biochemical reactions. During her doctoral studies, she published research papers in journals including *ChemBioChem* and *Nucleic Acids Research* and participated in a U.S. patent application. Dr. Mao's expertise in surface biochemical reactions, molecular interactions and surface modification directly supports our Core Product's electrochemical NO generation technology. In particular, she has led the development and formulation optimization of the electrolytic solution used in our Core Product's electrochemical NO generation system, in which high-valence metal ions are reduced at the cathode to lower-valence states, which in turn reduce nitrite ions in the solution to generate NO. Her research background also supports the investigation and optimization of electrode-surface reactions, electrochemical NO generation mechanisms and surface molecular modification of electrochemical sensors used in our Core Product. The relevant electrolyte formulation has been the subject of a PCT patent application currently pending in the international examination phase.

Mr. Zhao Yangbo joined the Group in July 2020 and is primarily responsible for electrode and electrolytic-cell development. He holds a master's degree in chemistry from Beijing University of Chemical Technology, where his research specialized in gas sensors. From July 2015 to August 2017, he engaged in purification-material research and development at Zhejiang Taihe Holdings Co., Ltd.. From August 2017 to January 2019, he served as a materials R&D engineer and subsequently an R&D lead at Zhejiang Dun'an Co., Ltd., where he was responsible for catalyst, purification-filter, activated-carbon and ceramic-based material development. From March 2019 to April 2020, he served as an electrochemical engineer at Siwei Ecology Technology Co., Ltd., where he was responsible for electrochemical-device development and related testing. He has over ten years of R&D experience and has participated in two patent applications and one published research paper. During his master's studies, Mr. Zhao focused on the controllable preparation and performance optimization of metal-oxide-semiconductor-based NOx-sensitive materials and the mechanisms through which such materials respond to NO and NO_2. He designed multiple metal-oxide gas-sensing material systems based on the adsorption, redox and electrochemical characteristics of NOx gases, established a standardized gas-sensing test platform and studied NOx-sensing mechanisms from the perspectives of macroscopic performance, microscopic structure and electronic energy levels. Such experience directly supports our Core Product in several respects, including (i) the design and material selection of its electrochemical NO generation system, (ii) the development and optimization of electrodes and electrolytic cells, (iii) the selection and evaluation of catalyst and NOx-filtering and purification materials, (iv) the development and iteration of NO, NO_2 and O_2 electrochemical sensors and the gas-monitoring module, and (v) the establishment of testing and performance-evaluation methods for the electrochemical NO generation system.

Together, Dr. Mao and Mr. Zhao provide complementary capabilities covering the electrochemical reaction mechanism, electrolyte formulation, electrode and electrolytic-cell development, NOx sensing and gas purification that underpin our Core Product's electrochemical catalysis-based NO generation technology.

(ii) Medical-device systems engineering, verification and certification

Mr. Kong Xianghai joined the Group in September 2021 and is primarily responsible for whole-system verification of our Core Product. He holds a bachelor's degree in electric power systems and automation from Xi'an Jiaotong University. From April 2012 to April 2015, he worked at Aikowei Technology Co., Ltd. in product testing. From June 2015 to March 2016, he served as a project manager at Wuxi Chongchi Software Technology Co., Ltd. From May 2016 to May 2018, he served as head of the electrical laboratory at Wuxi Jingwei Metrology Co., Ltd., where he was responsible for metrology-standard establishment and related laboratory management. From June 2018 to April 2019, he worked at Wuxi Haideman Medical Co., Ltd. From April 2019 to August 2021, he worked at GE Healthcare and its service provider, where he was responsible for system testing and TÜV verification testing of medical devices, including CS750 and A180/Proteus anesthesia machines and the R860 ventilator.

Mr. Kong has approximately 14 years of testing experience and is familiar with medical-device testing standards, including YY 0461, ISO 5367, IEC 60601 and GB 9706. His experience directly supports our Core Product's whole-system verification, including the preparation and execution of test cases for the electrochemical NO generation, gas delivery, gas monitoring and alarm-control functions, verification of system performance under different operating conditions, and testing for compliance with applicable medical-device safety and performance standards and third-party certification requirements.

Mr. Bao Xiaoyi joined the Group in November 2021 and is primarily responsible for whole-system verification of our Core Product. He holds a master's degree in mechatronic engineering, specializing in electromagnetic compatibility, from Southeast University. From May 2006 to July 2011, he served as a laboratory head at the 14th Research Institute of China Electronics Technology Group Corporation, where he was responsible for hardware and electromagnetic-compatibility testing. From August 2011 to December 2014, he served as a hardware testing manager at Huawei Technologies Co., Ltd. Nanjing Research Institute. During April 2015, he served as a senior testing engineer at Wulian Sensor Co., Ltd. From June 2015 to August 2018, he served as testing manager and project manager at Jusha Display Technology Co., Ltd. From August 2018 to May 2020, he served as testing manager at Shibang Intelligence Technology Co., Ltd. From May 2020 to October 2021, he served as testing lead at Zhongyuan Huiji Biotechnology Co., Ltd. He has over 20 years of experience in hardware and medical-device testing and verification and holds a Project Management Professional qualification.

Mr. Bao's expertise covers electromagnetic-compatibility design and testing, reliability and mean-time-between-failures testing, CCC, CE and TÜV certification, integrated product development processes and testing-team management. His expertise directly supports the electromagnetic-compatibility design and rectification, reliability assessment, certification testing and quality control of our Core Product, including verification that its electrochemical NO generation, gas-sensing and electronic-control modules operate safely and reliably without unacceptable electromagnetic interference.

Together, Mr. Kong and Mr. Bao provide system-level verification, electromagnetic-compatibility, reliability and regulatory-certification capabilities covering the complete electrochemical NO generation and delivery system of our Core Product.

(iii) Hardware architecture and electronic control

Mr. Geng Xiang joined the Group in March 2020 and currently serves as R&D Manager with primary responsibility for the hardware development and overall R&D management of our Core Product. He holds a bachelor's degree in microelectronics from Soochow University. From June 2006 to December 2007, he served as an R&D engineer at the 55th Research Institute of China Electronics Technology Group Corporation. From May 2007 to March 2011, he served as an R&D engineer at Inventec Appliances Co., Ltd. From January 2011 to November 2015, he served as a senior engineer at Honeywell S&C. From November 2015 to May 2018, he served as a project manager at A. O. Smith. From June 2018 to September 2020, he served as R&D manager at Jingjie Biotechnology Co., Ltd.

Mr. Geng has experience in microelectronics, biotechnology-device development, hardware R&D management and coordination of multidisciplinary R&D teams. His experience supports the overall hardware architecture and development management of our Core Product, including coordination of the electronic-control, power-management, gas-sensing and electrochemical NO generation modules and management of their integration into a medical-device system suitable for verification and commercial manufacture.

Mr. Zhang Wangkun joined the Group in March 2021 and is primarily responsible for hardware development of our Core Product. He holds a bachelor's degree in automation from Nanjing Forestry University. From March 2015 to March 2017, he served as an R&D engineer at Jiangsu Huaxi Medical Devices Inc., where he was responsible for the STM32-based hardware and software development of cleaning and disinfection equipment and air-disinfection devices. From March 2017 to February 2021, he served as a hardware engineer at A. O. Smith, where he acted as a principal hardware designer for water-purification products.

Mr. Zhang has over ten years of hardware-development experience and is experienced in schematic and printed-circuit-board design, STM32, DSP and Renesas microcontroller programming, multiple communication protocols, RFID design and electromagnetic-compatibility testing and rectification. His expertise directly supports our Core Product's hardware circuit and electronic-control design, including signal acquisition from NO, NO_2, O_2 and flow sensors, microcontroller-based control of electrochemical NO generation and gas delivery, communication among the generation, monitoring and user-interface modules, electromagnetic-compatibility verification and transfer of the hardware design into commercial production.

Together, Mr. Geng and Mr. Zhang provide the hardware architecture, electronic-control, sensor-interface and production-transfer capabilities required to translate our Core Product's electrochemical NO generation mechanism into a reliable medical-device platform.

(iv) Embedded software, application software and system control

Mr. Zhou Dawei joined the Group in December 2020 and is primarily responsible for software development of our Core Product, including its embedded software, application-layer software and user-interface functions. He holds a master's degree in computer science and technology from Sichuan University, where his research specialized in computer vision and pattern recognition. From July 2012 to September 2014, he served as a software engineer at ZTE Corp., where he was responsible for router quality-of-service software development. From October 2014 to August 2017, he served as a software engineer at Suzhou Huawei Digital Technologies Co., Ltd., where he was responsible for wireless-network software development. From August 2017 to December 2020, he served as a software engineer at GE Healthcare, where he was responsible for upper- and lower-level software development for anesthesia machines.

Mr. Zhou has over ten years of embedded and communications-software experience and is experienced in C programming, Linux-system development, multi-core and multi-threaded processing and medical-device software-development processes. His experience directly supports our Core Product's embedded and application-layer software, including real-time coordination of NO generation and inspiratory-flow-based delivery, acquisition and processing of NO, NO_2, O_2 and flow data, communication among functional modules, user-interface display and interaction, alarm processing and software reliability verification.

Mr. Li Yuan joined the Group in May 2021 and is primarily responsible for embedded software, application-layer software and driver development for our Core Product. He holds a bachelor's degree in automation from Zhongyuan University of Technology. From September 2016 to April 2018, he served as a software engineer at A. O. Smith. From July 2018 to May 2021, he served as a software engineer at Yangzhou Hangsheng Technology Co., Ltd. He has over 10 years of experience in embedded, Linux and Android driver development and is familiar with ARM assembly, Linux-kernel transplantation and customization, U-Boot, FreeRTOS, Android hardware-abstraction layers and communication protocols including SPI, I^2C, UART and CAN.

Mr. Li's expertise directly supports our Core Product's underlying software infrastructure, including device-driver development for electrochemical NO generation, gas-sensing and flow-control components, embedded-Linux system transplantation, communication among hardware modules, real-time task scheduling and multi-core and multi-thread performance optimization, thereby supporting the stable and timely control of NO generation, delivery and monitoring.

Together, Mr. Zhou and Mr. Li provide the embedded, driver, application-layer and user-interface capabilities required for real-time control, monitoring and safety management of our Core Product's electrochemical NO generation and delivery functions.

(v) Mechanical design and core components

Mr. Wu Qing joined the Group in September 2020 and is primarily responsible for mechanical design and core-component design of our Core Product. He holds a bachelor's degree in materials forming and control engineering, specializing in mold design, from Nanjing Institute of Technology. From December 2006 to September 2009, he served as a mold and structural engineer at Nanjing Aolian Electronics Co,. Ltd. From September 2009 to September 2015, he served as a mechanical-structural engineer at Nanjing Bofeng Power Tools Co., Ltd. From October 2015 to August 2020, he served as a senior mechanical engineer at Siemens Numerical Control (Nanjing), where he led the development of the V90PN, S210 and S200 servo drives. One of the relevant designs received a Red Dot Design Award.

Mr. Wu has experience in mechanical-structure and mold design, simulation using NX, Nastran and FloTHERM, product-reliability verification and material selection for plastic components. His expertise directly supports the structural design of our Core Product's electrochemical NO generation and gas-pathway modules, positioning and protection of electrodes, electrolytic cells, sensors and related components, thermal and airflow simulation, mold development, reliability verification, manufacturability optimization and material selection.

(vi) Clinical research and medical support

Ms. Fang Zhou joined the Group in May 2022 and is primarily responsible for clinical research and medical and academic support for our Core Product. She holds a master's degree in traditional Chinese medicine chemistry from China Pharmaceutical University, where her research focused on natural-medicinal chemistry and meta-analysis. From July 2016 to April 2022, she served as medical group manager for an anti-infective product line at Chia Tai Tianqing Pharmaceutical Group, where she managed a seven-member team and was responsible for clinical-research projects, medical and academic support and the academic promotion of anti-infective products, including biapenem and tigecycline.

Ms. Fang has experience in clinical-research project management, clinical monitoring, medical writing, meta-analysis and communication with clinical investigators and key opinion leaders in anti-infective and respiratory fields. Her expertise supports our Core Product's clinical-development activities, including clinical-trial design and implementation, interpretation and communication of clinical evidence relating to iNO therapy, medical support for indication expansion into respiratory and infectious diseases, preparation of scientific publications and engagement with investigators and clinical experts.

We also maintain a separate regulatory affairs team responsible for planning registration pathways and submitting product dossiers to the NMPA and other PRC authorities, as well as to overseas regulators. Our trials are designed to evaluate the safety and clinical performance of our devices under intended use conditions, with endpoints selected based on the clinical role of each device. Certain of our products are exempt from clinical trials in specific jurisdictions based on their classification and applicable laws and regulations; in those cases, we rely on non-clinical performance testing, literature-based evaluation and post-market surveillance to support regulatory submissions and ongoing safety and performance evaluation.

Collaboration with Clinical Trial Institutions. We select leading tertiary hospitals with appropriate expertise, patient resources, technology and equipment as our clinical trial institutions (our "**collaborating hospitals**"). As of the Latest Practicable Date, we had initiated or participated in an aggregate of 20 clinical trials, including 18 in China and two in overseas markets. We typically enter into arrangements with the collaborating hospitals under which we and the investigators prepare a protocol and related documents (including, where applicable, informed consent forms and case report forms) for submission to the ethics committees of the participating institutions. Trials are conducted strictly in accordance with the approved protocol.

Relationship with CROs

We collaborate with contract research organizations (CROs) to support certain of our clinical trials, including the PMCF of iNOwill. Our CROs typically provide services including project implementation and management, trial site coordination and subject enrollment. When selecting CROs, we consider their qualifications, track record, the professional experience of their employees and industry reputation. Under these arrangements, we remain responsible for overall trial design and quality management and retain the right to use the clinical data and other deliverables generated from such studies for regulatory submissions and further product development. We monitor our

CROs through regular communication and review of documentation and deliverables to help ensure that their performance complies with applicable laws, regulations and clinical standards as well as our internal protocols and to safeguard the integrity and reliability of the data arising from our clinical trials.

Below is a summary of the key terms of a typical agreement with our CROs.

Service term	Typically 12 months, with progress tracked against agreed milestones and key timelines.
Scope of services	The CRO typically provides operational support across the principal stages of study execution, including, among others, pre-trial planning and regulatory communications, study start-up and conduct, site monitoring and coordination, data and project management, biostatistics and medical writing. We retain oversight of the CRO's performance and may require rectification where the CRO fails to comply with the protocol, applicable requirements or agreed standards.
Fee arrangement	Generally fixed service fees, consisted of upfront payments and payments made in stages by reference to agreed milestones such as contract signing, protocol finalization, subject enrollment, site close-out and completion of the clinical trial report.
Legal compliance	The CRO is required to perform the services in accordance with applicable laws, regulations, GCP and relevant industry standards. The CRO is liable for any costs, fines, claims or expenses due to its violations of laws and regulations.
Confidentiality	The CRO is subject to confidentiality and data security obligations, including in relation to personal information and study materials, and is required to return or transfer relevant study documents and data upon completion or termination of the project.
Intellectual property	Clinical data, study documents, deliverables and other project results generated in the course of the services belong to us, subject to each party's pre-existing intellectual property rights.
Termination	We may terminate the arrangement in specified circumstances, including material breach, persistent delay, failure to meet major milestones, force majeure and other circumstances affecting project performance.

OUR COMMERCIALIZATION STRATEGIES

As of the Latest Practicable Date, our Core Product iNOwill was being developed independently and was not subject to any collaboration or out-licensing arrangements with third parties. We plan to continue developing iNOwill in-house, including product improvement, indication expansion and post-approval studies, and to expand its clinical adoption. As we obtain or pursue regulatory approvals overseas, we intend to introduce iNOwill into selected markets, primarily through registration-driven sales using a combination of our own commercial resources and qualified local distributors, depending on local market conditions.

Being included in the reimbursement list can help deepen the market penetration of our products. As of the date of this Document, our iNOwill, eNOaire, NovaPulse IABP and FeNO were included in the reimbursement list of seven provinces.

Market Strategies for our Core Product

China Market: Solidifying Leadership and Expanding Penetration

In China, our strategy centers on consolidating our position in the underpenetrated iNO market and driving its expansion.

We reinforce our market leadership through five key pillars:

- **Strategic Partnerships:** Collaborating with top-tier hospitals on clinical trials and national research projects, particularly those renowned for cardiopulmonary disease treatment.
- **Academic Promotion:** Participating in academic and industrial events to engage hospitals and distributors and advance physician education.
- **Specialized Distribution Network:** Partnering with distributors who specialize in ICU, NICU, and Respiratory departments and already represent other Novlead product lines within these segments.
- **Comprehensive Product Portfolio:** Offering a diverse range of models priced between RMB200,000 to RMB800,000, catering to the varying needs of hospitals across different tiers.
- **Experienced Sales Force:** Leveraging a seasoned sales team of more than 30 members with experience in the medical device industry.

We also further expand our market share through the following initiatives:

- Spearheading the development of expert consensus and industry standards.
- Sponsoring health economic studies to demonstrate the value of iNO therapy.
- Continuously expanding our commercial team, encompassing both sales and marketing functions.

European Market: Introducing Disruptive Technology

Having entered the European market in 2025, where traditional gas cylinders have dominated for over a decade, we are adopting a top-down approach to introduce our instant-generation technology. Our strategies include:

- Utilizing Post-Market Clinical Follow-up (PMCF) studies and key academic and industry forums to engage with leading hospitals across Europe.
- Prioritizing the conversion of top-tier institutions from cylinder-based systems to our solution.
- Leveraging our enhanced usability as a key market entry advantage over incumbent cylinder-based systems.

Emerging Markets: Prioritized Expansion

For other emerging markets, we employ a selective entry strategy based on a comprehensive evaluation of factors including GDP, population, regulatory pathways, and market receptivity to iNO therapy. In these prioritized regions, we primarily rely on established local distributors for market penetration.

Global Expert Network & Knowledge Sharing

Internationally, we are cultivating a cross-regional expert network. This includes inviting leading experts from the US and Europe to China to share clinical cases and research findings. Furthermore, we facilitate knowledge exchange between Chinese physicians and their counterparts in emerging markets, where Chinese experts' extensive practical experience positions them as authoritative pioneers in iNO therapy adoption.

Proven Execution and Impact

We believe our commercial strategy has been successfully executed. We led the drafting of Expert Consensus on the Clinical Application of Inhaled Nitric Oxide in Critical and Severe Disease and Expert Consensus on Clinical Application of Inhaled Nitric Oxide Therapy (2024 Edition). We also participate in the revision of the NMPA's Registration Technical Guidelines for Inhaled Nitric

Oxide Therapy Devices and Group Standard for Nitric Oxide Therapy Devices. Our presence in academic and industrial events such as China Medical Equipment Fair, Congress of Chinese Society of Critical Care Medicine has significantly elevated brand visibility.

As a result, we have entered nearly 700 hospitals worldwide and have deployed over 9,000 reactors. Based on our estimates, we have provided treatment to approximately 10,000 patients globally. In Europe, we are contacting several AP-HP (Assistance Publique — Hôpitaux de Paris) hospitals to participate in the PMCF study through CRO.

Market Strategies for our Key Product

As of the Latest Practicable Date, our Key Product NovaPulse IABP was being developed independently and was not subject to any collaboration or out-licensing arrangements with third parties. We intend to further optimize NovaPulse IABP through ongoing engineering refinements and post-marketing clinical evaluation, and to grow its installed base and utilization in cardiovascular centers and catheterization laboratories in the Chinese mainland through tenders, focused sales, marketing, training and service support.

Specifically, in China, we plan to achieve wider market adoption by: (i) leveraging our existing distribution network and cooperate more distributors with experience in cardiology and catheter labs. Our initial focus is on cardiology departments, CCUs, and catheter labs of leading hospitals, especially high-volume cardiac intervention centers that currently use overseas IABP brands. We believe our products are more compelling than overseas brands given their comparable quality and higher affordability. After establishing a presence in leading hospitals, we intend to build on our reputation to expand into a wider base of Class III hospitals and selected Class II hospitals. In addition, as IABP therapy has already been included in certain provincial medical insurance directories, our products are increasingly attractive to hospitals; and (ii) raising product awareness by attending more industry and academic conferences. In the overseas region, we plan to evaluate commercial viability with a priority in the Southeast Asian markets.

Market Strategies for our Other Products

For our other products and product candidates, we plan to advance product development, clinical evaluation and regulatory registration in line with their intended indications and care settings, with the aim of building an integrated "diagnosis — treatment — monitoring" offering from hospital to community and home use.

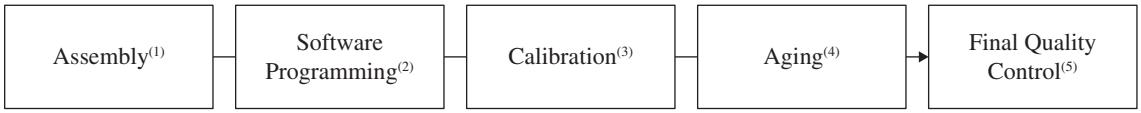
We expect to rely mainly on in-house development, supplemented by project-based collaborations with hospitals for clinical trials, and to adopt a commercial model that combines our own sales and medical teams with distributor networks, with most products marketed primarily through distributors supported by academic promotion, market-access activities and digital tools for physician education and patient follow-up.

MANUFACTURING

As of June 30, 2026, we had two principal manufacturing facilities, which were separately located in Yangzhou, Jiangsu Province and Fangchenggang, Guangxi Zhuang Autonomous Region with aggregate areas of approximately 2,200.0 sq.m. and 1,400.0 sq.m., respectively. Our facility in Yangzhou is primarily used for the manufacture of Class III medical devices, including iNOwill, eNOaire, and NovaPulse IABP. Our facility in Fangchenggang is primarily used for the manufacture of Class II medical devices, including Reslink and eNOglow.

Manufacturing Process

Based on current production planning for our medical devices, the manufacturing cycle from material allocation to finished-goods warehousing typically ranges from six hours to 48 hours. Set forth below is an illustrative flowchart for the manufacturing process of the medical devices.



Notes:
(1) Our trained assembly technicians examine the quality of components and integrate mechanical, electrical and sensor modules on dedicated workstations, following our Integrated Product Development framework.
(2) We flash assembled hardware with the proprietary firmware to ensure traceability of our software releases.
(3) We verify and adjust our products to ensure their measurements align with our established standards.
(4) We conduct controlled-environment aging to precipitate products' early-life failure. It is a burn-in test used to identify and remove products which show signs of product defect. We test each product to improve the reliability, and such tests may take from eight to 72 hours. The tests stimulate real use scenarios and do not introduce extra damage factors. We also monitor the parameters of product performance in real-time during the tests and control the testing duration to make sure the products remain compliant with application quality and performance following such testing.
(5) We conduct full functional verification, calibration verification and final visual inspection of each unit against design specifications.

On the component level, as of the Latest Practicable Date, we manufactured the main unit in-house and generally outsourced the production of the NO generation reactor and tube accessories to third-party suppliers. On the system level, we assembled all the main unit, NO generation reactor and tube accessories together. We procure components from third-party medical equipment companies. The key components are those have a material impact on the performance of the Core Product. Our procurement of key components amounted to RMB4.3 million, RMB5.2 million, and RMB4.5 million in 2024, 2025 and the six months ended June 30, 2026, respectively. We require the suppliers of key components to sign a quality assurance letter to ensure their products satisfy our standards. If any quality issue is identified, our suppliers agree to repair or replace the relevant products.

We have implemented a set of comprehensive procedures for quality control. We require all our employees and collaborated third parties to strictly follow the operation protocols and implement quality management systems as part of the manufacturing processes, adhering strictly to both domestic and international standards. Our manufacturing facilities comply with the China GMP for Medical Devices ("GMP standards"), ISO 13485: 2016 quality management standards and ISO 14971: 2019 risk management protocols. For details of our compliance with these standards, see "— Quality Control." For our in-house manufacturing process, we inspect the raw materials procured, implement standards on manufacturing process, validate our manufacturing technique and conduct performance tests of our finished products. For the components we outsource to third parties, we enforce stringent protocols to assure the quality of components we procure, including conducting on-site inspections, monitoring manufacture reports and executing periodic tests. Specifically, before entering into cooperation, we conduct quality and creditability checks on potential suppliers, specify our quality requirement and require suppliers to enter into quality assurance agreements. During the procurement process, we require suppliers to provide reports on manufacturing process and the raw materials they use. Upon delivery, we perform acceptance checks on the finished products. Components that fail to meet our technical specifications are rejected and returned for replacement or refund. Meanwhile, we reserve the right to terminate our collaboration with suppliers who fail to rectify quality defects within a specified timeframe.

We have implemented a comprehensive maintenance system for our machinery. During the Track Record Period, we had not experienced any material or prolonged interruptions of our machinery due to equipment or machinery failure.

Production Capacity, Production Volume and Utilization Rates

As of June 30, 2026, our commercialized products mainly included iNOwill, eNOaire, NovaPulse IABP, Reslink and eNOglow. The following table sets forth their production capacity, actual production volume and utilization rate for the years indicated:

	For the Year Ended December 31,		As of June 30,
	2024	2025	2026
Production capacity (units)[1]			
iNO therapy devices (iNOwill/eNOaire)	689	692	514
Cardiopulmonary circulatory support devices (NovaPulse IABP)	N/A	80	153
Respiratory diagnostics devices (Reslink/eNOglow)	225	251	125
Actual production volume (units)			
iNO therapy devices (iNOwill/eNOaire)	465	490	291
Cardiopulmonary circulatory support devices (NovaPulse IABP)	N/A	55	98
Respiratory diagnostics devices (Reslink/eNOglow)[3]	218	133	64

	For the Year Ended December 31,		As of June 30,
	2024	2025	2026
Utilization rate (%)[2]			
iNO therapy devices (iNOwill/eNOaire)	67.6	69.3	58.6
Cardiopulmonary circulatory support devices (NovaPulse IABP)	N/A	68.9	64.1
Respiratory diagnostics devices (Reslink/eNOglow)	96.9	53.2	51.2

Notes:
(1) Assuming that the relevant production lines operate 261 days per year and eight hours per day. The effective annual capacity is taking into account adjustment periods and the impact of production line upgrades.
(2) Utilization rate is calculated based on the actual production volume for the relevant years divided by the production capacity for the relevant year, multiplied by 100.0%.

Our utilization rate for iNO therapy devices increased from 67.6% in 2024 to 69.3% in 2025, which was in line with the increased sales of our products. Our utilization rate for respiratory diagnostics devices decreased from 96.9% in 2024 to 53.2% in 2025, primarily due to our advance production of certain products to ensure stable and timely supply in 2024, in anticipation of planned production line adjustments. We conducted all manufacturing process of our major products in-house, except for the assembly of electrolytic cell modules used in medical devices. For more details, see "— Raw Materials and Suppliers — Raw Materials."

The production facility in Yangzhou, Jiangsu Province started operation in June 2025, with an overall utilization rate of 78% and the utilization rate of iNOwill of 72%. We generally outsourced the production of the NO generation reactor and tube accessories to third-party suppliers.

SALES AND MARKETING

We collaborate with leading institutions and top-tier hospitals to refine usage protocols, integrate our devices into real-world workflows and monitor usability, safety management and clinical operation. As of June 30, 2026, we had a sales and marketing team of 43 full-time employees. Our sales and marketing team engages physicians through frequent visits, on site product demonstrations and free educational sessions. We also collaborate with KOLs to introduce and recommend our products to physicians and hospitals.

Compliance of the Promotion Efforts

We conduct our marketing and promotion activities in accordance with applicable laws and regulations in the jurisdictions where we operate, as well as our internal compliance and control requirements. We have established internal policies and procedures designed to support compliant promotion practices, including employee codes of conduct and internal controls applicable to marketing and sales activities. We also maintain compliance and internal control functions to support training and oversight, including (i) compliance education and internal training for employees in relevant roles; (ii) internal review and approval practices for promotional materials and external facing communications; and (iii) requirements that distributors and other third-party partners comply with our compliance standards and applicable regulatory requirements. We prohibit improper benefits and other non-compliant practices in connection with marketing and sales activities.

Our Sales and Distribution Arrangement

We sell our products primarily to distributors under a buyer and seller relationship, who then sell the products to hospitals and medical institutions. According to Frost & Sullivan, our sales model is in line with industry practice. Our sales team collaborates with our distributors to identify market opportunities, participate in hospital procurement and tender process and design distribution strategies. We also advise our distributors on order management and aftersales. By working closely with our distributors, we gain valuable insights into the operations of local distributors and the demands of physicians, which help ensure the effectiveness of the marketing activities. During the Track Record Period, we had five direct sales customers, including a hospital to which we sell our products per its request and two medical research institutions to which we sell consumables. In 2024, 2025 and for the six months ended June 30, 2026, our sales to our distributors accounted for 91.7%, 95.0% and 99.5% of our revenue for the respective year/period.

Sales through Distributors

We generally enter into distribution agreements directly with our tier-one distributors and manage channel coverage on a regional basis. In larger regions, we may appoint multiple regional tier-one distributors, each responsible for designated prefecture-level cities, based on their capability and willingness to undertake coverage and service obligations. Before we deliver products to our distributors, we generally require our distributors in the Chinese mainland to make full prepayment for our products. Our distributors are responsible for collecting payments from hospitals and medical institutions and assume exposure to operational risk that may arise with end-customers.

Two Invoice System

According to the Notice on Opinions on the Implementation of the "Two Invoice System" in Drug Procurement by Public Medical Institutions (for Trial Implementation) (《關於在公立醫療機構藥品採購中推行"兩票制"的實施意見(試行)的通知》) (the "**Notice**"), jointly issued by the Medical Reform Office of the State Council and other seven ministries and commissions on December 26, 2016, the Two Invoice System refers to the system that requires one invoice to be issued from pharmaceutical manufacturers to pharmaceutical distributors and the other invoice to be issued from pharmaceutical distributors to medical institutions. The Notice requires the gradual implementation of the Two invoice System in drug procurement by public medical institutions, encourages other medical institutions to implement the Two invoice System, and strives to promote the Two invoice System in full swing nationwide by 2018. According to the Notice on Consolidating the Achievements of Canceling Drug Markups and Deepening Comprehensive Reforms in Public Hospitals (《關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知》) promulgated by the former National Health and Family Planning Commission, the Ministry of Finance, the NDRC and other departments on March 5, 2018, high value medical consumables shall be subject to classified and centralized purchase, and the "Two Invoice System" in relation to high-value medical consumables shall be gradually implemented. On July 19, 2019, the General Office of the State Council issued the Notice on Printing and Distributing the Reform Plan for the Management of High-value Medical Consumables (《國務院辦公廳關於印發治理高值醫用耗材改革方案的通知》), which encourages local governments to adopt the Two invoice System on a case-by-case basis in order to reduce the number of intermediaries in the circulation of high-value medical consumables and promote the transparency of purchase and sales. Pursuant to the Reply of the National Healthcare Security Administration (the "**NHSA**") to Recommendation No. 1209 of the Second Session of the 13th National People's Congress (《國家醫療保障局對十三屆全國人大二次會議第1209號建議的答覆》) issued by the NHSA on July 23, 2019, Two invoice System for high-value consumables needs to be further discussed given the huge differences between high-value consumables and pharmaceuticals and the complexity of their clinical use and after-sales service. At present, some provinces in China have issued relevant systems for the Two Invoice System for medical consumables. However, there is no specific system and implementation time for the Two Invoice System for medical devices, and the reform is still in progress.

As advised by our PRC legal advisor, as of the Latest Practicable Date, the Two Invoice System in most provinces of the PRC was primarily applicable to pharmaceuticals. The Two Invoice System only applies to medical consumable in a few provinces and it does not specify medical equipment into its coverage. Based on the currently effective policy documents publicly promulgated by the relevant provincial authorities and telephone enquiries with such authorities, our PRC Legal Advisor advised that, among the provinces where our products are sold, only a few provinces (comprise Anhui, Shaanxi, Shanxi, Fujian and Xizang Autonomous Region) explicitly require that the Two Invoice System apply to medical consumables to regulate their distribution. Based on the above and on the confirmations obtained from us and from our medical consumables distributors in these places as of the Latest Practicable Date, and based on the advice of our PRC Legal Adviser, our Directors are of the view, and the Sponsor concurs, that during the Track Record Period and up to the Latest Practicable Date, we and such distributors had complied with the applicable requirements of the Two Invoice System in these places in all material respects. In 2024, 2025 and the six months ended June 30, 2026, our revenue derived from sales into such regions amounted to RMB504.3 thousand, RMB886.5 thousand and RMB248.1 thousand, respectively, accounting for 1.1%, 1.4% and 0.4% of our total revenue, respectively.

With respect to medical devices and other medical consumables, according to Frost & Sullivan, provincial regulatory authorities in China have implemented the Two Invoice System focusing on the procurement of high-value medical consumables by public medical institutions. Our products sold generally do not fall into this category. Furthermore, our Directors have confirmed that during the Track Record Period and up to the Latest Practicable Date: (i) none of our products sold had been included in the relevant reference list under the Administrative Norms on Centralized

Procurement of High-Value Medical Consumables (for Trial Implementation) (《高值醫用耗材集中採購工作規範(試行)》); and (ii) as of the Latest Practicable Date, we had not received any notice from the competent authorities stating that our products sold should be classified as high-value medical consumables.

With respect to the provinces (such as Shaanxi Province) that have implemented the Two Invoice System for the procurement of all medical consumables, (i) according to Frost & Sullivan, it is an industry norm for public medical institutions in China to verify invoice issuance information, thereby ensuring that the distribution processes for the procured medical consumables comply with the Two Invoice System requirements; and (ii) we are not aware of any resale of our products by any distributor to any sub-distributor located in a province where the Two Invoice System has been applied to our products.

Our Directors are of the view that, during the Track Record Period and up to the Latest Practicable Date, the implementation of the Two-Invoice System has not had any material adverse impact on our operations, based on the following: to the best of their knowledge, during the Track Record Period and up to the Latest Practicable Date, (i) neither we nor any of our distributors had been determined to be in violation of the relevant policies in connection with their engagement of sub-distributors; (ii) we had not been subject to any administrative penalties or investigations by competent authorities in relation to the Two-Invoice System; (iii) we had not been deemed to have violated or circumvented any law, regulations, rules or policies in relation to the Two-Invoice System; (iv) we had not been disqualified from participating in public tendering processes in any province; and (v) we had not received any warning or notice from any competent authorities in relation to the compliance of the Two-Invoice System. Based on the above, the Sponsor concurs that during the Track Record Period and up to the Latest Practicable Date, the implementation of the Two-Invoice System has not had any material adverse impact on our operation.

During the Track Record Period, we were not aware of any instance where our distributors failed to comply with the Two-Invoice System, nor did we terminate our distribution relationship with any distributor due to any breach of distribution agreement or non-compliance event by it.

We have taken measures to ensure strict compliance with the Two-Invoice System and will closely monitor its application, implementation and development to mitigate the risk of any future non-compliance by us. Our distribution agreements do not prohibit distributors from further engaging sub-distributors. Our sales strategy and distribution model are in line with the industry norm, according to Frost & Sullivan. To ensure compliance with the Two-Invoice System, we have implemented the following internal control measures:

- *Pre-contract assessment*. Before approving any distribution agreement, we conduct a pre-contract assessment that covers product category, target province/region, whether the product falls under the Two-Invoice Regime, customer type, supply chain structure, logistics capabilities, and the distributor's ability to invoice public hospitals directly. If the Two-Invoice System applies, we require that no sub-distributor be involved in the supply chain for those products in that province, and that our distributor sells directly to public hospitals.

- *Contractual compliance obligations*. We require our distributors to comply with applicable laws and regulations when purchasing products from us. All distribution agreements contain a clause requiring distributors to comply with applicable medical devices regulatory laws and regulations, including the Two-Invoice System where applicable. For agreements where the Two-Invoice System applies, the distribution agreement must further explicitly provide that (i) the distributor shall not introduce any sub-distributor and must sell and issue invoices directly to hospitals, (ii) we have the right to unilaterally terminate the distribution agreement and pursue liability and damages in the event of any non-compliance, and (iii) the distributor shall cooperate with our compliance investigations and provide invoice flow data and delivery-related documentation upon request.

- *Ongoing distributor compliance management*. We conduct an annual review of the compliance status of our existing distributors, covering license validity, whether distributors' sales flows comply with the Two-Invoice requirements, and whether there is any involvement of sub-distributors, and where necessary, we require distributors to provide sample invoices issued to public hospitals for verification. We conduct at least one annual spot-check on distributors' compliance status, covering no less than 10% of our distributors. In the event of any non-compliance, we will cease product supply and terminate cooperation and have the right to pursue legal remedies.

- *Regulatory monitoring*. We closely monitor announcements from the NMPA and local authorities regarding the expansion of the Two-Invoice System to new regions or product categories of medical devices and medical consumables. We conduct annual training sessions regarding the Two-Invoice System for our employees and provide compliance and training materials to our distributors as needed.

Our Directors believe that the above measures, together with the limited scope of application of the Two-Invoice System to our business, are adequate to ensure our continued compliance.

Our Contracts with Distributors

We entered into distribution agreements with our tier-one distributors, which are essentially sales and purchase agreements. Key terms are summarized below:

Term. The durations of the distribution agreements are typically one year, subject to annual review and renewal.

Designated geographical regions. We designate distribution areas for our distributors and prohibit cross-regional sales unless obtaining prior written consent from us.

Minimum Purchase Requirement. We set annual minimum purchase requirement in respect of distributors' purchases from us, which can be adjusted through mutual agreement based on market conditions.

Pricing. We determine product prices and may adjust them in response to changes in cost or market environment. We may offer rebates to distributors who meet sales targets specified in the distribution agreements, which can be used to offset their purchases in the following year.

Logistics. We deliver products to distributors' designated sites. Title and risk transfer to the distributor upon delivery and acknowledgment of receipt.

Exclusivity. We do not allow distributors to sell or promote competing products without our authorization during the agreement term. Within each of the designated distribution scope, we only engage one distributor to conduct sales.

Sub-distribution. Distributors may authorize sub-distributors within their designated areas upon our authorization. See "— Selection and Management of Distributors — Sub-distributors" for more details.

Compliance and confidentiality. Distributors are required to comply with our anti-bribery, fair competition and confidentiality policies, and refrain from disclosing commercial terms or pricing.

Return policy. In line with industry practice, we generally do not accept product returns unless there is a quality issue attributable to us.

After-sales service. For our commercialized products, we typically provide one-year warranty periods for iNOwill products and NovaPulse IABP products, two-year warranty periods for Reslink and eNOglow products and one-year warranty period for eNOaire. We provide warranty to parties that we directly transact with. Therefore, under the distributorship model, we provide warranty to the distributors and under the direct sales model, we provide warranty to the hospitals that we transact with. Pursuant to the warranty terms with distributors and hospitals, during the warranty period, we provide after-sales services with no additional charge, including replacement of defective components, system upgrades, periodic equipment inspections, preventive maintenance and servicing based on the operating condition of the equipment, as well as inspection records and maintenance reports. Upon expiration of the warranty period, we agree to continue to provide maintenance services and components for replacement at discounted fees. Our estimated average warranty cost per unit during the warranty periods is different across products, ranging from RMB1,000 to RMB6,000, depending on the complexity and costs incurred in maintaining different products. For our Core Products, the warranty costs were RMB0.9 million, RMB0.8 million and RMB0.3 million in 2024, 2025 and the six months ended June 30, 2026, respectively. The warranty claims primarily include replacement of components, upgrade of user systems, periodic equipment checking and maintenance for precaution purposes. We received 300, 421 and 182 warranty claims in 2024, 2025 and the six months ended June 30, 2026, respectively.

Termination. We reserve the right to terminate agreements if distributors violate contract terms, including but not limited to unauthorized cross-regional sales, violation of quality requirements, underperformance or misrepresentation.

For overseas distributors, we entered into similar distribution agreements as distributors in the Chinese mainland, except for the following: (i) the credit terms, we grant them credit terms up to 30 working days; (ii) logistics, we are only responsible for delivering the goods to the domestic ports; and (iii) sub-distribution, we do not require our overseas distributors to get our authorization when engaging with sub-distributors.

We track the inventory levels of our distributors and sub-distributors through a combination of contractual reporting requirements, digitalization initiatives and downstream sales monitoring. First, our distribution agreements require distributors to regularly report their inventory levels and related information to us, enabling us to monitor inventory movements and identify potential inventory build-up in a timely manner. Second, we are developing a CRM system to further digitalize our distributor management and enhance our ability to collect, monitor and analyze inventory information on a more systematic and timely basis. Third, we have adjusted the performance assessment mechanism of our domestic sales team to take into account the hospitals won by our distributors in tenders, rather than focusing solely on sales to distributors. This enables us to monitor downstream sales and hospital adoption and provides an additional reference point for assessing distributors' inventory levels and sell-through performance. Taking into consideration that (i) the minimum purchase requirements are set at a relatively low threshold based on the distributors' historical sales performance and are mutually agreed between the parties. Such minimum purchase requirements are therefore intended to reflect reasonably expected demand rather than encourage distributors to make excessive purchases; and (ii) as we do not accept product returns after sales except for returns arising from quality issues, our distributors lack incentive to purchase more than their reasonably expected downstream demand, the Directors are of the view, and the Sponsor concurs, that we are not exposed to material channel stuffing risk.

During the Track Record Period, we were not aware of any material breach of distribution agreements, and we did not have any material disputes with our distributors or sub-distributors. As of the Latest Practicable Date, we were not aware of any potential abuse or improper use of our name by our distributors or sub-distributors that could adversely affect our reputation, business operations or financial condition. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any customer settled payments with us through accounts belonging to parties other than the contractual counterparties under the corresponding distribution agreements.

Movements of Distributors

The following table sets forth the changes in the number of our tier-one distributors for the years indicated:

	For the Year Ended December 31,		For the Six Months Ended June 30,
	2024	2025	2026
Number of Distributors			
As of the beginning of the year	106	144	192
Additions of new distributors	80	101	67
Terminated*	42	53	47
As of the end of the year	144	192	212

Note:

* Referring to distributors who did not purchase medical devices from us during the specified years.

We annually renew the distribution agreements with selected distributors in accordance with their performances, which primarily leads to the fluctuation in the number of our distributors during the Track Record Period. The number of our tier-one distributors increased from 144 as of December 31, 2024 to 192 as of December 31, 2025 and to 212 as of June 30, 2026, as we expanded sales of our products, particularly NovaPulse IABP and iNOwill. During the Track Record Period, we ceased collaboration with certain tier-one distributors, as we adjusted our distribution development strategy and only continued to collaborate with distributors whose business performances, financial conditions and understandings of our products well align with our needs. During the Track Record Period and up to the Latest Practicable Date, we did not have any material unresolved disputes, disagreement or lawsuits with our distributors, including the departing distributors, as the termination was agreed by both parties.

Selection and Management of Distributors

We have established a structured distributor management system, focusing on the following key areas:

Strict admission and exit mechanism. We select our distributors based on their qualifications and experience in the medical device industry, particularly their established relationships with hospitals, medical institutions and physicians within their designated regions. Our exit mechanism includes evaluation, communication, project and regional handover and follow-up arrangements with the aim of maintaining market order and ensuring continuity of service for end customers.

Support and supervision. We provide support to capable distributors and aim to cultivate a group of regionally leading distributors with strong execution capability in the iNO therapy, cardiopulmonary circulatory support and respiratory diagnostics. We also require tier-one distributors to deliver consistent training to their sub-distributors.

Ongoing monitoring. We track distributors' sales performance and may from time to time review compliance with our distribution policies. We regularly collect feedbacks from the physicians and monitor tender status to assess the performance of our distributors. We review the qualifications of our distributors when our agreements with them are due to be renewed.

Regional control. We control our tier-one distributors and sub-distributors by authorizing them to sell designated products to designated hospitals and medical institutions which are specified in their respective authorization letters. We also implement a unified pricing policy, prohibit unauthorized cross-regional sales.

Channel Inventory Control. We manage our network of tier-one distributors by regularly reviewing their sales performances, inventory levels and product delivery status. Our distributors have little incentives to over-purchase from us, for the following reasons: (i) we generally do not accept product returns unless there is a quality issue attributable to us, (ii) we keep ongoing monitoring, including inventory level tracking of both our tier-one distributors and sub-distributors and (iii) while we set minimum purchase requirement for certain distributors, the threshold is low compared to their typical purchase volume, and we do not automatically terminate collaboration with distributors who fail to meet the minimum purchase requirement. During the Track Record Period and up to the Latest Practicable Date, we had not observed any material inventory buildup among our distributors, we believe that we are subject to a low risk of channel stuffing.

Sub-distributors. While we do not enter into distribution agreements with sub-distributors, we exercise indirect management through our distributors. We review sub-distributors' requisite business licenses and permits before issuing authorization letters to them. We require oversee their sales practices, quality control and compliance performance, and to promptly report any irregularities. We had not identified any cases of unauthorized sales, price manipulation or misuse of our brand by sub-distributors during the Track Record Period.

During the Track Record Period, one of our distributors was our Shareholder (the "**Related Distributor**"). In 2024 and 2025, the revenue contribution from our Related Distributor was immaterial, amounting to RMB60.0 thousands and nil, respectively, which accounted for less than 0.1% and 0% of our total revenue in 2024 and 2025, respectively. We had already ceased business relationship with the Related Distributor. When onboarding distributors who were our connected persons we applied the same selection criteria and procedures as those for the other distributors. The distribution agreement that we entered into with the Related Distributor had the same terms as those in the distribution agreements with the other distributors. Save as disclosed above, during the Track Record Period, to the best of our knowledge, our distributors were Independent Third Parties and they did not have any past or present relationships (business, trust, family, financing or otherwise) with us or our subsidiaries, shareholders, directors or senior management, or any of their respective associates.

Direct Sales

In addition to the sales through our distributors, during the Track Record Period, we recorded five direct sales for the six months ended June 30, 2026. The sales revenue from our direct customers accounted for approximately 0.5% of our sales revenue for the six months ended June 30, 2026. We may, from time to time, have limited direct sales required by specific procurement arrangements or project execution needs while primarily selling our products through distributors.

Pricing

Our products are generally commercialized under a "device plus consumables" model, where the installed device supports recurring consumable usage during therapy and pricing aligns with utilization patterns in high-acuity settings. For the prices of our products sold to distributors, we determine the pricing of each product taking into account prevailing market conditions, including comparable product pricing, hospital affordability and expected channel margins. The prices of our Core Product sold to hospitals typically range from RMB0.2 million to RMB0.8 million per unit. For the consumables of Core Products, the price of NO generation reactor ranges from RMB3,000 to RMB10,000, and the price of tube accessories is approximately RMB200 per unit. The price of Key Products ranges from RMB60,000 to RMB1.5 million. The prices may different across various regions, depending on market dynamics, prevailing tender prices, and the competitive landscape, and we may adjust the prices from time to time. In more matured markets where the Core Product is more widely adopted and the demand for its consumables is relatively strong, we may adopt a pricing strategy with a relatively higher margin on consumables and offer the Core Product at a comparatively lower price to facilitate market penetration. In developing markets where adoption of the Core Product remains at an earlier stage and demand for consumables is relatively limited, we may place greater emphasis on generating margin from the Core Product itself. For prices of our products sold to end-customers, distributors are generally expected to price at or above the relevant guidance price (or an agreed minimum price level), subject to limited case-by-case adjustments in certain price-sensitive key hospitals. When a patient receives medical services using our products, the associated costs are typically covered by the medical insurance reimbursement in the patient's local region. As of the Latest Practicable Date, there was no price guidance set by the PRC government on our commercialized products.

OUR CUSTOMERS

Our customers are primarily distributors in the Chinese mainland and overseas who purchase our products and sell them directly or indirectly to hospitals or medical institutions. In 2024, 2025 and for the six months ended June 30, 2026, the aggregate sales to our five largest customers were RMB11.7 million, RMB18.7 million and RMB22.7 million, representing 25.6%, 29.6% and 39.0% of our revenue, respectively. In each year/period indicated, sales to our largest customer were RMB3.4 million, RMB8.2 million and RMB9.9 million, representing 7.4%, 12.9% and 17.1% of our revenue, respectively. For each year/period during the Track Record Period, all our top five medical devices customers require our distributors to make full prepayment for our products, except for the contract development customer whom we provided services to. We grant credit terms to certain overseas distributors.

The following table sets forth a summary of the sales to our five largest customers for the years/periods indicated.

For the year ended December 31, 2024

No.	Customer	Background	Year of Commencement of Business Relationship	Products/Services Provided	Payment Method	Revenue	Percentage of Revenue
						(RMB in thousands)	*(%)*
1	Customer A[(1)]	A medical device seller headquartered in Taiwan, China, with a registered capital of TWD5 million.	2023	iNOwill	Bank transfer	3,388	7.4
2	Customer B[(2)]	A medical device seller headquartered in Shanghai with a registered capital of RMB5 million.	2024	contract development services	Bank transfer	2,830	6.2
3	Customer C[(3)]	A medical device wholesaler headquartered in Shanghai with a registered capital of RMB10 million.	2023	iNOwill and Reslink	Bank transfer	1,836	4.0

No.	Customer	Background	Year of Commencement of Business Relationship	Products/Services Provided	Payment Method	Revenue	Percentage of Revenue
						(RMB in thousands)	*(%)*
4 . .	Customer D[4]	A medical device wholesaler headquartered in Nanning, Guangxi with a registered capital of RMB5 million.	2024	iNOwill and Reslink	Bank transfer	1,825	4.0
5 . .	Customer E[5]	A medical testing and inspection service provider headquqarted in Jinan, Shandong with a registered capital of RMB3 million.	2023	iNOwill and Reslink	Bank transfer	1,825	4.0
	Total					**11,704**	**25.6**

Notes:

(1) A medical instrument company specializing in the import and distribution of physiological monitors, medical imaging systems, and respiratory care equipment, headquartered in Taiwan China, incorporated in 1979.

(2) A medical device company specializing in the agency and sales of second and third-class medical equipment and consumables, headquartered in Shanghai, PRC, incorporated in 2014.

(3) A medical device company specializing in the import and distribution of advanced international medical systems and clinical solutions, headquartered in Shanghai, PRC, incorporated in 2017.

(4) A company specializing in the distribution and wholesale of medical instruments and respiratory healthcare products, headquartered in Guangxi, PRC, incorporated in 2021.

(5) A leading biopharmaceutical company specializing in the R&D and production of gene-engineered drugs and diagnostic solutions, headquartered in Shandong, PRC and incorporated in 2008.

For the year ended December 31, 2025

No.	Customer	Background	Year of Commencement of Business Relationship	Products/Services Provided	Payment Method	Revenue	Percentage of Revenue
						(RMB in thousands)	*(%)*
1 . .	Customer F[1]	A medical device seller headquartered in Hangzhou, Zhejiang with a registered capital of RMB3 million.	2025	iNOwill, eNoaire, IABP and Reslink	Bank transfer	8,163	12.9
2 . .	Customer G[2]	A medical device seller headquartered in Hong Kong with a registered capital of HKD10,000.	2025	iNOwill	Bank transfer	4,088	6.5
3 . .	Customer H[3]	A medical device wholesaler headquartered in Shenzhen with a registered capital of RMB10 million.	2023	iNOwill and eNoaire	Bank transfer	2,347	3.7

No.	Customer	Background	Year of Commencement of Business Relationship	Products/Services Provided	Payment Method	Revenue	Percentage of Revenue
						(RMB in thousands)	*(%)*
4 . .	Customer I[4]	A wholly-owned subsidiary of a Antigua and Barbuda-based NASDAQ-listed company which has a market capitalization of more than US$450 million as of June 30, 2026.	2023	iNOwill	Bank transfer	2,217	3.5
5 . .	Customer B[5]	A medical device seller headquartered in Shanghai with a registered capital of RMB5 million.	2024	contract development services	Bank transfer	1,887	3.0
	Total					**18,702**	**29.6**

For the six months ended June 30, 2026

No.	Customer	Year of Commencement of Business Relationship	Products/Service Provided	Payment Method	Revenue	Percentage of Revenue
					(RMB in thousands)	*(%)*
1 . .	Customer F[1]	2025	iNOwill, eNoaire, IABP and Reslink	Bank transfer	9,917	17.1
2 . .	Customer J[6]	2026	iNOwill, eNoaire, IABP and eNOglow	Bank transfer	7,687	13.2
3 . .	Customer K[7]	2025	IABP	Bank transfer	1,952	3.4
4 . .	Customer L[8]	2026	iNOwill, eNoaire and IABP	Bank transfer	1,642	2.8
5 . .	Customer M[9]	2026	IABP	Bank transfer	1,501	2.6
Total .					**22,699**	**39.0**

Notes:

(1) A medical device company specializing in the sales of medical equipment and consumables, headquartered in Hangzhou, PRC and incorporated in 2025.

(2) A trading company specializing in the import and export of medical equipment and consumables.

(3) A company specializing in domestic trading, including medical devices and other healthcare products, headquartered in Guangdong, PRC and incorporated in 2017.

(4) A company primarily engaged in the wholesale and retail of pharmaceutical products and medical supplies, headquartered in Singapore and incorporated in 2020.

(5) A medical device company specializing in the agency and sales of second and third-class medical equipment and consumables, headquartered in Shanghai, PRC, incorporated in 2014.

(6) A medical device company specializing in the sales of medical equipment and consumables, headquartered in Beijing, PRC and incorporated in 2024.

(7) A medical device company specializing in the sales of medical equipment and consumables, headquartered in Nanning, PRC and incorporated in 2019.

(8) A medical device company specializing in science and technology extension services, headquartered in Zhengzhou, PRC and incorporated in 2024.

(9) A medical device company specializing in engineering and technical research and experimental development, headquartered in Guangzhou, PRC and incorporated in 2013.

In each year/period during the Track Record Period, all of our five largest customers were Independent Third Parties. In each year/period during the Track Record Period, none of our Directors or any Shareholders, who, to the knowledge of our Directors, would own more than 5.0% of our issued share capital immediately following the completion of the [**REDACTED**], nor any of their respective associates had any interest in any of our five largest customers. There were no five largest customers in each year/period during the Track Record Period who were also our suppliers during the Track Record Period.

Customer Services

Our customer service team provides training and technical support to distributors and end customers to handle inquiries, technical questions and feedback regarding our products. Once our products are installed onsite and installation reports are returned and recorded, our customer service team coordinates after-sales services to the relevant hospitals and medical institutions. Our customer service team also provides channels for complaints regarding our products, including complaints on the quality of our products and adverse events after relevant procedures are performed on the patients. They investigate the cause of issue raised by our customers and refer the issue to our relevant responsible teams for resolution and correction. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any product complaints, product returns or warranty claims relating to product defects that caused or could cause death, series injuries that were detrimental to life, or series public health safety incidents. During the Track Record Period, we were not aware of any safety incidents caused by using our products.

RAW MATERIALS AND SUPPLIERS

Raw Materials

We procure raw materials to be used in the manufacture of our medical devices. For manufacture of our iNO therapy devices, our raw materials include parker nitrogen membrane, flow sensor, solenoid valve. For manufacture of our cardiopulmonary circulatory support devices, our principal raw materials are vacuum pump, pressure relief valve, combination valve. For manufacture of our respiratory diagnostics devices, our principal raw materials are stepper motor, flow sensor, nafion tube.

During the Track Record Period, our raw materials and equipment primarily include mould, injection mold component, sheet metal machine, printed circuit board assembly (PCBA), sensor pumps and valves. Some raw materials and equipment, such as certain sensors and valves are of overseas origin and are primarily purchased through domestic agents, with a small portion directly imported. We purchased raw materials from these suppliers on a rolling monthly basis, taking into account our production schedule, logistics arrangements and our business strategies. Most of our raw material prices remained relatively stable during the Track Record Period. To manage and mitigate the impact caused by the possible fluctuations of raw material prices, we enter into framework agreements with our suppliers and maintain a list of alternative suppliers available for our key raw materials.

Suppliers

We select our suppliers based on a variety of factors, including their qualification, reputation, pricing, and overall services. We perform thorough due diligence on our suppliers, regularly monitor and review their performance.

In 2024, 2025 and for the six months ended June 30, 2026, the aggregate purchases from our five largest suppliers were RMB8.6 million, RMB14.0 million and RMB8.6 million, representing 30.4%, 40.7% and 36.3% of our total purchases, respectively. Our purchases from our largest supplier in each year indicated were RMB2.6 million, RMB3.4 million and RMB2.5 million, representing 9.2%, 10.0% and 10.4% of our total purchases, respectively. We generally have a credit term up to 30 days for certain suppliers.

The following table sets forth a summary of purchases from our five largest suppliers for the periods indicated.

For the year ended December 31, 2024

No.	Supplier	Background	Year of Commencement of Business Relationship	Products/Services Purchased or Obtained	Payment Method	Purchase Amount	Percentage of Total Purchases
					(RMB in thousands)	*(%)*	
1 . .	Supplier A[(1)]	An equipment manufacturer headquartered in Nanjing, Jiangsu, with a registered capital of RMB500 thousand.	2020	equipment	Bank transfer	2,597	9.2
2 . .	Supplier B[(2)]	A mold manufacturer headquartered in Ma'anshan, Anhui, with a registered capital of RMB1 million.	2021	equipment and raw materials	Bank transfer	1,929	6.8
3 . .	Supplier C[(3)]	An electronics manufacturer headquartered in Nanjing, Jiangsu, with a registered capital of RMB10 million.	2021	raw materials	Bank transfer	1,500	5.3
4 . .	Supplier D[(4)]	A precision machinery manufacturer and processor headquartered in Wuxi, Jiangsu, with a registered capital of RMB3 million.	2023	equipment and raw materials	Bank transfer	1,432	5.1
5 . .	Supplier E[(5)]	A company specialized in injection molding and manufacturing headquartered in Shanghai, with a registered capital of RMB24.8 million.	2023	equipment and raw materials	Bank transfer	1,133	4.0
	Total					**8,591**	**30.4**

Notes:

(1) An automation equipment company specializing in automation system design, installation, commissioning, and related technical services, headquartered in Jiangsu, PRC and incorporated in 2004.

(2) A precision manufacturing and technology company specializing in automotive component manufacturing, IoT equipment R&D, and the production of plastic products and medical equipment, headquartered in Anhui, PRC and incorporated in 2019.

(3) An electronic engineering company specializing in printed circuit board design, headquartered in Nanjing, PRC, incorporated on October 10, 2009.

(4) A precision machinery manufacturing company specializing in the production of precision components, processing and sales, and international trade, headquartered in Jiangsu, PRC, incorporated in 2006.

(5) A high-tech manufacturing and R&D company specializing in injection molding, mold design and manufacturing, polymer material R&D, and electronic assembly, headquartered in Shanghai, PRC and incorporated in September 2001.

For the year ended December 31, 2025

No.	Supplier	Background	Year of Commencement of Business Relationship	Products/Services Purchased or Obtained	Payment Method	Purchase Amount	Percentage of Total Purchases
						(RMB in thousands)	*(%)*
1 . .	Supplier E[(1)]	A company specialized in injection molding and manufacturing headquartered in Shanghai, with a registered capital of RMB24.8 million.	2023	equipment and raw materials	Bank transfer	3,443	10.0
2 . .	Supplier A[(2)]	An equipment manufacturer headquartered in Nanjing, Jiangsu, with a registered capital of RMB500 thousand.	2020	raw materials	Bank transfer	3,205	9.3
3 . .	Supplier B[(3)]	A mold manufacturer headquartered in Ma'anshan, Anhui, with a registered capital of RMB1 million.	2021	equipment and raw materials	Bank transfer	2,753	8.0
4 . .	Supplier D[(4)]	A precision machinery manufacturer and processor headquartered in Wuxi, Jiangsu, with a registered capital of RMB3 million.	2023	equipment and raw materials	Bank transfer	2,478	7.2
5 . .	Supplier F[(5)]	A Shenzhen Stock Exchange-listed PCB manufacturer headquartered in Shenzhen, with a registered capital of RMB209.5 million.	2024	raw materials	Bank transfer	2,143	6.2
	Total					**14,022**	**40.7**

For the six months ended June 30, 2026

No.	Supplier	Year of Commencement of Business Relationship	Products/Service Purchased or Obtained	Payment Method	Purchase Amount	Percentage of Total Purchases
					(RMB in thousands)	*(%)*
1 . .	Supplier D[(4)]	2023	equipment and raw materials	Bank transfer	2,465	10.4
2 . .	Supplier A[(2)]	2020	raw materials	Bank transfer	2,378	10.0
3 . .	Supplier G[(6)]	2023	raw materials	Bank transfer	1,507	6.4
4 . .	Supplier H[(7)]	2023	raw materials	Bank transfer	1,155	4.9
5 . .	Supplier I[(8)]	2021	raw materials	Bank transfer	1,111	4.7
Total .					**8,616**	**36.3**

Notes:

(1) A high-tech manufacturing and R&D company specializing in injection molding, mold design and manufacturing, polymer material R&D, and electronic assembly, headquartered in Shanghai, PRC and incorporated in 2001.

(2) An automation equipment company specializing in automation system design, installation, commissioning, and related technical services, headquartered in Jiangsu, PRC and incorporated in 2004.

(3) A precision manufacturing and technology company specializing in automotive component manufacturing, IoT equipment R&D, and the production of plastic products and medical equipment, headquartered in Anhui, PRC and incorporated in 2019.
(4) A precision machinery manufacturing company specializing in the production of precision components, processing and sales, and international trade, headquartered in Jiangsu, PRC, incorporated in 2006.
(5) A technology services company specializing in PCB fabrication and PCBA production, headquartered in Shenzhen, PRC, incorporated on March 2003, and listed on the Shenzhen Stock Exchange.
(6) An automation device company specializing in technology extension services, headquartered in Wuxi, PRC and incorporated in 2010.
(7) A mechanical device company specializing in engineering and technical research and experimental development, headquartered in Shanghai, PRC and incorporated in 2007.
(8) A electronic device company specializing in science and technology extension services, headquartered in Shenzhen, PRC and incorporated in 2007.

Key terms of the supplier agreements we entered into including: (i) quality specifications, where we list quality specifications for the raw materials in each agreement and/or purchase order; (ii) price and pricing policy, where price or pricing policy is specified in each agreement and/or purchase order; (iii) raw materials return/exchange, where we examine raw materials when we receive them and may return any raw materials that do not meet our requirements within specified periods after receipt; (iv) transportation and delivery, where suppliers are responsible for transportation and delivery method is specified in each agreement or purchase order; and (v) confidentiality, where our suppliers shall keep confidential of the information acquired in the performance of the agreement.

In each year during the Track Record Period, all of our five largest suppliers were Independent Third Parties. In each year during the Track Record Period, none of our Directors or any Shareholders, who, to the knowledge of our Directors, would own more than 5.0% of our issued share capital immediately following the completion of the [**REDACTED**], nor any of their respective associates had any interest in any of our five largest suppliers. In each year during the Track Record Period, none of our five largest suppliers was also our customer.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our suppliers or experience any material breach of our supply agreements. We had not experienced any material fluctuations in the pricing of our supplies during the Track Record Period. To the best of our knowledge, as of the Latest Practicable Date, there was no information or arrangement that would lead to termination of our relationships with any of our major suppliers. During the Track Record Period, we did not experience any significant shortages or major quality issues in relation to our key raw materials or components.

INVENTORY

Our inventories consist primarily of raw materials, intermediate goods and finished goods. For raw materials supplied by our suppliers, we generally keep an inventory that would satisfy our production needs, which may vary according to the demand of our customers, sales and production plans. Intermediate goods are products that are used in the production process to make finished goods, which are ultimately sold to end-customers. For details about our inventory control measures policy, see "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Assets — Inventories and Contract Costs."

QUALITY CONTROL

We have a dedicated quality management team, focusing on the establishment, and maintenance of our quality management system. We execute our quality control system in accordance with ISO 13485: 2016 and Chinese GMP for Medical Devices, as well as other applicable GMP standards, including EU MDR, the Australian Therapeutic Goods (Medical Devices) Regulations, the Brazilian RDC ANVISA 665/2022 and the Canadian Medical Devices Regulations (SOR/98-282). We maintain quality documentation and records and implement controls intended to ensure traceability throughout the product lifecycle and timely handling of quality-related events.

The applicability of the standards is set forth below:

- GMP standards is mandatory for medical equipment manufacturers in China and a prerequisite for registration of medical equipment in China. In compliance with GMP, we perform incoming inspections of raw materials, in-process quality inspections at key manufacturing stages and final product inspections before sales to ensure that our products meet the applicable quality specifications.

- The GB 9706 standards set out the technical requirements for the basic safety and essential performance of medical electrical equipment in China. They are mandatory technical standards applicable to the registration testing of active medical devices in China and govern the electrical safety and performance aspects of product design. Our commercialized products which require electricity, including iNOwill, eNOaire and NovaPulse IABP, are subject to and comply with the GB 9706 standards.

- The ISO 13485: 2016 quality management system establishes standardized procedures covering the entire product lifecycle, including design and development, manufacturing, testing and post-market activities. ISO 13485: 2016 is the recommended standard for many countries and regions in considering approval of medical equipment. We apply ISO 13485: 2016 in the entire process from our product design, manufacture to after-sale services.

- We also apply ISO 14971: 2019 throughout the product lifecycle to identify, evaluate and control product-related risks. ISO 14971: 2019 is a widely-used standard for risk management, assessment and control of product development.

- For products marketed in the EU, we comply with the requirements of the EU Medical Device Regulation (EU) 2017/745 ("EU MDR"). We have established and maintained our quality management system in accordance with the applicable requirements of the EU MDR, which governs, among other things, product conformity assessment, clinical evaluation and post-market surveillance. Our quality management system supports the manufacture and quality control of products intended for the EU market and helps ensure their continued compliance throughout the product lifecycle.

We maintain a comprehensive quality control and management system that is designed to cover key aspects of our product life cycle.

Raw Material Supply. Prior to entering into any formal supply agreement, we perform comprehensive due diligence on potential suppliers, evaluating their operating history, track record, and market reputation. Our quality management team conducts stringent inspections and testing on product samples, complemented by on-site visits to assess production facilities and ensure alignment with our quality requirements.

Manufacture. Design inputs are translated into detailed production specifications, and all manufacturing procedures are documented in controlled work instructions and validated process parameters. Raw-material receipt, storage, and handling are subject to strict verification, including traceability recording, quarantine controls and release testing.

Inventory. Our quality management team is tasked with the inspection, examination, approval of all incoming finished products and the accurate recording of inventory movements. Any deviations identified will be promptly reported to the quality management team for corrective action.

After-sales. Feedback received from our distributors and hospital customers was systematically collected, analyzed, and any quality-related concerns were addressed in accordance with our established procedures.

As of the Latest Practical Date, we had not experienced any significant product quality issues. We have from time to time received customer feedback and complaints primarily relating to usage habits. We have not had any product recalls due to product quality issues, nor have we been subject to any investigations or administrative penalties arising from product quality issues.

Product Liability

Under applicable PRC laws and regulations, a medical institution will be liable for any damage caused to a patient in the course of diagnosis or treatment if the medical institution or any practicing physician is at fault, or if the physician fails to perform diagnosis and treatment obligations in accordance with prevailing medical standards. If any injury to a patient is caused by the defect of a medical device, the patient may claim compensation from the manufacturer or the seller of the medical device.

We would not generally be legally liable for physicians' misuse of our products unless any injury results from a defect in our products. We have procured product liability insurance and other insurances that we consider appropriate for our operations. During the Track Record Period and as

of the Latest Practicable Date, we were not involved in any material lawsuits, arbitrations or other legal proceedings relating to product liability, and we had not been subject to any administrative penalties due to quality issues in our products.

PROPERTIES AND FACILITIES

As of the Latest Practicable Date, we had six leased properties in the PRC, with a total aggregate gross floor area of approximately 11,541.45 sq.m.. We are headquartered in Nanjing, Jiangsu Province, with an aggregate leased area of approximately 4,000 sq.m., primarily using for research and development and office use. Our current manufacturing facilities are located in Yangzhou, Jiangsu Province and Fangchenggang, Guangxi Zhuang Autonomous Region. Our Yangzhou manufacturing facility has a leased area of approximately 4,353 sq.m. and our Fangchenggang manufacturing facility has a leased area of approximately 1,400 sq.m..

The relevant lease agreements were valid and legally binding as of the Latest Practicable Date and generally provide a duration of up to ten years. However, as of the Latest Practicable Date, we had not completed the relevant property leasing registrations for four of our leased properties, which are used for our operating center and manufacturing facilities. For details of the non-compliance, see "Business — Legal Proceedings and Compliance — Failure to complete lease registration for five leased properties."

We did not obtain the relevant construction permit or complete the final acceptance filing for our decoration project at the manufacturing facilities in Yulin, Guangxi Zhuang Autonomous Region (the "**Yulin Project**") and the decoration project at our Nanjing headquarters (the "**Nanjing Project**"). As advised by our PRC Legal Advisor, based on the applicable legal provisions, the maximum aggregate penalty to which we may be exposed in respect of the Yulin Project and the Nanjing Project is approximately RMB1,011,300. For details of the non-compliance, see "Business — Legal Proceedings and Compliance — Failure to obtain construction permits or complete final acceptance for certain decoration projects."

As of June 30, 2026, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Hong Kong Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

COMPETITION

We compete in three segments of the gas-based cardiopulmonary therapeutic and diagnostic device market. In INO therapy, we participate in a global market that was approximately US$1,054.1 million in 2025 and is expected to reach US$1,580.4 million by 2030, representing a CAGR of 8.4%, with instant-generation systems driving growth at a CAGR of 34.2%. In China, our cardiopulmonary circulatory support products mainly compete in the IABP market, which is projected to grow from RMB790.1 million in 2025 to RMB1,381.6 million in 2030, representing a CAGR of 11.8%, supported by broader adoption of mechanical circulatory support in cardiac procedures. Our respiratory diagnostics line targets the FeNO diagnostic device market in China, which is expected to expand from RMB226.7 million in 2025 to RMB953.0 million in 2030 at a CAGR of 33.3%, underpinned by increasing recognition of chronic airway inflammatory diseases and growing demand for outpatient and home-based monitoring.

EMPLOYEES

As of the Latest Practicable Date, we had 171 employees in total, which were all located in the Chinese mainland. The following table sets forth the number of our employees categorized by function as of the Latest Practicable Date.

Function	Number	% of Total
Research and development	47	27.5
Manufacturing and supply chain	28	16.4
Sales and marketing	44	25.7
Administrative and management	52	30.4
Total	**171**	**100.0**

We generally enter into standard confidentiality and employment agreements with our key management and research staff. We believe that we maintain a good working relationship with our employees. As of the Latest Practical Date, we had not experienced any significant labor disputes or any significant difficulty in recruiting staff for our operations. As of the Latest Practicable Date, we had not established a labor union.

We are committed to attracting, training and retaining talent. We maintain a training system that includes periodic technical training and regular sharing of industry insights. We also conduct compliance training for employees, including training relating to anti-bribery and anti-corruption requirements and other applicable laws and regulations, to mitigate compliance risks in our operations.

In compliance with the relevant PRC labor laws, we are required under PRC law to make contributions to employee benefit plans at a certain percentage of our employees' salaries, including bonus and allowances, up to a maximum amount specified by the local government. We made full social insurance and housing provident fund contributions for our employees during the Track Record Period, except that we engage third-party human resources agencies to do so for employees whose work locations differed from our main operating entities, which involves potential risks. For details of the non-compliance, see "Business — Legal Proceedings and Compliance — Engagement of third-party human resource agencies to pay social insurance and housing provident fund contributions."

As of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay for the shortfalls or any overdue charges with respect to social insurance and housing funds, nor had we received any administrative penalty or labor arbitration application from employees for our agency arrangement with third-party human resources agencies.

We ceased the engagement of third-party human resources agencies for social insurance and housing provident fund contributions with effect from April 1, 2026.

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, we had 85 patents and 196 registered trademarks, as well as 73 patent applications in the Chinese mainland and 13 jurisdictions overseas, such as Canada, United States, Indonesia, Israel, Brazil and South Korea. Our patents, patent applications, registered trademarks and pending trademark applications cover key technology areas including instant NO generation, electrochemical catalytic reduction, plasma discharge, gas sensing and gas and fluid-path control. We believe there is no material legal impediment for us to obtain the approvals for these patent applications and trademarks applications. As of the Latest Practicable Date, all of our 158 patents and patent applications (including those relating to our product candidates including the Core Product and the key components thereof) were developed in-house and owned by us. Among these patents and patent applications, 42 of them (including 16 patents and 26 patent applications) were related to our Core Product, and six of them related to our Key Product. All these patents and patent applications of which were invented and subsequently owned by us. Besides the patents and patent applications we owned, as of the Latest Practicable Date, we also in-licensed a total of six patents and patent applications.

The table below lists all patents and patent applications directly in relation to our Core Product and the material patents and patent applications directly in relation to our Key Product, as of the Latest Practicable Date:

Number	Related Product	Patent/Application Number	Patent Type	Patent/Patent Application Holder	Inventor	Jurisdiction	Date of Application	Status	Patent Expration for Granted Patent(s)
1	iNOwill	AU2021401099; JP2023537262; 2021800279304; HK62023070244.6; SG11202304263P; CA3201125; US18/043,900; EP21844628.4; IDP00202305659; IL303679; BR1120230120322; KR1020237024202	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Feng Zhichun (封志純); Dr. Mao; Zhang Yuyan; Geng Xiang (耿翔); Chen Tao (陳濤); Zhao Yangbo (趙楊波); Wu Qing (吳清)	Australia; Japan; China; Hong Kong; Singapore; Canada; United States; Europe; Indonesia; Israel; Brazil; South Korea	12/17/2021 12/17/2021 12/17/2021 03/20/2021 12/17/2021 12/17/2021 12/17/2021 12/17/2021 12/17/2021 12/17/2021 12/17/2021 12/17/2021	Australia (Granted); Japan (Granted); China (Granted); Hong Kong (Granted); Singapore (Granted); Canada (Allowed); United States (Allowed); Europe (Pending); Indonesia (Pending); Israel (Pending); Brazil (Pending); South Korea (Pending)	12/17/2041 12/17/2041 12/17/2041 12/17/2041 12/17/2041 12/17/2041 12/17/2041 NA NA NA NA NA
2	iNOwill	2020307517458	Design	Nanjing Novlead Biotechnology Co., Ltd.	Wu Qing; Chen Cuihua (陳翠華); Geng Xiang; Cao Guiping	China	12/7/2020	Granted	12/7/2030
3	iNOwill	2020230648669	Utility Model	Nanjing Novlead Biotechnology Co., Ltd.	Wu Qing; Zhao Yangbo; Cao Yu; Geng Xiang; Zheng Panpan (鄭盼盼)	China	12/18/2020	Granted	12/18/2030
4	iNOwill	2020115028467	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Geng Xiang; Chen Tao; Chen Cuihua; Zheng Panpan; Dr. Mao	China	12/18/2020	Granted	12/18/2040
5	iNOwill	202030751011X	Design	Nanjing Novlead Biotechnology Co., Ltd.	Chen Cuihua; Wu Qing; Geng Xiang; Cao Guiping	China	12/7/2020	Granted	12/7/2030
6	iNOwill	2022221088703	Utility Model	Nanjing Novlead Biotechnology Co., Ltd.	Sun Xin (孫鑫); Zhao Yangbo; Wu Qing	China	8/11/2022	Granted	8/11/2032
7	iNOwill	2022302358204	Design	Nanjing Novlead Biotechnology Co., Ltd.	Wu Qing; Sun Xin; Zhang Yuheng (張宇恒)	China	4/25/2022	Granted	4/25/2037
8	iNOwill	2022218301018	Utility Model	Nanjing Novlead Biotechnology Co., Ltd.	Wu Qing; Hu Jiale (胡佳樂); Sun Xin	China	7/15/2022	Granted	7/15/2032
9	iNOwill	2022218591928	Utility Model	Nanjing Novlead Biotechnology Co., Ltd.	Zhang Yuyan; Wu Qing; Hu Jiale; Sun Xin	China	7/19/2022	Granted	7/19/2032
10	iNOwill	2022108767923	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Wu Qing; Sun Xin; Zhang Yuyan	China	7/25/2022	Granted	7/25/2042

Number	Related Product	Patent/Application Number	Patent Type	Patent/Patent Application Holder	Inventor	Jurisdiction	Date of Application	Status	Patent Expration for Granted Patent(s)
11	iNOwill	202222113256 6	Utility Model	Nanjing Novlead Biotechnology Co., Ltd.	Wu Qing; Sun Xin; Kong Xianghai; Wang Shengxue (王聖雪)	China	8/11/2022	Granted	8/11/2032
12	iNOwill	202311031041 2	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Feng Zhichun; Dr. Mao; Zhang Yuyan; Geng Xiang; Chen Tao; Zhao Yangbo; Wu Qing	China	12/17/2021	Pending	N/A
13	iNOwill	202311032508 5	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Feng Zhichun; Dr. Mao; Zhang Yuyan; Geng Xiang; Chen Tao; Zhao Yangbo; Wu Qing	China	12/17/2021	Pending	N/A
14	iNOwill	202311033027 6	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Feng Zhichun; Dr. Mao; Zhang Yuyan; Geng Xiang; Chen Tao; Zhao Yangbo; Wu Qing	China	12/17/2021	Pending	N/A
15	iNOwill	202380057866 3; US19/144,448; EP23910732.9; CA3278315; JP2025538636; AU2023416236; HK62025113562.5	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Dr. Mao; Zhang Yuyan; Zhao Yangbo; Mao Yujia; Sun Qiyu (孫啟禹)	China; United States; Europe; Canada; Japan; Australia; Hong Kong	12/27/2023	China; (Pending) United States; (Pending) Europe; (Pending) Canada; (Pending) Japan; (Pending) Australia; (Pending) Hong Kong (Pending)	N/A N/A N/A N/A N/A N/A N/A
16	iNOwill	202510956626 8	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Lu Yongqi; Li Yuan (李淵); Bao Xiaoyi (鮑小一)	China	7/11/2025	Pending	N/A
17	iNOwill	202311821202 8	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Dr. Mao; Zhang Yuyan; Zhao Yangbo; Mao Yujia; Sun Qiyu; Zhao Yangbo; Zhou Dawei (周大威); Chen Tao; Li Yuan; Zheng Panpan; Geng Xiang; Zhang Yuyan	China	12/27/2023	Pending	N/A
18	iNOwill	202211698450 3	Invention	Nanjing Novlead Biotechnology Co., Ltd.		China	12/28/2022	Pending	N/A
19	iNOwill	202310192266X	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Zhao Yangbo; Zhou Dawei; Chen Tao; Li Yuan; Zheng Panpan; Geng Xiang; Zhang Yuyan	China	3/2/2023	Pending	N/A
20	iNOwill	202310486099X	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Zhao Yangbo; Zhou Dawei; Chen Tao; Li Yuan; Zheng Panpan; Geng Xiang; Zhang Yuyan	China	5/4/2023	Pending	N/A
21	iNOwill	202310190407 4	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Zhao Yangbo; Zhou Dawei; Hu Sizhe (胡思哲); Li Yuan; Geng Xiang; Zhang Yuyan	China	3/2/2023	Pending	N/A

Number	Related Product	Patent/Application Number	Patent Type	Patent/Patent Application Holder	Inventor	Jurisdiction	Date of Application	Status	Patent Expration for Granted Patent(s)
22	iNOwill	202311582296	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Zhou Dawei; Li Yuan; Zhang Yuyan	China	11/24/2023	Pending	N/A
23	iNOwill	2025114282069	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Wu Qing; Bao Xiaoyi; Zhao Yangbo; Zhang Xiangqiong; Zhang Yuyan	China	9/30/2025	Pending	N/A
24	iNOwill	202522120300X	Utility Model	Nanjing Novlead Biotechnology Co., Ltd.	Wu Qing	China	9/29/2025	Pending	N/A
25	iNOwill	US19/685,056	Invention	Nanjing Novlead Biotechnology Co., Ltd.	Feng Zhichun; Dr. Mao; Zhang Yuyan; Geng Xiang; Chen Tao; Zhang Yuyan; Wu Qing	United States	6/12/2026	Pending	N/A
26	NovaPulse IABP	2025203225566	Utility Model	Nanjing Novlead Biotechnology Co., Ltd.	Cao Yu; Guan Minghong (關明宏)	China	2/26/2025	Pending	N/A
27	NovaPulse IABP	2025116486802	Invention	Nanjing Novlead Biotechnology Co., Ltd.; Novlead Yangzhou	Zhou Dawei; Hu Yumin (胡毓敏); Zhang Rutao (張如濤); Cao Yu	China	11/12/2025	Granted	11/12/2045

We also own a number of patents, patent applications, trademarks and trademark applications. For more details, see Appendix VI to this document.

The term of an individual patent may vary based on the countries or regions in which it is granted. We cannot provide any assurance that patents will be issued with respect to any of our owned or licensed patent applications or any such patent applications that may be filed in the future.

We rely, in some circumstances, on trade secrets and/or confidential information to protect aspects of our technology and enter into confidentiality arrangements to seek protection for our proprietary technology. We enter into confidentiality and non-competition agreements with our key employees and employees involved in research and development. During the Track Record Period and up to the Latest Practicable Date, none of our employees breached the confidentiality obligations under their employment contracts in a material aspect. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining the physical security of our premises.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to, nor were we a party to, any third parties' intellectual property rights infringement claims or litigations and, to the best knowledge of our Directors, they were not aware of any material infringement of our intellectual property rights that had or could have a material adverse effect on our business. We had complied with all applicable intellectual property laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. Based on the freedom-to-operate ("**FTO**") analysis, as of August 18, 2026, there is no substantial risk of infringement of valid and enforceable issued patents of any third party in the Chinese mainland, Europe and the U.S. that may impact the development and commercialization of our Core Product in the Chinese mainland, Europe and the U.S. and there is no substantial risk of infringement of valid and enforceable issued patents of any third party in the Chinese mainland that may impact the development and commercialization of our Key Product in the Chinese mainland. Our FTO analysis mainly covers Chinese mainland, Europe and the U.S. ("**FTO Regions**"), because (i) the FTO Regions are currently and expected to be our major sources of income. In 2024, 2025 and the six months ended June 30, 2026, revenue from Chinese Mainland accounted for 91.4%, 87.3% and 83.1% of our total revenue in the respective year/period. As we complete UDEM-required PMCF trials in Europe, complete registration in the U.S. and build on our indication expansion in both regions, we expect to continue generating revenue from the U.S. and Europe; (ii) the FTO Regions have well-established patent protection systems, with high patent density and active rights claims. Completing the FTO analysis in the FTO Regions thus help us identify potential infringement risks to the greatest extent and lay a benchmark for subsequent global patent layout; (iii) the FTO Regions are home to our major global competitors, which usually use their domestic patents as a basis to extend patent protection globally through PCT and other means, As such, completing the FTO analysis in the FTO Regions essentially provides a comprehensive identification of patent competition risks for our Core Product from the technology's origin, and our Directors are of the view that such analysis is sufficient to cover major patent risk exposures globally. For countries like Turkey, which are signatories to the European Patent Convention (EPC), our patent risks in these jurisdictions are effectively identified and covered through the FTO analysis.

LICENSES AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations. We did not experience any material difficulties in renewing such certificates, permits and licenses during the Track Record Period and up to the Latest Practicable Date, and do not expect to face any material difficulties in renewing them upon their expiry. See "Regulatory Overview" for more information about the material certificates, permits and licenses required for our business operations.

In addition to the registration certificates for our medical devices, the table below sets forth the relevant details of the material licenses required for our operations in the PRC and overseas.

Certificate	Product/Scope	Issue Authority	Certificate Number	Expiration Date
Medical Device Manufacturing License	Class III: 08-03 emergency equipment; 09-08 other physical therapy equipment	Jiangsu MPA	20220174	Until May 2027
Medical Device Operation License	Wholesale of medical devices	Nanjing Municipal Administration for Market Regulation	20220206	Until April 2027

Certificate	Product/Scope	Issue Authority	Certificate Number	Expiration Date
Certificate for Exportation of Medical Products of the PRC	Nitric Oxide Therapy Device	Jiangsu MPA	20252838	Until April 2027
Medical Device Manufacturing Licence	Class III: 01-10 Other surgical equipment; 08-03 Emergency equipment; 09-08 Other physical therapy equipment	Jiangsu MPA	20250098	Until May 2030

ENVIRONMENTAL, WORKPLACE SAFETY AND SOCIAL RESPONSIBILITY MATTERS

We are committed to complying with ESG reporting requirements following our [**REDACTED**]. In line with the standards set out in Appendix C2 of the Listing Rules, we have established a three-tiered sustainable development management system with the Board at its core, which serves as the cornerstone for promoting the high-quality development of the enterprise.

As the highest management and decision-making body for corporate governance, the Board has overall responsibility for our sustainable development management. The Board is responsible for assessing and determining our ESG-related risks and opportunities; ensuring that appropriate and effective ESG risk management and internal control systems are in place; formulating our ESG management policies, strategies, priorities and objectives; periodically reviewing our performance against ESG-related targets; and approving the disclosures in our ESG report.

At the management level, we have established a dedicated ESG Working Group that reports to the Board. Its members include senior management and employees with a full understanding of current and emerging ESG issues and our business. The principal functions of the ESG Working Group include implementing the ESG strategies and policies formulated by the Board; conducting internal and external materiality assessments of ESG-related matters; overseeing the preparation of the Group's ESG reports; monitoring the progress and effectiveness of the Company's ESG management policies, strategic plans, development targets and corresponding risk response measures and making regular reports to the Board; and promoting the continuous enhancement of the Group's overall ESG management standards.

At the implementation level of sustainability matters, the relevant departments are responsible for the collection of various sustainability indicators and the implementation of targets, and reporting the completion of their work to the ESG Working Group on a regular basis.

Compliance Management and Anti-Corruption

Bribery and corruption remain strictly prohibited throughout our operations. We require all mid- to senior-level management and employees to strictly adhere to relevant laws, industry norms and standards, professional ethics, and company policies. This fosters a culture of integrity and diligence while preventing actions that could harm the interests of the Company and its shareholders.

We have set up the Compliance and Internal Control Department as a standing body directly under the Board's Audit Committee to carry out anti-fraud and anti-corruption efforts. We have also established and disclosed reporting channels, allowing all employees and any external parties with direct or indirect economic relationships with the Company to report actual or suspected acts of fraud or corruption via email, including any violations of professional ethics. We continuously conduct training on integrity, compliance management, and anti-corruption to strengthen awareness throughout the Company.

Emissions Targets

We regard environmental protection as a matter of particular importance and have taken measures to ensure full compliance with all applicable regulations. We closely monitor and strictly adhere to national environmental laws and regulations, including the *Environmental Protection Law of the PRC* (《中華人民共和國環境保護法》), the *Water Pollution Prevention and Control Law of the PRC* (《中華人民共和國水污染防治法》), the *Law on* the *Prevention and Control of Environmental Pollution by Solid Waste of the PRC* (《中華人民共和國固體廢物污染環境防治法》), and the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》). To ensure the effective implementation of our environmental protection measures and the proper management

of emissions and waste, we engage qualified third-party testing agencies annually to inspect and assess wastewater, exhaust emissions, and noise generated by our production facilities. We also commission qualified third-party organizations for the proper disposal of hazardous waste. During the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant environmental, occupational health, and safety laws and regulations in all material respects. We did not record any incidents or complaints during the same period that had a material adverse effect on our business, financial condition, or results of operations.

Metrics and Targets

We have established environmental protection indicators to quantify our conservation efforts and actively monitor our environmental impact. The table below sets out the quantitative data[1] of our environmental performance in 2024, 2025 and the six months ended June 30, 2026.

	Category	Unit	2024	2025	Six Months Ended June 30, 2026
Total Greenhouse Gas (GHG) Emissions and Intensity	Scope 1 – Direct emissions	Tons	0.29	0.41	0.22
	Scope 2 – Energy indirect emissions	Tons	458.04	1,963.18	209.74
	Scope 3 – Other indirect emissions	Tons	171.07	153.14	98.19
	Total emissions [2]	Tons	629.41	2,116.73	308.14
	Total emissions intensity	Tons/RMB million revenue	13.82	31.72	5.30
Waste	Hazardous waste	Tons	5.42	3.75	1.29
	Hazardous waste intensity	Tons/RMB million revenue	0.12	0.06	0.02
	Non-hazardous waste	Tons	10.76	8.52	4.54
	Non-hazardous waste intensity	Tons/RMB million revenue	0.24	0.13	0.08
Energy Consumption	Direct energy consumption				
	Gasoline	Litres	110	154	82
	Indirect energy consumption				
	Purchased electricity	'000 kWh	751	3,218	344
	Total energy consumption	'000 kWh	752	3,219	345
	Total energy consumption intensity	'000 kWh/RMB million revenue	16.51	48.24	5.93
Water Consumption	Total water consumption	Tons	5,200	4,202	882
	Total water consumption intensity	Tons/RMB million revenue	114.17	62.97	15.17
Packaging Materials	Total packaging materials used	Tons	1.10	1.34	0.83
	Total packaging material intensity	Tons/RMB million revenue	0.024	0.020	0.014

Notes:

1. The data covers the Group's major business operations.

2. The Scope 3 emissions include available data arising from Category 6: business travel and Category 7:employee commuting.

We will monitor GHG emission to assess and manage our environmental impact. As advised by our ESG counsel, our environmental protection performance and emission reduction targets are comparable with international standards and those of our industry peers.

Emissions Targets

GHG Emissions

Metrics and Targets. In 2024, 2025 and for the six months ended June 30, 2026, our Scope 1 GHG emissions were 0.29 tonnes, 0.41 tonnes and 0.22 tonnes, respectively, primarily arising from vehicle exhaust during operations. Scope 2 GHG emissions were 458.04 tonnes, 1,963.18 tonnes and 209.74 tonnes, respectively, mainly derived from electricity consumption required for production. Scope 3 GHG emissions were 171.07 tonnes, 153.14 tonnes and 98.19 tonnes, respectively, primarily arising from paper usage and carbon dioxide emissions generated by business air travel. Based on forecasts for future capacity expansion and production schedules, our target is to maintain the total GHG emission intensity (tCO2/RMB million revenue) for 2026 at 95% of the level recorded in fiscal year 2025.

Measures to Achieve Targets. We will enhance equipment efficiency through standardized inspections and periodic maintenance to reduce unproductive energy consumption and prevent equipment idling. We encourage low-carbon commuting by promoting public transport and reducing single-occupancy vehicle use. Energy-saving awareness is fostered through policies such as turning off lights when leaving rooms, with daily electricity usage inspections conducted by security personnel. We continue to promote "Green Office" practices by encouraging remote meetings to reduce business travel, implementing paperless workflows through office software and electronic reimbursement systems, and cultivating energy-efficient work and lifestyle habits among employees.

Hazardous Waste

Metrics and Targets. In 2024, 2025 and for the six months ended June 30, 2026, our total hazardous waste emissions were 5.42 tonnes, 3.75 tonnes and 1.29 tonnes, respectively, with hazardous waste intensities of 0.12 tonnes/RMB million revenue, 0.06 tonnes/RMB million revenue and 0.02 tonnes/RMB million revenue, respectively. Our hazardous waste is primarily generated from solid hazardous waste and laboratory waste liquids produced during the production process. Our target is to maintain the hazardous waste emission intensity (tonnes/RMB million revenue) for 2026 at 95% of the level recorded in fiscal year 2025.

Measures to Achieve Targets. We will continue to standardize the management, comprehensive utilization, and harmless disposal of solid waste to ensure clean production and sustainable development while reducing overall waste generation.

Energy Consumption

Metrics and Targets. We consistently advocate for the concept of "energy saving", encouraging employees to conserve resources, continuously optimizing our resource usage structure, and strengthening management to achieve reduction at the source. Meanwhile, we explore paths for resource circularity and are committed to enhancing energy efficiency. In 2024, 2025 and for the six months ended June 30, 2026, our total energy consumption was 752'000 kWh, 3,219'000 kWh and 345'000 kWh, respectively, with total energy consumption intensities of 16.51'000 kWh/RMB million revenue, 48.24'000 kWh/RMB million revenue and 5.93'000 kWh/RMB million revenue. Within this, direct energy consumption was 1'000 kWh, 1.5'000 kWh and 0.8'000 kWh in 2024, 2025 and for the six months ended June 30, 2026, respectively, primarily comprising gasoline consumed by vehicles; indirect energy consumption was 751'000 kWh, 3,218'000 kWh and 344'000 kWh, respectively, mainly from purchased electricity. Our target is to maintain the electricity consumption intensity (MWh/RMB million revenue) for 2026 at 95% of the level recorded in fiscal year 2025.

Measures to Achieve Targets. We employ standardized inspections and periodic equipment maintenance to enhance operational efficiency, eliminate idle energy waste, and reduce overall consumption.

Water Consumption

Metrics and Targets. In 2024, 2025 and the six months ended June 30, 2026, our water consumption was 5,200 tonnes, 4,202 tonnes and 882 tonnes, respectively. All of our water is sourced from municipal tap water, and consumption has gradually decreased in recent years. Our target is to maintain the water consumption intensity (tonnes/RMB million revenue) for 2026 at 90% of the level recorded in fiscal year 2025.

Measures to Achieve Targets. We promote water recycling in production processes to reduce net consumption. A "water-saving" culture is fostered through awareness posters in operational areas and real-time monitoring of key water usage points for rapid anomaly response. Process and equipment designs are continuously improved to enhance water efficiency.

Environmental Sustainability and ESG Risks

We regard environmental protection as a matter of particular importance. We closely monitor and strictly adhere to national environmental laws and regulations. To ensure the effective implementation of our environmental protection measures and the proper management of emissions and waste, we engage qualified third-party testing agencies annually to inspect and assess wastewater, exhaust emissions, and noise generated by our production facilities.

Climate-related issues pose a degree of potential risk to our operations. Following the risk management principles of "prevention first, rapid response, and continuous monitoring", we assess the likelihood and impact of environmental and climate-related threats to our business and take prompt action to mitigate potential losses. The principal climate risks we have identified can be categorized as (i) physical risks, defined as the physical impacts on us resulting from extreme weather events or long-term chronic changes in climate patterns, and (ii) transition risks, defined as risks associated with the transition to a low-carbon economy, which may include policy, legal, technological, market, and reputational risks.

Physical Risk

We believe that climate-related issues may bring an increased risk of severe extreme weather events, such as the effects of more frequent and intense thunderstorms, torrential rain, strong winds, and high temperatures. Extreme weather may disrupt the receipt of raw materials or the delivery of finished products, while climate-related disasters could lead to power outages, or equipment malfunctions, potentially causing production halts or delivery delays. To mitigate such risks, our ESG Working Group is responsible for monitoring weather conditions on a regular basis and developing appropriate contingency plans to minimize operational disruptions. We have implemented backup and redundancy measures for critical facilities to ensure a rapid recovery of operations in the event of disaster. In addition, we maintain a diversified supply chain to reduce dependency on any single supplier.

Transition Risk

With the implementation of the "dual-carbon" strategy, local governments have increasingly focused on controlling fossil-fuel consumption and moving toward a "dual-control" mechanism that regulates both the total volume and intensity of carbon emissions. In this process, power rationing and production restrictions have intensified for high-energy-consuming enterprises, while outdated production capacity is being phased out. These changes could create uncertainty for our supply chain and R&D activities. In addition, medical institutions (particularly Grade A Tertiary hospitals) may, in the future, adopt low-carbon certification as a key procurement criterion, giving preference to environmentally friendly medical devices. In response, we have strengthened ESG training and education to raise awareness company-wide. We will also deepen cooperation with upstream and downstream partners to build a sustainable and competitive ecosystem. Moreover, the tightening of environmental regulations may require us to increase investment in business and operational transformation — for example, by adopting more advanced processes and technologies to reduce production energy consumption.

Identification, Assessment, and Management of Environmental, Social, and Climate-related Risks and Opportunities

We identify material environmental, social, and climate-related issues closely related to our business. Such issues may present certain risks and opportunities to us.

Identified Risks and Opportunities and Their Impact on Our Business Strategy and Financial Planning

Material Topics	Potential Risks, Opportunities, and Impacts	Measures to Manage and Mitigate ESG-related Risks
Emissions Management	Our emissions primarily consist of wastewater, exhaust gas, and hazardous waste generated during material storage, production, and transportation. Wastewater includes domestic sewage and production wastewater; Exhaust gases mainly include nitric oxide, nitrogen dioxide, methanol, and tetrahydrofuran generated during R&D and production. Hazardous wastes mainly include solid hazardous waste and experimental waste liquids from production and testing.	Our laboratories are equipped with fume hoods and universal extraction hoods, and ventilation facilities such as ducts are installed in reagent cabinets and hazardous waste rooms. Organic waste gases are collected and treated via activated carbon adsorption devices and exhaust gas treatment units to ensure compliant discharge. Production wastewater is treated in sewage treatment rooms, while domestic sewage undergoes pretreatment in septic tanks before being discharged into the municipal sewage network for centralized disposal by local sewage treatment plants. Dedicated hazardous waste warehouses have been established for storage, and we regularly engage licensed third-party service providers to handle disposal.
Extreme Weather Response	Thunderstorms and typhoons can cause power outages, gas shortages, and damage to production and processing facilities, increasing the risk of poor drainage, injuries to onsite personnel, disruption to ground logistics, delays in cargo loading, and postponed project delivery.	We have established the *Business Continuity Management Policy*, established an Emergency Response Leadership Team, developed contingency plans, and regularly organized employees to conduct drills and training.
Protection of Employment Rights	We respect the lawful employment relationships and rights established with each employee through labor contracts. Although we offer training, promotion opportunities, and comprehensive benefits, we continue to experience natural employee turnover. High turnover increases our human resources costs and results in the loss of valuable experience and knowledge.	We are committed to fostering an inclusive and equitable workplace environment. We have established a performance-based remuneration system, and provided continuous professional skills training and clear career development paths to ensure that all employees enjoy diverse benefits and extensive career development opportunities. Through regular employee communication and feedback mechanisms, we prioritize employee well-being and ensure that the legitimate rights and interests of all employees are fully respected and protected.
Health and Safety	Employees in certain positions may be affected by occupational diseases.	We have implemented occupational disease warning signs, arranged health check-ups, and carried out prevention and control work. Throughout the Track Record Period, we had 0 working day lost by our employees due to work-related injuries.

Social Responsibility

We recognize that corporate development is closely intertwined with social responsibility and believe it is our duty to actively fulfill such responsibilities. We also actively call upon our employees to participate in public welfare and charitable activities beyond their daily work. In 2024, our cumulative donations of medical devices reached a total value of RMB885,000, including Nitric Oxide Therapy Systems and Exhaled Nitric Oxide Detectors. In the first half of 2026, we also donated RMB40,000 to the Nanjing Jiangbei New District Minors' Protection Center.

Occupational Health and Safety

We are subject to the PRC laws and regulations related to employee health and safety. We have established comprehensive internal policies and measures on environmental and occupational health and safety and provide production staff with adequate protective equipment. Qualified third-party institutions are engaged to conduct occupational hazard assessments of our production environment, identifying potential occupational risks and ensuring they are effectively prevented and controlled.

This allows us to meet national laws, regulations, standards, and specifications for the prevention and control of occupational diseases. We conduct occupational health examinations for relevant positions at least once a year and arrange regular physical checkups for all employees. In 2022, we passed the Healthy Enterprise assessment in the Nanjing Jiangbei New Area, where it is located.

Employee Management

Adhering to a "people-oriented" management philosophy, we regard our employees as our most valuable resource and asset. We strictly comply with national and regional laws and regulations, including the *Labor Law of the PRC* (《中華人民共和國勞動法》), the *Labor Contract Law of the PRC* (《中華人民共和國勞動合同法》), the *Law of the PRC on the Protection of Minors* (《中華人民共和國未成年人保護法》), the *Provisions on the Prohibition of Using Child Labor* (《禁止使用童工規定》), and the Special Provisions on Labor Protection for Female Employees (《女職工勞動保護特別規定》). Internal management procedures have been developed accordingly, standardizing policies on compensation and dismissal, recruitment and promotion, working hours, leave entitlements, equal opportunity, diversity, anti-discrimination and employee benefits and welfare.

We have built an employment management system with unified standards and conduct structured and professional recruitment to provide sustained human resources support for corporate growth. Our HR policies are outlined in various documents, including the Employee Handbook, Human Resources Management Policy, Employee Relations Management Policy and Employee Benefits Management Policy, which define procedures for recruitment, promotion, and daily management. Our human resources management adheres to the principles of equal opportunity, fair competition, comprehensive evaluation and role-fit matching. We have zero tolerance for all forms of discrimination — including gender, sexual orientation, disability, age, race, nationality, family status or other legally protected characteristics — and are committed to fostering diversity. We ensure all employees are treated equally and respectfully in recruitment, training, health and professional and personal development.

Performance Indicators (Social Responsibility)

Adhering to the principles of diversity and inclusion, we are committed to fostering an equal and diverse employment environment while continuously optimizing our workforce structure to maintain our competitiveness both within us and in the broader market.

Social Responsibility

Category	Unit	Data as at June 30, 2026
Employee Data		
Employees	Total	178
Gender	Male	115
	Female	63
Age group	Below 30	46
	30 to 45	118
	Above 45	14
Average Monthly Employee Turnover Rate		
Average monthly employee turnover	Total	34
	Turnover rate	1.84%
By gender (turnover rate)	Male	1.30%
	Female	2.38%
By age group (turnover rate)	Below 30	3.26%
	30 to 45	1.27%
	Above 45	0.00%
Employee Training Data		
Employee training	Number of employees trained	175
	Percentage of employees trained	98.31%

Research and Development (R&D) and Innovation

Innovation and R&D are inexhaustible drivers of our long-term development. We value and encourage technological innovation and provide meaningful rewards and recognition to individuals or teams that successfully apply for new patents. We have established the Design and Development

Control Procedure, the Design Review Control Procedure, and other documents to standardize our R&D processes, thereby offering clear guidance and necessary support for employees to innovate and enhance their professional skills.

As of the Latest Practicable Date, we held 196 registered trademarks, 85 granted patents (including 26 invention patents, 33 utility model patents and 26 design patents), and 10 copyrights.

We place strong emphasis on the application and protection of intellectual property. In all production and operational activities, we strictly comply with applicable laws and regulations, including the *Trademark Law of the PRC* (《中華人民共和國商標法》), the *Patent Law of the PRC* (《中華人民共和國專利法》), and the *Copyright Law of the PRC* (《中華人民共和國著作權法》). We have issued the Intellectual Property Management Manual, which specifies the responsible departments and their duties in relation to intellectual property, defines the allocation of patent ownership, and sets out the procedures and requirements for patent applications, patent maintenance and abandonment, as well as the mechanisms for intellectual property incentives.

Welfare of Animals and Patient Safety

Throughout the entire product R&D process, we strictly abide by applicable laws and regulations, industry standards and ethical guidelines, ensures the compliance, scientificity, and humanity of all animal trials and human trials, and earnestly fulfills its corporate social responsibility.

As the sponsor of the relevant trials, all of our animal trials are entrusted to qualified third-party Contract Research Organizations (CROs) or professional animal experiment centers. Such entrusted institutions must strictly comply with the relevant national laws and regulations governing animal experiments and the "Replacement, Reduction, Refinement" (3R) principle, and their experimental facilities and operating procedures must comply with relevant ethical standards and industry norms. All animal trial protocols must be submitted to the corresponding Laboratory Animal Ethics Committee for review prior to the commencement of the trial, and the trial may only be conducted after obtaining the written approval of such Committee; during the trial, the entrusted institution shall not arbitrarily deviate from the approved trial protocol; after the completion of the trial, the entrusted institution shall issue a trial summary report, which shall clearly include a detailed account of the implementation of animal welfare. We exercise strict compliance supervision and full-process control over the aforementioned outsourced animal trial activities to ensure that all animal trials are conducted in a legal, humane and scientific manner.

We integrate the safety and rights protection of subjects throughout the entire product R&D process and strictly regulates the management of all human-related research projects (including investigator-initiated clinical trials). All such human research projects must first obtain the written approval of the Ethics Committee of the hosting medical institution and be strictly implemented in accordance with the approved trial protocol. We fully protect the right to know, right to informed consent and right to privacy of subjects, and strictly supervises the process of signing informed consent forms between investigators and subjects within the scope of the relevant requirements of laws and regulations and the Ethics Committee to ensure that the signing process is legally compliant and the expression of intent is genuine. During the trial, a professional medical team is fully responsible for safeguarding the safety and health of subjects and strictly keeps the personal data and relevant information of subjects confidential to prevent information leakage.

Supplier Management

Supply chain management is directly associated with product quality and corporate operations. In view of this, we actively establish stable, long-term partnerships with suppliers from diverse regions to ensure supply chain stability and achieve mutual success. Throughout this process, we have established a series of management systems and procedures, such as the *Supplier Management Control Procedure*, *Contract Manufacturing Control Procedure*, and *Procurement Bidding and Tendering Management Regulations*, to specify management requirements for different categories of suppliers.

We have long conducted objective, rigorous and impartial background checks on potential suppliers and use a standardized process framework to evaluate and manage them, with the aim of building high-quality, long-term and stable partnerships. We have established the Supplier Management Control Procedure, which sets out strict requirements governing the development, selection, management, evaluation and supervision of suppliers. Suppliers are categorized into four

types (A, B, C, and D) based on material types. Depending on the supplier category, evaluation teams composed of relevant functional departments participate in the supplier onboarding process, primarily reviewing three key modules: corporate capability, corporate qualifications, and quality control management.

When selecting suppliers, we give priority to partners that share our sense of social responsibility and commitment to sustainable development, ensuring that we can source safer, healthier and more environmentally friendly products and services. We take into account suppliers' position on social responsibility and environmental management by reviewing whether they have obtained relevant system certifications, and their efforts to use environmentally friendly materials where feasible, and we also attach great importance to the environmental and social responsibilities associated with office supplies; for example, in the procurement of consumables, we strive to strike a balance among environmental performance, user-friendliness and cost-effectiveness.

Over the years, we have maintained partnerships with suppliers of varying regional, ethnic, cultural, and professional backgrounds to build a diversified supply chain. At the same time, we emphasize collaboration with local suppliers to promote regional economic development and reduce logistics costs. As of June 2026, we had established cooperative relationships with 404 suppliers across 24 provinces, countries, and regions.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration, or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition, or reputation and compliance.

During the Track Record Period and up to the Latest Practicable Date, our material business operations were conducted in the PRC, with our PRC operating subsidiaries conducting the manufacturing, product registration, sales and clinical trial activities for our products. As confirmed by our PRC Legal Advisor, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. We plan to conduct clinical trials in the EU and the U.S. for the further development and registration of our products. As advised by our EU Legal Advisor, our business activities subject to applicable EU laws and regulations had been conducted in compliance with such laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. Based on the due diligence conducted by our U.S. legal advisers as to U.S. medical device regulatory matters within the scope of their engagement, nothing has come to their attention that would cause them to believe that we were in material non-compliance with the applicable U.S. laws and regulations reviewed by them during the Track Record Period and up to the Latest Practicable Date. The details of certain non-material non-compliance incidents are set forth below.

Failure to complete lease registration for five leased properties

As of the Latest Practicable Date, we have not completed the relevant property leasing registrations for five of our leased properties, which are used as our operating center and manufacturing facilities. With respect to such failure of filing lease agreements, our PRC Legal Advisor is of the view that the failure to file lease agreements will not affect the validity of such lease agreements, but the relevant local housing administrative authorities can require us to complete filings within a specified timeframe and we may be subject to a fine between RMB1,000 and RMB10,000 per lease. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material dispute arising out of our leased properties and were not subject to any penalties imposed by regulatory authorities.

We intend to comply with the lease registration requirements to which we are a party by 2027. We will take steps to facilitate timely completion of lease registrations and take into consideration whether our potential landlord will cooperate with us to complete the registration process in a timely manner when selecting leased properties in the future.

Engagement of third-party human resource agencies to pay social insurance and housing provident fund contributions

During the Track Record Period, we engaged third-party human resources agencies to make social insurance housing provident fund contributions for employees whose work locations differed from our main operating entities, which involves potential risks. On July 31, 2025, the Supreme People's Court of the PRC issued the Interpretation II by the Supreme People's Court of the PRC

on Legal Issues in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (the "Interpretation II"), which took effect from September 1, 2025. Pursuant to the Interpretation II, any arrangement not to participate in social insurance, either by unilateral undertaking or mutual agreement between the employees and the employers, is invalid. Further, the Interpretation II specifies that if the employee terminates their labor contract on the grounds that the employer has failed to make social insurance contributions as required by law, and claims economic compensation from the employer, the People's Court of the PRC shall uphold the claim. As advised by our PRC Legal Advisor, the Interpretation II will not have a material adverse impact on our compliance with social insurance and housing provident fund contribution requirements under the PRC laws considering that (i) with respect to those employees for whom we have engaged third-party human resources agencies to pay social insurance and housing provident funds, neither we nor our subsidiaries in the PRC have made any arrangement (whether by unilateral undertakings or mutual agreements) with such employees to exclude them from participating in statutory social insurance and housing provident fund contribution; (ii) the Interpretation II has neither repealed any existing laws relating to social insurance nor expanded the potential penalty exposure with respect to the payment status of social insurance and housing provident fund. However, there can be no assurance that the relevant PRC authorities do not hold views different from ours. If the relevant PRC authorities determine that we are not in compliance with the Interpretation II, our business, results of operation, financial condition and prospects may be adversely affected.

As advised by our PRC Legal Advisor, there are currently no national laws or regulations that explicitly specify penalties specifically targeting employers that use third-party human resources agencies to make social insurance and housing provident fund contributions for their employees. However, we may be ordered by the local social insurance authorities or the local housing provident fund management centers to rectify such practice, or be subject to penalties for failing to make social insurance and housing provident fund contributions in the employer's own name. According to relevant regulations, if an employer fails to pay social insurance contributions on time and in full, the competent social insurance and housing provident fund authorities may require the employer to pay or make up the shortfall within a specified period and impose corresponding overdue fines in accordance with the law. Should the employer fail to comply with this requirement by the deadline, the relevant authorities may impose administrative penalties, and the employer will then be obligated to pay such administrative penalties. For details, see "Regulatory Overview — Social Insurance and Housing Provident Fund". Notwithstanding the foregoing, according to the Circular of the General Office of the State Council on Issuing the Plan for Comprehensively Reducing Social Insurance Contribution Rates (《國務院辦公廳關於印發降低社會保險費率綜合方案的通知》) and the Notice of the State Administration of Taxation on Implementing Measures to Further Support and Serve the Development of the Private Economy (《國家税務總局關於實施進一步支持和服務民營經濟發展若干措施的通知》), local authorities are prohibited from organizing centralized collections of historical arrears.

We ceased the engagement of third-party human resources agencies for social insurance and housing provident fund contributions with effect from April 1, 2026.

Failure to obtain construction permits or complete final acceptance for certain decoration projects

During the Track Record Period, the relevant construction permit or complete the final acceptance filing for our decoration project at the manufacturing facilities in Yulin, Guangxi Zhuang Autonomous Region (the "**Yulin Project**"), with an aggregate investment amount of approximately RMB565,000. In addition, we did not complete the final acceptance filing for the decoration project at our Nanjing headquarters (the "**Nanjing Project**"). Pursuant to the Notice on the Procedures for Renovation and Decoration Projects of Existing Buildings in Jiangbei New Area (《關於江北新區既有建築裝修改造項目相關手續辦理的通知》), the Nanjing Project falls under a category of works that is exempt from the construction permit requirements.

According to the Measures for Construction Permission Management of Construction Projects (《建築工程施工許可管理辦法》), for any construction project without a construction permit being obtained, the relevant government authority may order to suspend the construction, request for rectification within a specified time limit and impose on the owner of the construction project a fine of 1% to 2% of the contract value of the construction project. According to the Administrative Measures for the Filing of As-built Inspection of Housing, Building and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》), if the construction entity fails to complete the final acceptance filing within 15 days as of the date on which the as-built inspection of the project is passed, the filing authority shall order it to make a rectification within a time limit, and impose a fine of not less than RMB200,000 but not more than RMB500,000.

As advised by our PRC Legal Advisor, based on the applicable legal provisions, the maximum aggregate penalty to which we may be exposed in respect of the Yulin Project and the Nanjing Project is approximately RMB1,011,300 (being, in respect of the Yulin Project, a maximum fine of 2% of the contract price for failure to obtain a construction permit plus a maximum fine of RMB500,000 for failure to complete the final acceptance filing; and in respect of the Nanjing Project, a maximum fine of RMB500,000 for failure to complete the final acceptance filing). As of the Latest Practicable Date, we have not received any notification, inquiry or administrative fines or penalties in respect of the foregoing matters.

Notwithstanding the foregoing, as advised by our PRC Legal Advisor, the risk that we will be subject to material administrative penalties in connection with the above non-compliances is relatively low, based on the following considerations:

(i) We confirm that, with respect to the Yulin Project, the relevant construction permit application and final acceptance filing procedures are currently being carried out retroactively;

(ii) The competent housing and construction authority has issued a written confirmation acknowledging the status of the Yulin Project, confirming that we have not received any penalties in relation to the Yulin Project, and further confirming that, since the date of establishment of Novlead Yulin (the relevant project entity) up to the date of such confirmation, no material violation of the laws and regulations governing construction projects has been found, and no investigation or administrative penalty has been imposed by such authority against Novlead Yulin in respect of any non-compliance with the laws, regulations, rules or normative documents concerning construction planning management;

(iii) With respect to the Nanjing Project, as confirmed by the competent housing and construction authority through consultation, the decoration project is a small-scale interior decoration work that falls within the supervision scope of such authority but is exempted from the requirement of obtaining a construction permit. As a result, we are permitted to carry out our own as-built inspection for the project and are not required to complete the final acceptance filing; and

(iv) We further confirm that, as of the Latest Practicable Date, the Yulin Project and the Nanjing Project have not been subject to any investigation or administrative penalty by the competent authorities in connection with the aforementioned non-compliances.

We have enhanced our internal control measures and procedures to manage the associated risks and prevent the recurrence of such incidents. We have formulated and issued the "Decoration Project Compliance Management Policies" (《裝修項目合規管理制度》), which clearly requires obtaining the relevant construction permit prior to construction commencement, completing the final acceptance, and designates personnel in charge of monitoring and ensuring compliance throughout our decoration projects.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. Our insurance coverage includes (i) social welfare insurance for our employees in accordance with relevant PRC laws and regulations; (ii) workers' compensation insurance covering work-related death or injury of employees; (iii) medical insurance; (iv) commercial insurance; (v) property insurance and (vi) business disruption insurance, which cover, among other things, public liability and product liability. In connection with our sales through distributors, we do not purchase cargo insurance for goods. As of the Latest Practicable Date, we did not have any outstanding insurance claims. Consistent with industry norm, we do not maintain life insurance for any member of our senior management. In the future, to the extent that any of the foregoing types of insurances becomes mandatory due to changes of law or other reasons, we will acquire such insurance in compliance with law. Our Directors consider that our existing insurance coverage is sufficient for our present operations and in line with the industry practice in the PRC.

DATA PRIVACY AND PROTECTION

We have instituted a comprehensive data-protection framework that governs the collection, use, storage, transmission and disclosure of information in line with applicable laws, regulations and prevailing industry standards across all jurisdictions of operation. The framework ensures clinical and operational data are handled in accordance with requirements on healthcare-information security, while keeping data subjects fully informed of how their information is managed throughout the process.

During our clinical development and operations, we from time to time collect, store and use certain personal information of our employees, clinical trial participants (subjects and investigators), customers, suppliers as well as business and academic collaboration partners. For example, (i) for clinical research and medical device development purpose, we collect from clinical trial subjects their Subject Identification Codes, demographic data, and health and physiological information related to the clinical trial; and from clinical trial investigators their names and contact telephone numbers; (ii) to facilitate our cooperation with our business partners (including for example, customers, suppliers, as well as business and academic collaboration partners), we typically collect from them their names, titles and telephone numbers of the contact person; and (iii) for general corporate and human resource management purpose, we collect certain personal information of our employees for the performance of their employment duties such as their names, personal ID and contact numbers.

We are involved in cross-border data transfers under the following scenarios: (i) the R&D and registration of medical devices, (ii) manufacturing of medical devices, (iii) sale of medical devices, and (iv) after-sales services for medical devices.

(i) During the R&D and registration of medical devices, we are engaged in cross-border transfer of data. Our overseas medical device registration involves transmitting data required for registration to overseas regulatory authorities and registration agents (for example, UDEM). Such registration data comprises solely of summary and conclusion data generated from clinical trials conducted in the PRC and abroad and does not contain any identifiable patient personal information or important data.

(ii) In the manufacturing, sale and after-sales servicing of medical devices, our cross-border data transfer activities include (i) providing to overseas business partners of the personal data of our employees responsible for business liaison, for the purpose of establishing business contacts; (ii) access by employees located overseas to the personal data of contact persons of business partners contained in the sales system deployed domestically by us, for the purpose of facilitating business activities; and (iii) transmitting to overseas customers of the device operation and maintenance data necessary for the troubleshooting and maintenance of medical device malfunctions, for the purpose of performing contractual obligations, provided that such operation and maintenance data does not contain any personal data or important data.

The *Provisions on Facilitating and Regulating Cross-Border Data Flows* set out certain exemptions applicable to cross-border data transfers. Article 3 thereof provides that: "For outbound provision of data that is collected and generated in international trade, cross-border transportation, academic cooperation, transactional manufacturing, marketing, and other activities that do not involve personal information or important data, it is exempted from the requirement to apply for the outbound data transfer security assessment, to conclude a standard contract for personal information transfer abroad, or to undergo personal information protection certification."

Article 5 thereof provides that: "Under any of the following circumstances, the outbound provision of personal information by data handlers is exempted from the requirement to apply for the outbound data transfer security assessment, to conclude a standard contract for the outbound transfer of personal information, or to obtain the personal information protection certification: (1) it is necessary to transfer personal information abroad for the purpose of concluding and performing a contract to which the individual concerned is a party, such as cross-border shopping, cross-border mailing and delivery, cross-border remittance, cross-border payment, cross-border account opening, flight and hotel reservations, visa processing, and examination services; (2) it is necessary to transfer the personal information of employees abroad for the purpose of cross-border human resources management, to comply with employment policies formulated in accordance with the law, and collective contracts concluded in accordance with the law... (4) Data handlers other than critical information infrastructure operators, who have provided personal information (without any sensitive personal information) abroad accumulatively of less than 100,000 individuals since January 1 of the current year. Reference to outbound provision of personal information as mentioned in the preceding paragraphs does not include important data."

In respect of our cross-border data transfer activities, as confirmed by our data compliance legal counsel, we are exempt from applying for the outbound data transfer security assessment, concluding a standard contract for the outbound transfer of personal information or obtaining personal information protection certification, for the reason set out as below.

(i) When we transfer abroad the personal information of employees responsible for business liaison, such transfer is necessary for conducting cross-border human resources management within the scope of the relevant employees' duties and in accordance with employment policies formulated in accordance with the law and collective contracts concluded in accordance with the law. Accordingly, pursuant to Article 5(2) of the *Provisions on Facilitating and Regulating Cross-Border Data Flows*, our cross-border data transfers under this scenario are exempt from the aforesaid requirements.

(ii) When employees located overseas access the personal information of contact persons of business partners contained in the sales system deployed within China by us, such cross-border data transfers only involve the names and telephone numbers of such contact persons and do not involve any sensitive personal information. In addition, we are not a critical information infrastructure operator, and the personal information of fewer than 100,000 individuals is provided abroad under this scenario. Accordingly, pursuant to Article 5(4) of the *Provisions on Facilitating and Regulating Cross-Border Data Flows*, our cross-border data transfers under this scenario are exempt from the aforesaid requirements.

(iii) The device operation and maintenance data transmitted between us and our overseas customers, which is necessary for the troubleshooting and maintenance of medical device malfunctions, does not contain any personal information or important data. Accordingly, pursuant to Article 3 of the *Provisions on Facilitating and Regulating Cross-Border Data Flows*, our cross-border data transfers under this scenario are exempt from the aforesaid requirements.

Our information systems apply multiple layers of safeguards, including role-based access control, web application firewalls, and intrusion detection and prevention systems. We adopt technical measures such as data encryption, desensitization, verification and regular backup to ensure the confidentiality, integrity and availability of the data we process. In addition, we maintain a tiered internal authentication and authorization system to ensure that confidential and proprietary data can only be accessed by authorized personnel.

The Cybersecurity Review Measures were jointly promulgated by the CAC, the NDRC, the MIIT and ten other Chinese regulatory authorities on December 28, 2021, which became effective on February 15, 2022. Pursuant to the Cybersecurity Review Measures, a cybersecurity review may be triggered under two circumstances: (a) voluntary filing by enterprises, (i) when critical information infrastructure operators procure network products or services that affect or may affect national security; (ii) when network platform operators carry out data processing activities that affect or may affect national security; and (iii) when network platform operators possessing personal information of more than 1,000,000 individuals pursue overseas [**REDACTED**]; (b) ex officio initiation by regulatory authorities. Where a member entity of the cybersecurity review working mechanism determines that a network product or service, or data processing activity, affects or may affect national security, the Cybersecurity Review Office shall initiate a cybersecurity review upon approval by the Central Cyberspace Affairs Commission in accordance with relevant procedures.

As of the Latest Practicable Date, we had not received any notification from regulatory authorities identifying us as, or determining that we are likely to be, a critical information infrastructure operator. In consideration of Article 10 of the Security Protection Regulations for Critical Information Infrastructure, we do not constitute a Critical Information Infrastructure Operator, and the cybersecurity review filing obligations applicable to critical information infrastructure operators are not applicable to us. In addition, we did not possess the personal information of more than one million individuals. Our [**REDACTED**] in Hong Kong will not constitute a "[**REDACTED**] on a foreign stock exchange." In addition, considering the type, nature, purpose, and scale of our data processing activities, the likelihood of the regulatory authorities initiating a cybersecurity review against us is relatively low. Moreover, we had not received any notice from any member entity of the cybersecurity review working mechanism requiring us to undergo a cybersecurity review or notifying us of the initiation of a cybersecurity review against us. Based on the foregoing, as of the Latest Practicable Date, our Directors and our data compliance legal counsel are of the view that we are not subject to a mandatory cybersecurity review pursuant to the Cybersecurity Review Measures.

We have formulated and implemented the Data Security Management Policy, Data Storage and Deletion Rules, Personal Information Protection Policy, and Personal Information Protection Impact Assessment Policy to establish a governance framework for personal information protection and data security. The Data Security Management Policy sets out the methods and applicable requirements for assessing the compliance pathways for our outbound data transfers. The Personal Information Protection Policy prescribes the requirements to be observed where, due to business needs, we are required to provide personal information to recipients outside China. The Personal Information Protection Impact Assessment Policy sets out the specific implementation measures for conducting personal information impact protection assessments in respect of the cross-border transfer of personal information. In addition, pursuant to the requirements of Article 55(4) of the Personal Information Protection Law of the People's Republic of China, we have conducted the statutory personal information protection impact assessments in respect of such scenarios involving the provision of personal information to recipients outside China and have maintained records of the relevant processing activities. We process and store collected personal information of customer contacts, supplier contacts, business and academic collaboration partners, and employees through externally procured third-party ERP systems, OA systems, and CRM systems. We have entered into cooperation agreements (that set forth the parties' confidentiality obligations regarding data) with systems vendors, which are legally established and operating within the territory of the PRC and have publicly disclosed their data security assurance capabilities through documents such as Privacy Policies available on public channels.

We store data related to medical device clinical trials or research and development exclusively on our employees' local computers (subject to domain control restrictions), statistical software and physical paper documents. Such data only includes Subject Identification Codes and the subjects' clinical trial-related data. The mapping table linking the Subject Identification Code to the subject's true identity is maintained and stored exclusively by the clinical trial institution. Based solely on the Subject Identification Code, we are unable to ascertain the true identity of the subject. Therefore, we do not store personal information that could identify the true identity of subjects. We protect and store existing clinical trial data in accordance with the requirements of relevant laws and regulations, including the Good Clinical Practice for Medical Devices.

In the course of medical device manufacturing, we procure components from overseas suppliers. We collect only the personal information of business contacts of overseas suppliers and provides our employees' personal information (in their capacity as business contacts) to such overseas suppliers. In this scenario, we rely on the legal basis of "necessity for the conclusion or performance of a contract to which the individual is a party" or "necessity for conducting cross-border human resources management in accordance with legally established labor rules and regulations and collective contracts lawfully concluded," for the provision of employee personal information overseas. Pursuant to Article 5 of the Provisions on Promoting and Regulating Cross-Border Data Flows, we are exempt from the requirements to apply for a security assessment for data export, enter into standard contractual clauses for the export of personal information, or obtain personal information protection certification.

We engage in overseas medical device sales. When conducting sales activities overseas, our employees access the names and telephone numbers of customer contacts stored in our sales system deployed within the PRC. However, such cross-border data transfers do not involve the transfer of sensitive personal information, and we transfer personal information of fewer than 100,000 individuals overseas in this scenario. Therefore, pursuant to Article 5 of the Provisions on Promoting and Regulating Cross-Border Data Flows, we are exempt from the requirements to apply for a security assessment for data export, enter into standard contractual clauses for the export of personal information, or obtain personal information protection certification.

Our customer service engineers and sales personnel provide after-sales service directly to overseas customers who have purchased medical devices. In this scenario, we only provide overseas customers with data related to device malfunctions (such as device error codes/parameters) that are necessary for the maintenance and operation of the medical device. Such data does not include personal information or important data. Given that this scenario does not involve the provision of personal information or important data, pursuant to the provisions of the Personal Information Protection Law, the Regulation on Network Data Security Management, the Provisions on Promoting and Regulating Cross-Border Data Flows, and other relevant laws, regulations, and normative documents, we are exempt from the requirements to apply for a security assessment for data export, enter into standard contractual clauses for the export of personal information, or obtain personal information protection certification.

As such, as of the Latest Practicable Date, our cross-border data transfers are in compliance with the requirements of the Personal Information Protection Law, the Regulation on Network Data Security Management, the Provisions on Promoting and Regulating Cross-Border Data Flows, and other relevant laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, as confirmed by our data compliance legal counsel and our EU counsel, we were in compliance with all applicable laws and regulations with respect to data privacy and protection in China and EU during the Track Record Period and up to the Latest Practicable Date, we had not received any claim from any third party against us alleging any violation of such party's data privacy rights, and we had not experienced any material leakage or loss of patient data or other personal information.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and maintain comprehensive risk management and internal control systems, consisting of policies and procedures that we consider appropriate for our business operations. These systems are designed to ensure that major risks arising from our operations are properly identified, evaluated and mitigated in a timely manner.

Our Board and its committees serve as the decision-making and supervisory bodies responsible for overseeing the effective operation of the risk management and internal control systems. The Board regularly reviews reports from management and the internal audit department on our operational performance and internal control evaluation results. The management team is responsible for implementing the risk management and internal control policies in daily operations and is subject to periodic evaluation and supervision by our Compliance and Internal Control Department.

Risk Management

The Audit Committee of our Board studies macroeconomic, industry, technological and market trends that may affect our medium- to long-term growth, and advises the Board on strategic planning and major industrial opportunities. Our management is responsible for formulating and executing our strategic plans, conducting annual reviews of progress, and organizing quarterly business management meetings to monitor execution.

At the operational level, under the guidance of our management team, each functional department performs its respective duties while coordinating with others to supervise overall operations.

Internal Control

We have established an internal control framework in accordance with our corporate governance and internal control policy, and continuously refine our business processes covering, among others, corporate social responsibility, human resources, treasury, investment, procurement, asset management, sales, R&D, project management, related party transactions, financial reporting, information disclosure, budgeting and IT system management. Our Board holds ultimate responsibility for the establishment and effective implementation of our internal control system.

Anti-Bribery, Anti-Corruption and Compliance Controls

We strictly comply with all applicable anti-bribery, anti-corruption, anti-monopoly and fair competition laws and standards in the jurisdictions where we operate.

The Compliance and Internal Control Department serves as the permanent body for our anti-corruption/anti-fraud efforts, responsible for organizing and executing company-wide anti-corruption/anti-fraud initiatives. We have set up a dedicated whistleblowing email address, which is managed by the Compliance and Internal Control Department.

AWARDS AND RECOGNITION

The table below sets forth a summary of the major awards and recognition that our Company had received as of the Latest Practicable Date:

Year	Awards	Awarding Organization/Authority
2025	Jiangsu Province Potential Unicorn Enterprise (江蘇省潛在獨角獸企業)	Jiangsu Provincial Productivity Center (江蘇省生產力促進中心)
2024	Jiangsu Province Innovative Product (江蘇省創新產品)	Department of Industry and Information Technology of Jiangsu Province (江蘇省工信廳)
2023	National High-tech Enterprise (國家高新技術企業)	Torch High Technology Industry Development Center, Ministry of Science and Technology (科學技術部火炬高技術產業開發中心)

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, (i) Dr. Mao directly held approximately 7.14% of our issued Shares, (ii) Jingning Noring directly held approximately 21.41% of our issued Shares; (iii) Mr. Cao Guiping directly held approximately 5.35% of our issued Shares; and (iv) Lingxing Hainan directly held approximately 0.71% of our issued Shares. Jingning Noring is owned as to 21.12% by Dr. Mao as a limited partner and its general partner is Nanjing Miyu Technology Co., Ltd. (南京幂羽科技有限公司) ("**Nanjing Miyu**"), which is a company wholly owned by Dr. Mao. Further, Jingning Noring is owned as to 14.23% by Jingning Nuoming, which is owned as to 53.33% by Nanjing Miyu as the general partner. No other limited partner is holding 30% or more partnership interest in Jingning Noring. Dr. Mao therefore is entitled to full control over the voting rights exercisable by Jingning Noring in our Company. Lingxing Hainan is owned as to 45.14% by Dr. Mao as a limited partner and its general partner is Mr. Zhang Yuyan, our executive Director, who has entrusted the voting rights as a general partner in Lingxing Hainan to Dr. Mao pursuant to a voting proxy dated December 10, 2025. As such, Dr. Mao is entitled to full control over the voting rights exercisable by Lingxing Hainan in our Company. Dr. Mao, Mr. Cao Guiping, Jingning Noring and Lingxing Hainan entered into a concert party agreement on October 10, 2021, pursuant to which each of parties therein agreed to act in concert with respect to their voting rights as shareholders in our Company, with Dr. Mao's opinion prevailing in case of disagreement. Accordingly, as of the Latest Practicable Date, Dr. Mao, Jingning Noring, Mr. Cao Guiping and Lingxing Hainan were our Single Largest Group of Shareholders and was entitled to exercise and control the voting rights of approximately 34.61% of our issued Shares.

Upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Single Largest Group of Shareholders will be entitled to exercise and control the voting rights of an aggregate of approximately [**REDACTED**]% of the total issued share capital of our Company.

For the biographical details of each of Dr. Mao and Mr. Cao Guiping, see "Directors and Senior Management" of this document.

INTERESTS OF OUR SINGLE LARGEST GROUP OF SHAREHOLDERS IN OTHER BUSINESSES

As of the Latest Practicable Date, save for the interest in our Group, our Single Largest Group of Shareholders did not have any interest in a business which competes or is likely to compete, directly or indirectly, with the business of our Group, and which requires disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Our Directors consider that we are capable of carrying on our business independently of our Single Largest Group of Shareholders and their close associates after the [**REDACTED**], taking into consideration the factors below.

Management Independence

Our Board comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Single Largest Group of Shareholders for the following considerations:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operation decisions are primarily made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see "Directors and Senior Management" in this document;

(c) we have appointed three independent non-executive Directors with a view to bringing independent judgment to the decision-making process of our Board;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders, which would support our independent management. For further details, see "— Corporate Governance Measures" in this section.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate independently from our Single Largest Group of Shareholders and their close associates. We hold the licenses, intellectual property rights and qualifications necessary to carry on our principal business. We also have independent access to suppliers, and have sufficient capital, facilities and employees to operate our business independently from our Single Largest Group of Shareholders and their close associates.

Based on the above, our Directors believe that we will be able to operate independently from our Single Largest Group of Shareholders and their close associates.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs, and neither our Single Largest Group of Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of finance staff and an independent audit, accounting and financial management system.

In addition, we are capable of obtaining equity and debt financings from third parties without relying on any guarantee or security provided by our Single Largest Group of Shareholders or their close associates. As of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Single Largest Group of Shareholders or their close associates.

Based on the above, our Directors believe that we are capable of carrying on our business independently of, and do not place undue reliance on, our Single Largest Group of Shareholders and their close associates after the [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflicts of interests between our Group and our Single Largest Group of Shareholders:

(a) under the Articles of Association, where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Group of Shareholders or any of their respective associates is interested, our Single Largest Group of Shareholders and their associates will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with our Single Largest Group of Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(c) our Board consists of a balanced composition of our executive Directors, non-executive Directors and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Single Largest Group of Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisors, for our Company, the appointment of such independent professionals will be made at our Company's expenses; and

(e) we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Listing Rules, including various requirements relating to corporate governance. Based on the above, our Directors believe that sufficient corporate governance measures have been put in place to manage conflicts of interests that may arise between our Group and our Single Largest Group of Shareholders and to protect our Shareholders' interests as a whole after the [**REDACTED**].

BOARD OF DIRECTORS

Our Board consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. Pursuant to the Articles of Association, our Directors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following table sets forth general information regarding our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of first appointment as Director	Role and responsibilities
Dr. MAO Wen (毛雯)	[43]	Executive Director, chairperson of our Board, chief executive officer	May 2019	April 22, 2020	Responsible for overseeing all core-product R&D, registration, manufacturing, and commercialization
Mr. ZHANG Yuyan (張煜彥)	[42]	Executive Director and chief technology officer	November 2020	September 30, 2021	Responsible for overseeing group level strategy for technology and product development
Mr. CAO Guiping (曹貴平)	[50]	Executive Director	November 2019	December 28, 2020	Responsible for strategy development
Mr. DENG Feng	[63]	Non-executive Director	September 2021	September 30, 2021	Responsible for providing strategic advice and making recommendation on the operation and management of our Group
Dr. CAO Yu (曹宇)	[39]	Non-executive Director	September 2021	September 30, 2021	Responsible for providing strategic advice and making recommendation on the operation and management of our Group
Mr. HE Xing (何邢)	[47]	Non-executive Director	April 2020	April 22, 2020	Responsible for providing strategic advice and making recommendation on the operation and management of our Group
Mr. LI Shu Pai (李書湃)	[49]	Independent Non-executive Director	February 2026	February 5, 2026	Responsible for providing independent opinions and judgment to the Board
Mr. LIU Feng (劉峰)	[42]	Independent Non-executive Director	February 2026	February 5, 2026	Responsible for providing independent opinions and judgment to the Board

Name	Age	Position(s)	Date of joining our Group	Date of first appointment as Director	Role and responsibilities
Ms. XIAO Yun (肖雲)	[43]	Independent Non-executive Director	February 2026	February 5, 2026	Responsible for providing independent opinions and judgment to the Board

The following sets forth the biographies of our Directors:

Executive Directors

Dr. MAO Wen (毛雯), aged [43], is chairperson of our Board, an executive Director and chief executive officer of our Company. She is responsible for overseeing all core-product R&D, registration, manufacturing, and commercialization. Dr. Mao has served as the executive director of Changsha Nuoshi since June 2021, the executive director of Novlead US since July 2021, Novlead Beijing since January 2022, the executive director of Guangxi Nuogang since August 2023 and the executive director of Novlead Yangzhou since February 2024.

Dr. Mao has more than 14 years of experience in biological research and medical-device industry. Dr. Mao served as the R&D director of Abbott Diabetes Care Inc., a company principally engaging in innovations in diagnostics and medical devices for diabetes care, in diabetes care division from 2011 to 2016, overseeing product development and project management. From 2018 to 2019, she served as project lead of precision medicine at the World Economic Forum, steering precision-medicine intiatives.

Dr. Mao received her bachelor's degree in science majoring in biological science from Peking University (北京大學) in the PRC in July 2005. She then received her master's degree in economics and management majoring in regulatory science from the University of Southern California in the USA in May 2010, and subsequently her doctorate degree in neuroscience at the same university in May 2011. Dr. Mao participated in various research projects including the Nanjing Life and Health Science and Technology Pre-clinical Technology Project (南京市生命健康科技專項臨床前技術項目) in 2022: *Portable Inhaled Nitric Oxide Therapy Device for Neonatal and Adult Pulmonary Hypertension* (《用於新生兒和成人肺動脈高壓治療的便攜式吸入一氧化氮治療儀》); the Nanjing Industrial and Information Technology Development Special Project (南京市工業和信息化發展專項) in 2023: *Breakthrough in Key and Core Technologies for Nitric Oxide (NO) Generation and Sustained-Release in Multi-Scenario Medical Applications* (《多場景醫學應用的一氧化氮(NO)發生、緩釋關鍵核心技術攻關項目》); and the Guangxi Zhuang Autonomous Region Science and Technology Planning Project (廣西壯族自治區科技計劃項目) in 2026: *R&D and Industrialization of Domestically Pioneering Chemiluminescence Nitric Oxide Breath Analyzer* (《國內首創化學發光一氧化氮呼氣分析儀研發及產業化》). Dr. Mao was awarded the Outstanding Youth Award in Pharmaceutical Science and Technology (醫藥科技傑出青年獎) in the 2024 10th Jiangsu Medical Science and Technology Award (2024第十屆江蘇醫藥科技獎) in 2025.

Mr. ZHANG Yuyan (張煜彥), aged [42], is our executive Director and chief technology officer. He is responsible for overseeing group level strategy for technology and product development. Mr. Zhang served as the supervisor of Changsha Nuoshi and Novlead Yangzhou since February 2026, respectively.

Mr. Zhang has over 17 years of experience in medical-device systems engineering and R&D management. He successively served as head of systems design at GE Medical System (China) Co., Ltd. (通用電氣醫療系統(中國)有限公司), a company mainly engaged in the R&D, manufacturing, and services of digital healthcare and advanced technologies, such as medical imaging, ultrasound, and life-care services, from July 2008 to June 2020. From June 2020 to November 2020, Mr. Zhang worked at Suzhou Hengrui Hongyuan Medical Technology Co., Ltd. (蘇州恒瑞宏遠醫療科技有限

公司), a company principally engaged in the development and provision of medical consumables and related medical technologies, with a focus on interventional oncology and vascular interventional areas, as R&D department manager.

Mr. Zhang received his bachelor's degree of engineering in automation from Zhejiang University (浙江大學) in the PRC in June 2006, and his master's degree of engineering in control theory and control engineering from Tianjin University (天津大學) in the PRC in June 2008.

Mr. CAO Guiping (曹貴平), aged [50], is our executive Director and senior strategic operations advisor and is responsible for the strategy development of our Group. Mr. Cao served as our chief business officer from November 2019 to October 2025.

Mr. Cao has more than 22 years of experience in clinical medicine and pharmaceutical industry. Prior to joining our Group, from February 2004 to May 2012, he progressed from front-line sales to associate sales director at Xi'an Janssen Pharmaceutical Ltd. (西安楊森製藥有限公司), a company principally engaged in the research, development, manufacturing and sales of prescription drugs, over-the-counter (OTC) drugs, and medical devices operating across therapeutic areas including gastroenterology, oncology, and immunology. From September 2013 to November 2019, Mr. Cao served as the vice general manager at Micropoint Biotechnologies Co., Ltd. (深圳微點生物技術股份有限公司), a company engaged in the research and development of point-of-care (bedside) in vitro diagnostic devices and chips.

Mr. Cao received his bachelor's degree in clinical medicine from Inner Mongolia University of Science and Technology (內蒙古科技大學) in the PRC in July 2000. Mr. Cao obtained his clinical physician license issued by the Beijing Fengtai Health Bureau (北京市豐臺衛生局) in 2002.

Non-executive Directors

Mr. DENG Feng, aged [63], is our non-executive Director and is responsible for providing strategic advice and making recommendation on the operation and management of our Group.

Mr. Deng has over 24 years of experience in venture capital, computer science and telecommunication industry. He founded Northern Light Venture Capital in 2005 and served as its founding managing partner. Northern Light Venture Capital focuses on investment in technology, media and telecom, clean technology, healthcare and consumer sectors. Mr. Deng served as director in New Hope Group (新希望集團有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000876.SZ), from September 2016 to May 2022. Mr. Deng also served as director in iRay Technology Company Limited (上海奕瑞光電子科技股份有限公司) from July 2017 to March 2022. Mr. Deng has been serving as director in Burning Rock Biotech Ltd., a company listed on Nasdaq (stock ticker: BNR) since August 2016. He also served as director in Hillstone Network Communication Technology Co. (山石網科通信技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688030.SH), from December 2018 to January 2022. He served as director in Cytek Biosciences Inc., a company listed on Nasdaq (stock ticker: CTKB). He also served as non-executive director in BrainAurora Medical Technology Limited (腦動極光醫療科技有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 6681.HK) from July 2023.

Mr. Deng received his bachelor's and a master's degree in electronic and communication engineering from Tsinghua University (清華大學) in the PRC in July 1986 and December 1988, respectively, a master's degree in computer engineering from the University of Southern California in the USA in August 1993, and a master of business administration degree from the Wharton School of the University of Pennsylvania in the USA in May 2005.

Dr. CAO Yu (曹宇), aged [39], is our non-executive Director and is responsible for providing strategic advice and making recommendation on the operation and management of our Group.

Dr. Cao has more than a decade of experience in healthcare investment and technology consulting, with a specialized focus on the medtech sector for over eight years. She has been working at Lilly Asia Ventures, a venture capital firm focused on healthcare investment, since February 2021. From April 2018 to January 2021, Dr. Cao worked at Microport Scientific Corporation, a company principally engaged in innovating, manufacturing and marketing high-end medical devices globally and listed on the Main Board of the Stock Exchange (stock code: 853.HK). Dr. Cao's early career, from April 2015 to March 2018, was with Saint Gobain Group, a French company.

Dr. Cao received her bachelor's degree of engineering in mechanical engineering and automation from Tsinghua University (清華大學) in the PRC in July 2008, her master's degree of engineering in instrumentation science and technology from the same university in July 2010, and her doctorate degree in industrial engineering from École Centrale Paris in France in February 2015.

Mr. HE Xing (何邢), aged [47], is our non-executive Director and is responsible for providing strategic advice and making recommendation on the operation and management of our Group.

Prior to joining our Company, from 2004 to 2010, Mr. He served at Huatai Securities Co., Ltd., a securities company listed on the Main Board of the Stock Exchange (stock code: 6886.HK) and Shanghai Stock Exchange (stock code: 601688.SH). From June 2010 to June 2018, Mr. He worked at Essence Securities Co., Ltd. (安信證券股份有限公司) (currently known as SDIC Securities Co., Ltd. (國投證券股份有限公司)) and was responsible for investment banking business. Mr. He has served as the partner of Nanjing Yingmeng Investment Management Center (Limited Partnership) (南京鷹盟投資管理中心(有限合夥)) since May 2018.

Mr. He received his bachelor's degree in economic law from Nanjing University of Finance and Economics (南京財經大學) in the PRC in June 2001, and his master's degree in accounting and finance from the University of Manchester in the United Kingdom in November 2002.

Independent Non-Executive Directors

Mr. LI Shu Pai (李書湃), former name LEE Shu Paai (李書湃), aged [49], was appointed as our independent non-executive Director on February 5, 2026. He is responsible for providing independent opinions and judgment to the Board.

Mr. Li has more than 20 years of experience in the accounting and finance industry. From September 2001 to October 2006, Mr. Li worked consecutively at PricewaterhouseCoopers with his last position as audit manager. From August 2007 to July 2009, he worked as an associate at BOCI Asia Limited (中銀國際亞洲有限公司). He worked as an associate at BNP Paribas Capital (Asia Pacific) Limited from July 2010 to August 2011. Mr. Li served as the deputy chief financial officer of Beijing Tong Ren Tang Chinese Medicine Company Limited (北京同仁堂國藥有限公司), a company listed on the Stock Exchange (stock code: 3613.HK) from September 2011 to December 2013. He served as the chief financial officer of R2Game Co., Limited from August 2014 to June 2015. He served as the chief financial officer and joint company secretary of Chutian Dragon Corporation Limited (楚天龍股份有限公司) from July 2015 to December 2016. From December 2016 to September 2018, he served as the chief financial officer and company secretary of Perfectech International Holdings Limited (威發國際集團有限公司), a company listed on the Stock Exchange (stock code: 0765.HK). He served as an independent non-executive director of Comtec Solar Systems Group Limited (卡姆丹克太陽能系統集團有限公司), a company listed on the Stock Exchange (stock code: 712.HK) from February 2021 to March 2021. He served as the chief financial officer and company secretary of Meilleure Health International Industry Group Limited (美瑞健康國際產業集團有限公司), a company listed on the Stock Exchange (stock code: 2327.HK) from July 2019 to December 2025. He currently serves as the chief financial officer, board secretary and company secretary of Zhejiang Shimai Pharmaceutical Co., Ltd. (浙江時邁藥業股份有限公司) since March 2026.

Mr. Li currently serves as an independent non-executive director of TransThera Sciences (Nanjing), Inc. (藥捷安康(南京)科技股份有限公司), a company listed on the Stock Exchange (stock code: 2617.HK) since June 2021. Since February 2026, he has been serving as an independent non-executive Director of Beijing Haizhi Technology Group Co., Ltd. (北京海致科技集團股份有限公司), a company listed on the Stock Exchange (stock code: 2706.HK).

Mr. Li received his bachelor's degree in business administration from City University of Hong Kong (香港城市大學) in November 2001 in Hong Kong. He received his master's degree in business administration from the Hong Kong University of Science and Technology (香港科技大學) in June 2014 in Hong Kong. He was admitted as Certified Public Accountant and fellow of the Hong Kong Institute of Certified Public Accountants in October 2004 and February 2012, respectively. Mr. Li was also admitted as member and fellow of Association of Chartered Certified Accountants in July 2012 and July 2017, respectively.

Mr. LIU Feng (劉峰), aged [42], was appointed as our independent non-executive Director on February 5, 2026. He is responsible for providing independent opinions and judgment to the Board.

Mr. Liu has over 18 years of experience in mergers and acquisitions (M&A), equity investments, corporate finance and business development. From December 2009 to June 2013, he worked at Deloitte Corporate Finance LLC (德勤諮詢). He worked at Lincoln International (林肯國際), a U.S. headquartered investment bank. From November 2017 to May 2018, he worked at Houlihan Lokey Investment Consulting (Beijing) Co., Ltd. (華利安諾基投資諮詢(北京)有限公司). From June 2018 to April 2021, he worked at Goetzpartners Business Consultants (Shanghai) Co., Ltd. (嘉茨商務顧問(上海)有限公司). Since May 2021, he has served at Shanghai WSD Management Consulting Co., Ltd. (上海韋世德管理諮詢有限公司) as managing director.

Mr. Liu received his bachelor's degree in international accounting from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2008, his Master of Business Administration (MBA) degree from the Booth School of Business of the University of Chicago in the USA in June 2023 and his Master of Science (MSc) degree in major programme management from the University of Oxford in the United Kingdom in December 2025. Mr. Liu was admitted as a member of the Hong Kong Securities and Investment Institute in August 2013, a fellow of the Association of Chartered Certified Accountants (ACCA and FCCA) in September 2014, and a Chartered Professional Accountant (CPA) of Canada in June 2015.

Ms. XIAO Yun (肖雲), aged [43], was appointed as our independent non-executive Director on February 5, 2026. She is responsible for providing independent opinions and judgment to the Board.

Ms. Xiao has over 20 years of experience in medical-device marketing and business strategy. Prior to joining our Group, from October 2005 to July 2007, she worked at Beijing Wantai Biological Medicine Co., Ltd. (北京萬泰生物藥業股份有限公司), a company principally engaged in the research and development, manufacturing and sales of biological diagnostic reagents and vaccines. From October 2008 to August 2009, she worked at Abbott Laboratories Trading (Shanghai) Co., Ltd. (雅培貿易(上海)有限公司), a company principally engaged in the businesses of dairy products, health supplements, pharmaceuticals, and medical devices, as sales specialist and was responsible for Abbott's blood-bank products. From January 2010 to August 2011, she worked at Fresenius Kabi (China) Investment Co., Ltd. (費森尤斯卡比(中國)投資有限公司), a multinational pharmaceutical enterprise focused on infusion therapy, transfusion services, and clinical nutrition, as regional manager. She worked at Beijing Stago Diagnostic Products Trading Co., Ltd. (北京思塔高診斷產品貿易有限責任公司), a company focusing on in vitro diagnostic (IVD) products in the fields of thrombosis and hemostasis, providing instruments, reagents, consumables, and data management systems. From August 2018 to May 2019, she worked at Beijing Mega-Robot Technology Co., Ltd. (北京鎂伽機器人科技有限公司). Since July 2019, she has worked at DeepKinase Biotechnologies (Zhuhai) Co., Ltd. (嘉華藥銳科技(珠海)有限公司) as director, co-founder and chief business officer and is responsible for corporate strategy and financing.

Ms. Xiao received her bachelor's degree in life science from Peking University (北京大學) in the PRC in July 2005, and her Master of Business Administration (MBA) degree from Tsinghua University (清華大學) in the PRC in June 2020.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets forth certain information in respect of the senior management of our Company:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as senior management	Role and responsibilities
Dr. MAO Wen (毛雯)	[43]	Executive Director, chairperson of our Board, chief executive officer	May 2019	May 2019	Responsible for overseeing all core-product R&D, registration, manufacturing, and commercialization
Mr. ZHANG Yuyan (張煜彥)	[42]	Executive Director and chief technology officer	November 2020	November 2020	Responsible for overseeing group level strategy for technology and product development
Mr. OU Junlin (歐軍林)	[47]	Vice general manager	April 2023	April 2023	Responsible for overseeing departments of medical marketing, market access, and branding
Mr. Guo Zhong (郭眾)	[36]	Secretary to the Board and joint company secretary	January 2026	February 5, 2026*(Note)*	Supervision of financing and investment related matters of our Group

Note: The appointment will become effective upon the [**REDACTED**].

The following sets forth the biographies of our senior management:

For biographical details of Dr. Mao and Mr. Zhang Yuyan, see "— Executive Directors" in this section. The details of the other senior management member are set out below:

Mr. OU Junlin (歐軍林), aged [47], joined our Group as vice general manager in April 2023. He is responsible for overseeing departments of medical marketing, market access, and brand. Mr. Ou has also assumed various positions in our subsidiaries. He has served as the executive director and general manager of Guangxi Nuogang since August 2023, the supervisor of Novlead Beijing since October 2023, the director of Novlead Yulin since March 2025, and the manager of Changsha Nuoshi since February 2026.

Prior to joining our Group, Mr. Ou worked at Xi'an Janssen Pharmaceutical Ltd. (西安楊森製藥有限公司), a company principally engaged in the research, development, manufacturing and sales of prescription drugs, over-the-counter (OTC) drugs, and medical devices operating across therapeutic areas including gastroenterology, oncology, and immunology, as project manager from February 2008 to April 2010. From April 2010 to July 2013, he worked at Beijing Novartis Pharma Co., Ltd. (北京諾華製藥有限公司) as regional sales manager and was responsible for sales management. From July 2017 to April 2023, he worked at Hunan Youan Medical Technology Co., Ltd. (湖南優安醫學科技有限公司) as general manager and was responsible for company's business and strategy.

Mr. Ou received his bachelor's degree in clinical medicine from the University of South China (南華大學) in the PRC in July 2002, and his master's degree in social medicine and health service management from the same university in June 2019.

Mr. GUO Zhong (郭眾), aged [36], joined our Group in January 2026 and was appointed as the secretary of our Board and the joint company secretary in February 2026 effective upon the [**REDACTED**].

Prior to joining our Group, from October 2015 to July 2016, Mr. Guo worked at Ernst & Young (China) Advisory Limited Tianjin Branch (安永(中國)企業諮詢有限公司天津分公司) and provided tax advisory services. From October 2016 to January 2021, Mr. Guo worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP Nanjing Branch (德勤華永會計師事務所(特殊普通合夥)南京分所) as a senior auditor, where he was responsible for providing auditing service. From January 2021 to January 2026, Mr. Guo worked at Shenwan Hongyuan Financing Services Co., Ltd (申萬宏源證券承銷保薦有限責任公司) as senior vice president (SVP), where he was responsible for initial public offering filings and listings.

Mr. Guo received his bachelor's degree in economics from Yangzhou University (揚州大學) in the PRC in June 2012, and his master's degree in regional economics from Nanjing Normal University (南京師範大學) in the PRC in June 2015. Mr. Guo was admitted as a Chinese Certified Public Accountant by the Chinese Institute of Certified Public Accountants in December 2019 and as Chinese Tax Advisor by the China Certified Tax Agents Association in November 2019. Mr. Guo obtained the securities professional qualification issued by the Securities Association of China in September 2014.

GENERAL

Save as otherwise disclosed in this document, none of our Directors or senior management members of our Company holds and has held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date.

None of our Directors or senior management members of our Company has any relationship with any Directors or senior management members of our Company.

Save as disclosed in this section, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules as of the Latest Practicable Date.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he/she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he/she (i) obtained the legal advice referred to under Rule 3.09D of the Listing Rules in February 2026, and (ii) understands his/her obligations as a director of a [**REDACTED**] under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our proposed independent non-executive Directors has confirmed (i) his/her independence after taking into account each of the factors referred to in Rules 3.13(1) to 3.13(8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of our Company, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

JOINT COMPANY SECRETARIES

Mr. GUO Zhong (郭眾) was appointed as our joint company secretary in February 2026, see "— Senior Management" for his biographical details.

Mr. POON Ping Yeung (潘秉揚) was appointed as one of our joint company secretaries in February 2026.

Mr. Poon is the senior manager of the listed & fiduciary corporate services of Trident Corporate Services (Asia) Limited, a global professional services firm. He has over twelve years of professional experience in company secretarial field. He is currently a joint company secretary of each of Boyaa Interactive International Limited (a company listed on the Stock Exchange (stock code: 434.HK)), Zhejiang Taimei Medical Technology Co., Ltd. (a company listed on the Stock Exchange (stock code: 2576.HK)) and Shanghai REFIRE Group Limited (a company listed on the Stock Exchange (stock code: 2570.HK)).

Mr. Poon received his bachelor's degree in arts (major in social policy and administration) from The Hong Kong Polytechnic University in Hong Kong in October 2012. He received his master's degree in corporate governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) in Hong Kong in October 2019.

Mr. Poon is an associate member (a holder of practitioner's endorsement) of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code as set out in the Appendix C1 to the Listing Rules, our Company has formed three Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The Audit Committee consists of Mr. Li Shu Pai, Mr. Liu Feng and Mr. He Xing, with Mr. Li Shu Pai being the chairperson of the committee. Mr. Li Shu Pai and Mr. Liu Feng hold the appropriate accounting or related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management systems, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board, which include, amongst other things, (i) proposing to our Board the appointment and

replacement of external audit firms, (ii) supervising the implementation of our internal audit system, (iii) liaising between our internal audit department and external auditors, (iv) reviewing our financial information and related disclosures, and (v) other duties conferred by our Board.

Remuneration and Appraisal Committee

We have established a remuneration and appraisal committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of Mr. Liu Feng, Dr. Mao and Ms. Xiao Yun, with Mr. Liu Feng being the chairperson of the committee.

The primary duties of the Remuneration and Appraisal Committee are to develop remuneration and appraisal policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefits, which include, amongst other things, (i) establishing, reviewing and making recommendations to our Board on our policy and structure concerning remuneration and appraisal of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and appraisal, (ii) determining the terms of the specific remuneration package of each Director and members of senior management, (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time, (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules, and (v) other duties conferred by our Board.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of part 2 of the Corporate Governance Code. The Nomination Committee consists of Dr. Mao, Ms. Xiao Yun and Mr. Li Shu Pai, with Dr. Mao being the chairperson of the committee.

The primary duties of the Nomination Committee are to make recommendations to our Board in relation to the appointment and removal of our Directors which include, amongst other things, (i) reviewing the structure, size and composition of our Board on a regular basis, assisting our Board in maintaining a board skills matrix, and making recommendations to our Board regarding any proposed changes, (ii) identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships, (iii) assessing the independence of independent non-executive Directors, (iv) making recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors, (v) supporting our Company's regular evaluation of our Board's performance, and (vi) other duties conferred by our Board.

CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules after the [**REDACTED**], except for Code Provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairperson of the Board and chief executive officer are currently performed by Dr. Mao. In view of Dr. Mao's substantial contribution to our Group and her extensive experience in the industry and corporate management, we consider that having Dr. Mao acting as both our chairperson of the Board and chief executive officer will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it

appropriate and beneficial to our business development and prospects that Dr. Mao continues to act as both our chairperson of the Board and chief executive officer after the [**REDACTED**], and therefore currently do not propose to separate the functions of chairperson of the Board and chief executive officer of the Company.

While this would constitute a deviation from Code Provision C.2.1 of Part 2 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Hong Kong Listing Rules; (ii) Dr. Mao and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of our Group and the Shareholders; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic development and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance of our Group in order to assess whether separation of the roles of chairperson of the Board and chief executive of the Company is necessary.

BOARD AND WORKPLACE DIVERSITY POLICY

We are committed to promoting diversity development in the Company. In order to maintain our corporate governance structure and to achieve sustainable and balanced corporate development, we have adopted a Board and workplace diversity policy (the "**Diversity Policy**") which sets out the objectives for and approaches to achieving and maintaining diversity at the Company.

Pursuant to the Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, age, cultural and educational background, and professional experience. The ultimate decision of each appointment will be based on merit and the contribution which the selected candidates are expected to bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including but not limited to depth of experience in the areas of overall management and strategic development, finance, accounting and corporate governance in addition to industry experience. Upon [**REDACTED**], we have three independent non-executive Directors with different industry backgrounds, with solid professional experiences in the fields of medical device, finance and accounting, representing one-third of the members of our Board.

Our Company has evaluated the structure, size and composition of our Board, taking into account the skills matrix of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors will enable our Company to maintain a high standard of operations. This is evidenced by the fact that our Directors range in age from [39] to [63] years old, and our Board comprises three female Director(s) and six male Director(s) upon [**REDACTED**]. Taking into account our existing business model and specific needs, as well as the different backgrounds of our Directors, the composition of our Board satisfies our Diversity Policy. Our Nomination Committee is responsible for ensuring the diversity of our Board, and will continue to be responsible for the same after the [**REDACTED**].

Apart from diversity within our Board, we recognize the importance of gender diversity, which we have taken, and will continue to take, steps to promote at all levels of our Company, including at the Board, senior management and workforce (excluding senior management) level. Going forward, in accordance with the Diversity Policy, we will have at least one female Director at all times, we will ensure that a female Director serves on the Nomination Committee at all times,

and we will continue to work to enhance gender diversity when selecting and recommending suitable candidates across the Board, senior management and workforce (excluding senior management) levels. We will strive to enhance female representation within the Company and will maintain a non-single gender Board at all times with reference to stakeholders' expectations and international standards and best practices. In particular, we aim to develop a pipeline of female employees from the workforce to reach senior management level and become potential successors to the Board by implementing comprehensive programs aimed at identifying and training our female employees who display leadership and potential, and ensuring that our female management members have equal opportunities to develop and perform so as to be equipped to step up as a member of our Board.

After the [**REDACTED**], our Nomination Committee will, among its other duties, review the Diversity Policy and its implementation from time to time to ensure its continued effectiveness, and we will disclose the Diversity Policy or a summary thereof in the corporate governance report of the Company on an annual basis.

REMUNERATION OF DIRECTORS

Our Directors receive remuneration in the form of salaries, allowances, discretionary bonuses, share-based compensation and retirement benefit scheme contributions. For more information on the remuneration of the Directors and chief executive during the Track Record Period as well as information on the five highest paid individuals, please see Notes 11 and 13 of the Accountants' Report set out in Appendix I.

For the two financial years ended December 31, 2025 and the six months ended June 30, 2026, the aggregate amount of remuneration paid or payable to our Directors amounted to RMB3.5 million, RMB3.8 million and RMB1.8 million, respectively. Under the current arrangement, we estimate the total remuneration to be paid to our Directors for the year ending December 31, 2026 to be approximately RMB4.4 million.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Rainbow Capital (HK) Limited as our Compliance Advisor pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including (i) before the publication of any announcements, circulars or financial reports, (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases, (iii) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document, and (iv) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or [**REDACTED**] of its [**REDACTED**] securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

		As of the Latest Practicable Date without taking into account the [REDACTED]		Immediately following completion of the [REDACTED] (taking into account the [REDACTED] and assuming the [REDACTED] is not exercised)[1]	
Name of Shareholder	**Capacity/Nature of interest**	**Number of Shares held**	**Approximate percentage of shareholding in the total issued share capital of our Company**	**Number of H Shares held[1]**	**Approximate percentage of shareholding in the total issued share capital of our Company**
			(%)		*(%)*
Dr. Mao[3]	Beneficial owner	600,000	7.14%	[**REDACTED**]	[**REDACTED**]%
	Controlled corporations	1,859,117	22.12%	[**REDACTED**]	[**REDACTED**]%
Jingning Noring[3]	Beneficial owner	1,799,117	21.41%	[**REDACTED**]	[**REDACTED**]%
Dr. Yang Minmin[4]	Controlled corporations	907,360	10.80%	[**REDACTED**]	[**REDACTED**]%
	Interest of spouse	628,671	7.48%	[**REDACTED**]	[**REDACTED**]%
Dr. Yu Qin[4]	Controlled corporations	628,671	7.48%	[**REDACTED**]	[**REDACTED**]%
	Interest of spouse	907,360	10.80%	[**REDACTED**]	[**REDACTED**]%
Suzhou Lirun[5]	Beneficial owner	1,014,988	12.08%	[**REDACTED**]	[**REDACTED**]%
Shanghai Likun Enterprise Management Partnership (L.P.) (上海禮堃企業管理合夥企業(有限合夥))[5]	Controlled corporations	1,014,988	12.08%	[**REDACTED**]	[**REDACTED**]%
Shanghai Liyao Investment Management Co., Ltd. (上海禮曜投資管理有限公司)[5]	Controlled corporations	1,014,988	12.08%	[**REDACTED**]	[**REDACTED**]%
Dr. Chen Fei (陳飛)[5]	Controlled corporations	1,014,988	12.08%	[**REDACTED**]	[**REDACTED**]%
Mr. Cao Guiping	Beneficial owner	450,000	5.35%	[**REDACTED**]	[**REDACTED**]%
Eaglenos Sciences[4]	Beneficial owner	494,860	5.89%	[**REDACTED**]	[**REDACTED**]%
InnoMed Innovation	Beneficial owner	412,500	4.91%	[**REDACTED**]	[**REDACTED**]%
Nanjing Noyikang[4]	Beneficial owner	337,500	4.02%	[**REDACTED**]	[**REDACTED**]%
Nanjing Aoning[4]	Beneficial owner	291,171	3.46%	[**REDACTED**]	[**REDACTED**]%
Lingxing Hainan[3]	Beneficial owner	60,000	0.71%	[**REDACTED**]	[**REDACTED**]%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The calculation is based on the total number of [**REDACTED**] H Shares in issue immediately after completion of the [**REDACTED**] since [**REDACTED**] Unlisted Shares will be converted into H Shares and [**REDACTED**] H Shares will be issued pursuant to the [**REDACTED**], taking into account the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised.

(3) As of the Latest Practicable Date, (i) Dr. Mao directly held approximately 7.14% of our issued Shares, (ii) Jingning Noring directly held approximately 21.41% of our issued Shares; and (iii) Lingxing Hainan directly held approximately 0.71% of our issued Shares. Jingning Noring is owned as to 21.12% by Dr. Mao as a limited partner and its general partner is Nanjing Miyu Technology Co., Ltd. (南京幂羽科技有限公司) ("**Nanjing Miyu**"), which is a company wholly owned by Dr. Mao. Further, Jingning Noring is owned as to 14.23% by Jingning Nuoming, which is owned as to 53.33% by Nanjing Miyu as the general partner. No other limited partner is holding 30% or more partnership interest in Jingning Noring. Dr. Mao therefore is entitled to full control over the voting rights exercisable by Jingning Noring in our Company. Lingxing Hainan is owned as to 45.14% by Dr. Mao as a limited partner and its general partner is Mr. Zhang Yuyan, our executive Director, who has entrusted the voting rights as a general partner in Lingxing Hainan to Dr. Mao pursuant to a voting proxy dated December 10, 2025. As such, Dr. Mao is entitled to full control over the voting rights exercisable by Lingxing Hainan in our Company. Therefore, under the SFO, Dr. Mao is deemed to be interested in the Shares held by Jingning Noring and Lingxing Hainan.

(4) As of the Latest Practicable Date, (i) Eaglenos Sciences is owned as to 47.97% by Dr. Yang Minmin, with no other shareholder holding 30% or more interests therein, (ii) Nanjing Aoning is controlled by its general partner Dr. Yu Qin, (iii) Nanjing Noyikang is controlled by its general partner Nanjing Aoning, which is ultimately controlled by Dr. Yu Qin, and (iv) Dr. Yang Minmin holds approximately 33.33% partnership in InnoMed Innovation. Dr. Yang Minmin and Dr. Yu Qin are spouses. Therefore, under the SFO, Dr. Yang Minmin and Dr. Yu Qin are deemed to be interested in the Shares held by Eaglenos Sciences, InnoMed Innovation, Nanjing Aoning and Nanjing Noyikang.

(5) As of the Latest Practicable Date, the general partner of Suzhou Lirun was Shanghai Likun Enterprise Management Partnership (L.P.) (上海禮堃企業管理合夥企業(有限合夥)) ("**Shanghai Likun**"), the general partner of which was Shanghai Liyao Investment Management Co., Ltd. (上海禮曜投資管理有限公司) ("**Shanghai Liyao**"), which was in turn wholly owned by Dr. Chen Fei. Therefore, under the SFO, Dr. Chen Fei, Shanghai Likun and Shanghai Liyao are deemed to be interested in the Shares held by Suzhou Lirun.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), without taking into account the [**REDACTED**] that may be taken up under the [**REDACTED**], have any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB8,405,122, comprising 8,405,122 Unlisted Shares of nominal value RMB1.0 each.

UPON THE COMPLETION OF THE [REDACTED] AND THE [REDACTED]

Immediately after the [**REDACTED**], the registered share capital of the Company will be RMB8,405,122 with [**REDACTED**] Shares in a nominal value of RMB[**REDACTED**] each. Assuming the [**REDACTED**] is not exercised, the share capital of our Company immediately following completion of the [**REDACTED**] (taking into account the [**REDACTED**]) will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of our Company
		(%)
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100%**

Assuming the [**REDACTED**] is fully exercised, the share capital of our Company immediately following completion of the [**REDACTED**] (taking into account the [**REDACTED**]), will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of our Company
		(%)
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

RANKING

The H Shares in issue upon completion of the [**REDACTED**] and the Unlisted Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares. However, apart from certain qualified domestic institutional [**REDACTED**] in the PRC, the qualified PRC [**REDACTED**] under the Shanghai- Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

Unlisted Shares and H Shares will rank pari passu with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be [**REDACTED**] and [**REDACTED**] on an overseas stock exchange provided that the required filings with the securities regulatory authorities of the State Council for the conversion, [**REDACTED**] and [**REDACTED**] of such converted Shares have been completed. Additionally, such conversion, [**REDACTED**] and [**REDACTED**] shall meet any requirement of internal approval process and in all respects comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Unlisted Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Stock Exchange, the filings and approvals with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the [**REDACTED**] of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the [**REDACTED**] to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the [**REDACTED**]. As the [**REDACTED**] of additional Shares after the [**REDACTED**] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior [**REDACTED**] for [**REDACTED**] at the time of our [**REDACTED**] in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the [**REDACTED**] and [**REDACTED**] of such converted Shares on an overseas stock exchange. Any [**REDACTED**] for [**REDACTED**] of the converted shares on the Stock Exchange after our initial [**REDACTED**] is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the [**REDACTED**] maintained in Hong Kong and instruct the [**REDACTED**] to issue [**REDACTED**]. Registration on the [**REDACTED**] of our Company will be on the conditions that (i) the [**REDACTED**] lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the [**REDACTED**] and the due dispatch of [**REDACTED**]; and (ii) the admission of the H Shares to be [**REDACTED**] on the Stock Exchange complies with the Listing Rules and the [**REDACTED**] and the [**REDACTED**] in force from time to time. Until the converted Shares are [**REDACTED**] on the [**REDACTED**] of our Company, such Shares would not be [**REDACTED**] as H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

Pursuant to the PRC Company Law, our Shares issued prior to the [**REDACTED**] shall not be transferred within one year from the [**REDACTED**].

Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors and members of the senior management in our Company.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See "Summary of Articles of Association" in Appendix III to this document.

PRE-[REDACTED] EMPLOYEE INCENTIVE SCHEME

Our Company adopted the Pre-[**REDACTED**] Employee Incentive Scheme. For further details, see "Statutory and General Information — D. Pre-[**REDACTED**] Employee Incentive Scheme" in Appendix IV to this document.

SHAREHOLDERS' GENERAL MEETING

See "Summary of Articles of Association" in Appendix III to this document for details of circumstances under which our general meeting is required.

GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

Subject to the completion of the [**REDACTED**], pursuant to the Shareholders resolutions of the Company, the Board was granted with (a) a general mandate to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the H Shares in issue as at the date of the completion of the [**REDACTED**] (excluding additional H Shares which may be issued pursuant to the exercise of the [**REDACTED**] and treasury shares, if any); and (b) a general mandate to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the H Shares in issue as at the date of the completion of the [**REDACTED**] (excluding additional H Shares which may be issued pursuant to the exercise of the [**REDACTED**] and treasury shares, if any). For details of the general mandates to issue and repurchase Shares, see "Appendix IV – Statutory and General Information – Further Information about Our Company – Resolutions of our Shareholders."

You should read the following discussion and analysis with our consolidated financial information, including the notes thereto, included in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with Hong Kong Financial Reporting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" and "Business" in this Document.

For the purpose of this section, unless the context otherwise requires, references to the year of 2024 and 2025 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis. Discrepancies between totals and sums of amounts listed in this section in any table or elsewhere in this document may be due to rounding.

OVERVIEW

Incorporated in 2018, we operate in the gas-based cardiopulmonary device market, with a focus on the development and commercialization of inhaled nitric oxide (iNO) therapy. As of the Latest Practicable Date, we had five approved products and five product candidates under development, spanning three major product lines addressing cardiopulmonary care across critical care, inpatient, outpatient and home-based disease management — (i) iNO therapy, (ii) cardiopulmonary circulatory support, and (iii) respiratory diagnostics. All our products are independently developed in-house. Our Core Product, iNOwill, was approved by the NMPA in 2022 and received EU CE certification in 2025. It delivers iNO as a selective pulmonary vasodilator, which is not curative but provides support primarily in acute and critical care settings for patients with severe cardiopulmonary disease such as pulmonary hypertension, requiring ICU and bedside hospital care. While our Core Product currently targets a specific patient subgroup with a relatively limited addressable market, we are pursuing indication expansion for iNOwill to broaden its potential clinical applications and addressable patient population, subject to successful clinical development and regulatory approval.

BASIS OF PRESENTATION AND PREPARATION

Our historical financial information has been prepared based on the accounting policies which conform with IFRS Accounting standards ("**IFRSs**") issued by International Accountings Standards Board ("**IASB**"). For details of the basis of preparation, see Note 2 to the Accountants' Report included in Appendix I to this document.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations have been, and are expected to continue to be, materially affected by the following company-specific factors:

Growth of Gas-based Cardiopulmonary Therapeutic and Diagnostic Device Market

Our financial performance and future growth are dependent on the overall growth of gas-based cardiopulmonary therapeutic and diagnostic device market, especially the iNO market. According to Frost & Sullivan, the global iNO market reached US$1,054.1 million in 2025 and is expected to grow at a CAGR of 8.4% to reach US$1,580.4 million in 2030. While China's iNO therapy market is currently small, it has experienced rapid growth and shown strong potential. The market size expanded from US$3.5 million in 2020 to US$12.5 million in 2025, representing a CAGR of 30.3%, and is expected to increase to US$66.9 million in 2030 at a CAGR of 39.6%, according to the same source. The growth in both global and Chinese market are primarily driven by large patient pool, broader dissemination of guidelines and expert consensus that improves appropriate patient identification, rapid expansion of critical-care infrastructure, and the technology shift from traditional heavy high-pressure NO cylinders to instant-generation systems which remove many logistical burdens for iNO therapy.

Our ability to successfully capture the rapidly growing market opportunities in iNO therapy market is critical to our business development. With the strong growth prospects of iNO therapy market, we expect our results of operations and financial performance to improve in the future.

Our Ability to Increase Sales and Market Penetration of Our Products

Our ability to successfully increase the sales volume of our approved products is critical to our business and results of operations. As of the Latest Practicable Date, we had five commercialized products. In 2024, 2025 and the six months ended June 30, 2025 and 2026, our revenue from sales of medical devices amounted to RMB41.1 million, RMB58.5 million, RMB21.5 million and RMB56.4 million, accounting for 90.2%, 92.6%, 96.1% and 97.1% of our total revenue, respectively. Revenue from our Core Product amounted to RMB27.1 million, RMB33.6 million, RMB13.3 million and RMB23.8 million, accounting for 59.6%, 53.1%, 59.4% and 40.9% of our total revenue during the same years/periods, respectively. We expect that sales of our medical devices will continue to account for a substantially portion of our total revenue. Leveraging our position in electrochemical instant-generation NO technologies, we are well positioned to expand market adoption of our iNOwill products through deepened relationships with key opinion leaders, clinical experts across multiple departments and top-tier hospitals.

Our Ability to Develop and Commercialize our Product Candidates

Our business and operating results rely on our ability to effectively develop and commercialize our product candidates. Demonstrating positive outcomes in clinical trials and procedures, and obtaining regulatory approvals timely are critical to our success. We plan to continue to advance our product pipeline, which we believe will enable us to capture more market opportunities and expand the overall addressable patient population. Our results of operations also depend on our ability to successfully commercialize our product candidates upon approval. We plan to further deepen the penetration of our products in different scenarios, For details about our plans and strategies, see "Business — Our Growth Strategies." However, our ability to successfully develop and commercialize new cardiopulmonary therapeutic and diagnostic device products in the manner we contemplate and to achieve the sales we expect is subject to a number of risks, many of which are beyond our control. For further details of the risks relating to the development and commercialization of new products, see "Risk Factors — Risks Relating to the Development and Commercialization of Our Products and Product Candidates."

Our Ability to Manage Research and Development of Our Products and Product Candidates

We devote significant resources on R&D activities, including conducting concept formation, feasibility assessment, and design and development through pre-clinical testing, clinical evaluation, registration and post-market iteration. Our R&D activities are key to develop new pipeline products, bring pipeline products to market, commercialize our products upon obtaining regulatory approval and expand indication for existing products and product candidates.

In 2024, 2025 and for the six months ended June 30, 2025 and 2026, our R&D expenses amounted to RMB33.0 million, RMB34.7 million, RMB13.7 million and RMB20.3 million, respectively, accounting for 36.5%, 38.5%, 36.1% and 34.9% of the total operating expenses, respectively, and 72.4%, 54.9%, 61.3% and 34.8% of our total revenue during the same years/periods, respectively. As we expect to further expand our product pipeline, we expect that our R&D expenses to increase in the absolute amount. At the same time, our ability to balance the need to invest in R&D activities and control our operating expenses is key to our ability to reach sustainable growth and profitability.

Our Ability to Manage Costs and Improve Operating Efficiency

Our effective control of cost of sales and our ability to improve operating efficiency have significant impacts on our results of operations. In 2024, 2025 and for the six months ended June 30, 2025 and 2026, our cost of sales was RMB18.5 million, RMB27.8 million, RMB11.2 million and RMB23.4 million, respectively, accounting for 40.7%, 44.1%, 50.1% and 40.2% of our total revenue during the same years/periods, respectively. In 2024, 2025 and for the six months ended June 30, 2025 and 2026, our total operating expenses were RMB90.2 million, RMB90.0 million, RMB38.1 million and RMB58.0 million, respectively. In 2024, 2025 and for the six months ended June 30, 2025 and 2026, our selling expenses and administrative expenses amounted to RMB57.3 million, RMB55.3 million, RMB24.4 million and RMB37.8 million, respectively, accounting for 125.7%, 87.5%, 108.7% and 65.0% of our total revenue during the same years/periods, respectively. As we recruit more experienced sales and marketing staff along with our market expansion after the product candidates' commercialization, we expect our selling and administrative expenses to increase in the future. We also plan to improve our operation efficiency to keep our operating expenses at a reasonable level relative to our achievements.

Our ability to Obtain Funding for Our Operations

During the Track Record Period and up to the Latest Practicable Date, we funded our operations primarily through capital contributions by our shareholders and bank borrowings. Going forward, we expect to further fund our operations with revenue generated from sales of our products and other financing sources. Any changes in our ability to fund our operations may affect our cash flow and liquidity position, limit our ability to carry out expansion strategies as planned, and otherwise affect our business operations, results of operations, and financial position.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates, assumptions, and complex judgments related to accounting items. These estimates, assumptions, and judgments have a significant impact on our financial position and results of operations. The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying our accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Our material accounting policy information, estimates and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Note 4 to the Accountants' Report included in Appendix I to this document.

SUMMARY OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The table below sets forth our consolidated statements of profit or loss for the years/periods indicated derived from the Accountants' Report included in Appendix I to this document:

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(RMB in thousands, except for percentages)							
Revenue	45,547	100.0	63,207	100.0	22,413	100.0	58,132	100.0
Cost of sales	(18,535)	(40.7)	(27,847)	(44.1)	(11,237)	(50.1)	(23,382)	(40.2)
Gross profit	**27,012**	**59.3**	**35,360**	**55.9**	**11,176**	**49.9**	**34,750**	**59.8**
Selling expenses	(31,197)	(68.5)	(30,479)	(48.2)	(12,530)	(55.9)	(23,216)	(40.0)
Administrative expenses	(26,067)	(57.2)	(24,832)	(39.3)	(11,824)	(52.8)	(14,562)	(25.0)
Research and development expenses	(32,982)	(72.4)	(34,678)	(54.9)	(13,741)	(61.3)	(20,251)	(34.8)
Other income	7,748	17.0	9,194	14.5	2,302	10.3	5,020	8.6
Other gains and losses	(867)	(1.9)	159	0.3	44	0.2	(247)	(0.4)
[**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Share of results of an associate	(93)	(0.2)	(243)	(0.4)	(33)	(0.1)	(44)	(0.1)
Impairment losses under expected credit loss model, net of reversal	(129)	(0.3)	(77)	(0.1)	(17)	(0.1)	6	0.0
Finance costs	(29,671)	(65.1)	(40,284)	(63.7)	(19,155)	(85.5)	(21,698)	(37.3)
Loss before tax	**(86,246)**	**(189.4)**	**(95,271)**	**(150.7)**	**(43,778)**	**(195.3)**	**(51,864)**	**(89.2)**
Income tax expense	–	–	–	–	–	–	–	–
Loss for the year/period	**(86,246)**	**(189.4)**	**(95,271)**	**(150.7)**	**(43,778)**	**(195.3)**	**(51,864)**	**(89.2)**
Other comprehensive income (expense)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	13	0.0	(19)	0.0	(1)	(0.0)	(62)	(0.1)
Total comprehensive expense for the year/period attributable to the owners of the Company	**(86,233)**	**(189.3)**	**(95,290)**	**(150.8)**	**(43,779)**	**(195.3)**	**(51,926)**	**(89.3)**

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we use adjusted net loss (Non-IFRS measure) and adjusted net loss margin (Non-IFRS measure) as non-IFRS measures, which are not required by, or presented in accordance with, IFRS.

We define adjusted net loss (Non-IFRS measure) as loss for the years/periods adjusted by adding back share-based payment expenses, interest expense on redemption liabilities and [**REDACTED**] expenses. Share-based payment expenses relate to our share incentive plan and are non-cash in nature. Interest expense on redemption liabilities is a non-cash accounting charge arising from the accretion of redemption amounts over time. The redemption right of our Shareholders shall be automatically terminated and the redemption liabilities shall be re-designated from liabilities to equity immediately upon the completion of the [**REDACTED**] as a result of the automatic conversion of the relevant shares into ordinary shares. We define adjusted net loss margin (Non-IFRS measure) as adjusted net loss (Non-IFRS measure) divided by corresponding revenue of the year/period. We believe that Non-IFRS measures facilitate the comparisons of operating performance and provide useful information to [**REDACTED**] in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of Non-IFRS measures for the years/periods may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and [**REDACTED**] should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following tables reconcile Non-IFRS measures for the years presented with the nearest measures prepared in accordance with IFRS Accounting Standards.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2024	2025	2025	2026
			(unaudited)	
	(RMB in thousands, except for percentages)			
Loss for the year/period	**(86,246)**	**(95,271)**	**(43,778)**	**(51,864)**
add back:				
Share-based payments expenses	1,493	1,423	730	1,443
Interest expense on redemption liabilities	28,679	39,543	18,750	21,302
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted net loss (Non-IFRS measure)	**(56,074)**	**(44,914)**	**(24,298)**	**(17,497)**
Adjusted net loss margin (Non-IFRS measure)	**(123.1%)**	**(71.1%)**	**(108.4%)**	**(30.1%)**

DESCRIPTION OF KEY COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

In 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded revenue of RMB45.5 million, RMB63.2 million, RMB22.4 million and RMB58.1 million, respectively.

Revenue by Segment

The following table sets forth a breakdown of our revenue by segment, in absolute amounts and as percentages of total revenue, for the years/periods indicated.

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(RMB in thousands, except for percentages)							
Medical devices								
iNO therapy devices	38,070	83.6	47,328	74.9	19,109	85.3	34,375	59.1
iNOwill	27,140	59.6	33,573	53.1	13,319	59.4	23,767	40.9
Cardiopulmonary circulatory support devices	–	–	6,536	10.3	–	–	19,047	32.8
Respiratory diagnosis devices	2,992	6.6	4,660	7.4	2,430	10.8	3,026	5.2
Subtotal	**41,062**	**90.2**	**58,524**	**92.6**	**21,539**	**96.1**	**56,448**	**97.1**
Others[(1)]	**4,485**	**9.8**	**4,683**	**7.4**	**874**	**3.9**	**1,684**	**2.9**
Total	**45,547**	**100.0**	**63,207**	**100.0**	**22,413**	**100.0**	**58,132**	**100.0**

Note:

(1) Consist of (i) contract development services where we conduct product development for customers based on our R&D capabilities, (ii) others, primarily including maintenance services provided to customers after the sales of our medical devices. Our maintenance service primarily covers the following with no additional charge: (1) after-sales services, including replacement of defective components, system upgrades, periodic equipment inspections, preventive maintenance and servicing, and (2) post-sales technical training for our distributor engineers. Upon expiration of the warranty period, we may continue to provide maintenance services and components for replacement at RMB150 to RMB41,000 for replacement components, RMB10,000 to RMB120,000 for maintenance services and RMB2,000 to RMB3,000 per distributor engineers trained. From time to time, we provide contract development services to customers when their demands align with our available R&D resources and overall development plans. Therefore, the contract development services we provided and revenue derived from it may subject to periodic changes.

For details of period-to-period changes of revenue, see "— Period-to-period Comparison of Results of Operations."

Revenue by Geographical Area

The following table sets forth a breakdown of our revenue by geographical location in absolute amounts and as percentages of our total revenue, for the years/periods indicated:

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(RMB in thousands, except for percentages)							
Chinese mainland	41,649	91.4	55,163	87.3	22,025	98.3	48,323	83.1
EU	–	–	4,505	7.1	–	–	3,676	6.3
Other countries and regions[(1)]	3,898	8.6	3,539	5.6	388	1.7	6,133	10.6
	45,547	**100.0**	**63,207**	**100.0**	**22,413**	**100.0**	**58,132**	**100.0**

Note:

(1) Comprise of other countries and regions, including Taiwan China, Hungary, Malaysia, Vietnam, Mongolia, etc. For a full list of other countries and regions, see Accountants' Report set out in Appendix I to this Document.

Revenue by Sales Channel

The following table sets forth a breakdown of our revenue by sales channel, in absolute amounts and as percentages of revenue, for the years/periods indicated.

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(RMB in thousands, except for percentages)							
Distributors	41,773	91.7	60,048	95.0	21,156	94.4	57,839	99.5
Direct sales	–	–	1,272	2.0	1,257	5.6	293	0.5
Others[(1)]	3,774	8.3	1,887	3.0	–	–	–	–
Total	**45,547**	**100.0**	**63,207**	**100.0**	**22,413**	**100.0**	**58,132**	**100.0**

Note:

(1) Consist of contract development services where we conduct product development for customers based on our R&D capabilities.

Sales Volume by Product

The following table sets forth a breakdown of our sales volume by product in units, in the years/periods indicated.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2024	2025	2025	2026
	(in units)			
iNO therapy devices				
iNOwill	146	182	66	153
eNOaire	132	160	67	149
Cardiopulmonary circulatory support devices				
NovaPulse IABP	–	33	0	91
Respiratory diagnosis devices				
Reslink	153	107	71	36
eNOglow	–	12	7	13
ETCO	–	2	0	0
Total	**431**	**496**	**211**	**442**

The following table sets forth a breakdown of our sales volume by geography in units, in the years/periods indicated.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2024	2025	2025	2026
	(in units)			
Chinese mainland	410	456	210	378
Overseas	21	40	1	64
Total	**431**	**496**	**211**	**442**

In light of (i) the increased sales volume in Chinese mainland, (ii) the sustained growth in demand for iNO therapy in the PRC market, and (iii) our product advantages, early-mover position and established distribution capabilities, our Directors are of the view that our domestic sales volume will continue to show an upward trend in a long term.

The following table sets forth a breakdown of our revenue by product, in absolute amounts and as percentages of total revenue, for the years/periods indicated.

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	Revenue	*%*	*Revenue*	*%*	*Revenue*	*%*	*Revenue*	*%*
					(unaudited)			
	(RMB in thousands, except for percentages)							
iNO therapy devices								
iNOwill	27,140	66.1	33,573	57.4	13,319	61.8	23,767	42.1
eNOaire	10,930	26.6	13,755	23.5	5,790	26.9	10,608	18.8
Cardiopulmonary circulatory support devices								
NovaPulse IABP	0	0.0	6,536	11.2	0	0.0	19,047	33.7
Respiratory diagnosis devices								
Reslink	2,992	7.3	3,292	5.6	1,757	8.2	1,617	2.9
eNOglow	0	0.0	1,235	2.1	673	3.1	1,409	2.5
ETCO	0	0.0	133	0.2	0	0.0	0	0.0
Total	**41,062**	**100.0**	**58,524**	**100.0**	**21,539**	**100.0**	**56,448**	**100.0**
Chinese mainland	37,164	90.5	50,480	86.3	21,151	98.2	46,639	82.6
Overseas	3,898	9.5	8,044	13.7	388	1.8	9,809	17.4
Total	**41,062**	**100.0**	**58,524**	**100.0**	**21,539**	**100.0**	**56,448**	**100.0**

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as percentages of our total cost of sales for the years/periods indicated:

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(RMB in thousands, except for percentages)							
Raw materials and consumables	14,560	78.5	21,950	78.8	8,803	78.3	20,322	86.9
Manufacturing costs	2,014	10.9	2,597	9.3	1,221	10.9	1,718	7.4
Labor costs	968	5.2	1,187	4.3	189	1.7	849	3.6
Others[(1)]	993	5.4	2,113	7.6	1,024	9.1	493	2.1
Total	**18,535**	**100.0**	**27,847**	**100.0**	**11,237**	**100.0**	**23,382**	**100.0**

Note:

(1) Primarily consist of tax expenses, impairment losses of assets and delivery costs.

The following table sets forth a breakdown of our cost of sales by segment in absolute amounts and as percentages of our total cost of sales for the years/periods indicated:

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(RMB in thousands, except for percentages)							
Medical devices								
iNO therapy devices	13,757	74.2	16,474	59.2	6,812	60.7	13,188	56.4
Cardiopulmonary circulatory support devices	–	–	2,645	9.5	–	–	6,940	29.7
Respiratory diagnosis devices	2,735	14.8	3,099	11.1	1,678	14.9	1,926	8.2
Subtotal	**16,492**	**89.0**	**22,218**	**79.8**	**8,490**	**75.6**	**22,054**	**94.3**
Others	**2,043**	**11.0**	**5,629**	**20.2**	**2,747**	**24.4**	**1,328**	**5.7**
Total	**18,535**	**100.0**	**27,847**	**100.0**	**11,237**	**100.0**	**23,382**	**100.0**

For details of period-to-period changes of cost of sales, see "— Period-to-period Comparison of Results of Operations."

Gross Profit and Gross Profit Margin

The table below sets forth the breakdown of our gross profit and gross profit margin by product categories for the years/periods indicated:

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(RMB in thousands, except for percentages)							
Medical devices								
iNO therapy devices	24,313	63.9	30,854	65.2	12,297	64.4	21,187	61.6
Cardiopulmonary circulatory support devices	–	–	3,891	59.5	–	–	12,107	63.6
Respiratory diagnosis devices	257	8.6	1,561	33.5	752	30.9	1,100	36.4
Subtotal	**24,570**	**59.8**	**36,306**	**62.0**	**13,049**	**60.6**	**34,394**	**60.9**
Others	**2,442**	**54.4**	**(946)**	**(20.2)**	**(1,873)**	**(214.3)**	**356**	**21.1**
Total	**27,012**	**59.3**	**35,360**	**55.9**	**11,176**	**49.9**	**34,750**	**59.8**

For details of period-to-period changes of gross profit and gross profit margin, see "— Period-to-period Comparison of Results of Operations."

Selling Expenses

The following table sets forth a breakdown of our selling expenses for the years/periods indicated.

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(RMB in thousands, except for percentages)							
Employee expenses	16,568	53.1	19,831	65.1	8,756	69.9	15,835	68.2
Marketing and other expenses	10,717	34.4	6,695	22.0	2,212	17.7	4,400	19.0
Travel expenses	2,528	8.1	2,660	8.7	978	7.8	2,226	9.6
Depreciation and amortization	728	2.3	980	3.2	427	3.4	638	2.7
Others[(1)]	656	2.1	313	1.0	157	1.2	117	0.5
Total	**31,197**	**100.0**	**30,479**	**100.0**	**12,530**	**100.0**	**23,216**	**100.0**

Note:

(1) Mainly consist of logistic expenses in connection with trainings and meetings of sales and marketing team, and office expenses.

Administrative Expenses

The following table sets forth a breakdown of our administrative expenses for the years/periods indicated.

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(RMB in thousands, except for percentages)							
Employee expenses	13,335	51.2	14,215	57.2	6,956	58.8	8,875	60.9
Depreciation and amortization	5,406	20.7	4,038	16.3	1,882	15.9	2,082	14.3
Office expenses	2,724	10.4	2,108	8.5	707	6.0	1,048	7.2
Professional service fees	1,488	5.7	1,924	7.7	1,125	9.5	1,595	11.0
Travel expenses	1,707	6.6	1,227	5.0	589	5.0	565	3.9
Others[(1)]	1,407	5.4	1,320	5.3	565	4.8	397	2.7
Total	**26,067**	**100.0**	**24,832**	**100.0**	**11,824**	**100.0**	**14,562**	**100.0**

Note:

(1) Mainly consist of reception fees and general operation expenses.

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses for the years/periods indicated.

	For the Year Ended December 31,				For the Six Months Ended June 30,			
	2024		2025		2025		2026	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
					(unaudited)			
	(RMB in thousands, except for percentages)							
Employee expenses	17,328	52.5	16,942	48.9	7,795	56.7	10,342	51.1
Material costs	6,487	19.7	5,440	15.7	2,774	20.2	3,031	15.0
Depreciation and amortization	2,068	6.3	2,207	6.3	1,109	8.1	1,178	5.8
Clinical trial fees	1,087	3.3	5,184	14.9	356	2.6	2,138	10.6
Registration and inspection fees	1,281	3.9	1,561	4.5	711	5.2	1,314	6.5
Patent fees	1,038	3.1	994	2.9	391	2.8	1,133	5.6
Travel expenses	553	1.7	527	1.5	226	1.6	317	1.6
Others[(1)]	3,140	9.5	1,823	5.3	379	2.8	798	3.8
Total	**32,982**	**100.0**	**34,678**	**100.0**	**13,741**	**100.0**	**20,251**	**100.0**

Note:

(1) Mainly consist of consultant fee in connection with our applications for IP and registered trials and office expenses.

In 2024, 2025 and for the six months ended June 30, 2025 and 2026, we recorded research and development costs attributable to our Core Product of RMB12.3 million, RMB14.5 million, RMB5.1 million and RMB8.7 million, respectively, representing 37.4%, 41.8%, 37.2% and 42.9% of our total research and development costs, and 13.9%, 16.1%, 13.4% and 14.8% of our total operating expenses in the corresponding years/periods, respectively. This was primarily because iNOwill had entered the commercialization stage in the PRC following its NMPA approval in 2022. Accordingly, while we continued to invest in the research and development of the Core Product, we also incurred significant selling and administrative expenses to support commercialization, including expanding our sales organization, market development and hospital penetration. In addition, as iNOwill represents a relatively innovative product in the PRC market, we incurred additional expenses for market education, physician engagement and clinical adoption to facilitate broader hospital acceptance following commercialization. Our research and development activities relating to the Core Product nevertheless continued throughout the Track Record Period. While research and development expenditure relating to the PH indication in the PRC moderated following the completion of its domestic registration, our research and development focus progressively shifted toward overseas regulatory registrations, indication expansion, ongoing clinical studies, product optimization and region-specific product development, reflecting the continued advancement of the Core Product. According to Frost & Sullivan, such expense profile is generally consistent with the commercialization stage of innovative medical device companies, where selling and administrative expenses typically increase more rapidly than research and development expenses as companies invest in commercialization and market adoption while continuing to advance research and development.

Other Income

The following table sets forth a breakdown of our other income and gains for the years/periods indicated.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2024	2025	2025	2026
			(unaudited)	
	(RMB in thousands)			
Government grant	2,969	5,266	306	3,605
Interest income from time deposits and bank balances	3,948	3,437	1,740	1,341
Interest income from structured deposits	644	436	200	25
Others[(1)]	187	55	56	49
Total	**7,748**	**9,194**	**2,302**	**5,020**

Note:
(1) Mainly consist of the refund in connection with individual income tax.

Other Gains and Losses

The following table sets forth a breakdown of our other gains and losses for the years/periods indicated.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2024	2025	2025	2026
			(unaudited)	
	(RMB in thousands)			
Losses on disposals of property and equipment	(514)	–	–	–
Losses on disposals of intangible assets	(694)	–	–	–
Losses on termination of lease	(2)	–	–	–
Net foreign exchange gains (losses)	27	(75)	(3)	(207)
Others[(1)]	316	234	47	(40)
Total	**(867)**	**159**	**44**	**(247)**

Note:
(1) Mainly consist of VAT deductions.

Share of Results of an Associate

Share of result of an associate reflects loss resulted from our equity investment in a medical company. Our share of losses of an associate was RMB93 thousand, RMB243 thousand, RMB33 thousand and RMB44 thousand in 2024, 2025 and for the six months ended June 30, 2025 and 2026, respectively.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

Our impairment losses represent the impairment losses on trade receivables due from our customers, or reversal of impairment losses if we expect our credit loss to decrease. We incurred impairment losses of RMB129 thousand, RMB77 thousand and RMB17 thousand in 2024, 2025 and the six months ended June 30, 2025, respectively, and a net reversal of impairment loss of RMB6 thousand in the six months ended June 30, 2026.

Finance Costs

The following table sets forth the components of our finance costs for the years/periods indicated.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2024	2025	2025	2026
			(unaudited)	
	(RMB in thousands)			
Interest expense on:				
Redemption liabilities	28,679	39,543	18,750	21,302
Bank borrowings	837	508	310	321
Lease liabilities	155	233	95	75
Total	**29,671**	**40,284**	**19,155**	**21,698**

Loss for the Year/Period

As a result of the foregoing, our net loss in 2024, 2025 and the six months ended June 30, 2025 and 2026 was RMB86.2 million, RMB95.3 million, RMB43.8 million and RMB51.9 million, respectively.

TAXATION

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the statutory tax rate of the Company and its PRC subsidiaries is 25%.

We have been accredited as a "high and new technical enterprise" (the "**HNTE**") on November 6, 2023. We are entitled to a preferential income tax rate of 15% during the Track Record Period. Our PRC subsidiaries were subject to "small and thin-profit enterprises" and would benefit from a preferential tax rate of 20% under the EIT Law and enjoyed 75% reduction on annual taxable income during the Track Record Period.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits during the Track Record Period.

Novlead INC. was incorporated in the United States ("**U.S.**") and was subject to the federal statutory income tax at the rate of 21% and subject to the corporate income tax of the State of California at the rate of 8.84% on any estimated assessable profits arising in the US during the Track Record Period. No US profits tax was provided for as we did not have any assessable profits arising in the US during the Relevant Periods.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue

Our revenue increased by 159.4% from RMB22.4 million for the six months ended June 30, 2025 to RMB58.1 million for the six months ended June 30, 2026.

- ***Medical devices***. Our revenue derived from medical devices increased by 162.3% from RMB21.5 million for the six months ended June 30, 2025 to RMB56.4 million for the six months ended June 30, 2026, for the following reasons: (i) *iNO therapy devices*. Our revenue derived from iNO therapy devices increased by 80.1% from RMB19.1 million for the six months ended June 30, 2025 to RMB34.4 million for the six months ended June 30, 2026, primarily due to an increase in sales volume of our iNOwill from 66 units for the six months ended June 30, 2025 to 153 units for the six months ended June 30, 2026, and eNOaire products from 67 units for the six months ended June 30, 2025 to 149 units for the six months ended June 30, 2026. (ii) *Cardiopulmonary circulatory support devices*. We recorded revenue from cardiopulmonary circulatory support devices of RMB19.0 million in the six months ended June 30, 2026, which was contributed by sales of our NovaPulse in the six months ended June 30, 2026, which amounted to 91 units. (iii) *Respiratory diagnosis devices*. Our revenue derived from respiratory diagnosis devices increased by 25.0% from RMB2.4 million for the six months ended June 30, 2025 to RMB3.0 million for the six months ended June 30, 2026, primarily due to the increased sales of eNOglow.

- ***Other products and services***. Our revenue derived from other products and services increased by 88.9% from RMB0.9 million for the six months ended June 30, 2025 to RMB1.7 million for the six months ended June 30, 2026, primarily due to the substantial growth of the sales of consumer health products.

Cost of Sales

Our cost of sales increased by 108.9% from RMB11.2 million for the six months ended June 30, 2025 to RMB23.4 million for the six months ended June 30, 2026.

- ***Medical devices***. Our cost of sales for medical devices increased by 160.0% from RMB8.5 million for the six months ended June 30, 2025 to RMB22.1 million for the six months ended June 30, 2026, for the following reasons: (i) *iNO therapy devices*. Our cost of sales for iNO therapy devices increased by 94.1% from RMB6.8 million for the six months ended June 30, 2025 to RMB13.2 million for the six months ended June 30, 2026, in line with the growth of our revenue from medical devices. (ii) *Cardiopulmonary circulatory support devices*. We recorded cost of sales for cardiopulmonary circulatory support devices of RMB6.9 million for the six months ended June 30, 2026, in connection with our sales of NovaPulse IABP. (iii) *Respiratory diagnosis devices*. Our cost of sales for respiratory diagnosis devices increased by 11.8% from RMB1.7 million for the six months ended June 30, 2025 to RMB1.9 million for the six months ended June 30, 2026, which was in line with our revenue growth.

- ***Other products and services***. Our cost of sales for other products and services decreased by 51.9% from RMB2.7 million for the six months ended June 30, 2025 to RMB1.3 million for the six months ended June 30, 2026, primarily due to higher development costs incurred for the contract development services during the six months ended June 30, 2025.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 210.7% from RMB11.2 million for the six months ended June 30, 2025 to RMB34.8 million for the six months ended June 30, 2026. Our gross profit margin increased from 49.9% to 59.8% during the same periods.

- ***Medical devices***. Our gross profit for medical devices increased by 164.6% from RMB13.0 million for the six months ended June 30, 2025 to RMB34.4 million for the six months ended June 30, 2026 for the following reasons: (i) *iNO therapy devices*. Our gross profit for iNO therapy devices increased by 72.4% from RMB12.3 million for the six months ended June 30, 2025 to RMB21.2 million for the six months ended June 30, 2026, primarily due to an increase in revenue. Our gross profit margin of iNO therapy devices remained relatively stable, at 64.4% and 61.6% for the six months ended June 30, 2025 and 2026, respectively. (ii) *Cardiopulmonary circulatory support devices*. We recorded gross profit of RMB12.1 million from cardiopulmonary circulatory support devices in the six months ended June 30, 2026, in connection with our initial sales of NovaPulse IABP. (iii) *respiratory diagnosis devices*. Our gross profit from respiratory diagnosis devices increased from RMB752 thousand with a gross profit margin of 30.9% for the six months ended June 30, 2025 to RMB1.1 million with a gross profit margin of 36.4% for the six months ended June 30, 2026, mainly as we sold more eNOglow products, which carried higher gross margin.

- ***Other products and services***. We recorded a gross loss of RMB1.9 million for the six months ended June 30, 2025 and a gross profit of RMB0.4 million for the six months ended June 30, 2026, because we have substantially finished incurring development costs for the contract development services during the six months ended June 30, 2025, and incurred significantly fewer costs for the same period in 2026, which led to a change from gross loss to gross profit.

Selling Expenses

Our selling expenses increased by 85.6% from RMB12.5 million for the six months ended June 30, 2025 to RMB23.2 million for the six months ended June 30, 2026, primarily due to (i) an increase in employee expenses from RMB8.8 million to RMB15.8 million, mainly attributable to the expansion of our sales team and increased sales commissions, (ii) an increase in marketing and promotion expenses from RMB2.2 million to RMB4.4 million, mainly attributable to the promotion of new products and our expansion into overseas markets, and (iii) an increase in travelling expenses from RMB1.0 million to RMB2.2 million, mainly attributable to the increase in sales personnel and overseas business travel.

Administrative Expenses

Our administrative expenses increased by 23.7% from RMB11.8 million for the six months ended June 30, 2025 to RMB14.6 million for the six months ended June 30, 2026, primarily due to (i) an increase in professional service fees from RMB1.1 million to RMB1.6 million, mainly attributable to legal service fees, overseas business development consulting service fees and increased costs for quality system assessments at various factories, and (ii) an increase in employee expenses from RMB7.0 million to RMB8.9 million, mainly attributable to the additional personnel recruited in connection with the [**REDACTED**].

Research and Development Expenses

Our research and development expenses increased by 48.2% from RMB13.7 million for the six months ended June 30, 2025 to RMB20.3 million for the six months ended June 30, 2026, primarily due to (i) an increase in employee expenses from RMB7.8 million to RMB10.3 million, mainly attributable to the increase in research and development personnel and salary adjustments, (ii) an increase in clinical trial fees from RMB0.4 million to RMB2.1 million, mainly attributable to overseas clinical trials of our Core Product, and (iii) increases in registration and inspection fees and patent fees, mainly in connection with the overseas registration of our Core Product and additional PCT patent applications for our other products.

Other Income

Our other income increased by 117.4% from RMB2.3 million for the six months ended June 30, 2025 to RMB5.0 million for the six months ended June 30, 2026, as we received higher amount of government grants for the six months ended June 30, 2026 for, among others, technological innovation and market expansion.

Other Gains and Losses

We recorded other losses of RMB247 thousand for the six months ended June 30, 2026, as compared to other gains of RMB44 thousand for the six months ended June 30, 2025, primarily due to increases in net foreign exchange losses for the six months ended June 30, 2026.

Share of Results of an Associate

Our share of results of an associate amounted to RMB33 thousand and RMB44 thousand for the six months ended June 30, 2025 and 2026, respectively, primarily because the associate was in a phase of ongoing investment and operating at a loss.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

We recorded impairment losses of RMB17 thousand for the six months ended June 30, 2025 and a net reversal of impairment losses of RMB6 thousand for the six months ended June 30, 2026 in connection with the changes in our trade receivables.

Finance Costs

Our finance costs increased by 13.0% from RMB19.2 million for the six months ended June 30, 2025 to RMB21.7 million for the six months ended June 30, 2026. The increase was primarily attributable to an increase in interest expense on redemption liabilities in relation to our redemption obligations arising from the redemption rights granted to certain Shareholders.

Loss for the Period

For the reasons described above, our loss for the period increased by 18.5% from RMB43.8 million in the six months ended June 30, 2025 to RMB51.9 million in the six months ended June 30, 2026.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 38.8% from RMB45.5 million in 2024 to RMB63.2 million in 2025.

- ***Medical devices***. Our revenue derived from medical devices increased by 42.3% from RMB41.1 million in 2024 to RMB58.5 million in 2025, for the following reasons: (i) *iNO therapy devices.* Our revenue derived from iNO therapy devices increased by 24.3% from RMB38.1 million in 2024 to RMB47.3 million in 2025, primarily due to an increase in sales volume of our iNOwill from 146 units in 2024 to 182 units in 2025, and eNOaire products from 132 units in 2024 to 160 units in 2025. (ii) *Cardiopulmonary circulatory support devices.* We recorded revenue from cardiopulmonary circulatory support devices of RMB6.5 million in 2025, which was contributed by sales of our NovaPulse in 2025, which amounted to 33 units. (iii) *Respiratory diagnosis devices.* Our revenue derived from respiratory diagnosis devices increased by 56.7% from RMB3.0 million in 2024 to RMB4.7 million in 2025, primarily due to the increased sales of eNOglow and consumables related to Reslink.

- ***Other products and services***. Our revenue derived from other products and services increased by 4.4% from RMB4.5 million in 2024 to RMB4.7 million in 2025, primarily due to a decrease of revenue from contract development services from RMB3.8 million in 2024 to RMB1.9 million in 2025. The decrease was primarily because we substantially completed the milestone of relevant research and development services in 2024 and recognized revenue accordingly.

Cost of Sales

Our cost of sales increased by 50.3% from RMB18.5 million in 2024 to RMB27.8 million in 2025.

- ***Medical devices***. Our cost of sales for medical devices increased by 34.5% from RMB16.5 million in 2024 to RMB22.2 million in 2025, for the following reasons: (i) *iNO therapy devices.* Our cost of sales for iNO therapy devices increased from RMB13.8 million in 2024 to RMB16.5 million in 2025, in line with the growth of our revenue from medical devices. (ii) *Cardiopulmonary circulatory support devices.* We recorded cost of sales for cardiopulmonary circulatory support devices of RMB2.6 million in 2025, in connection with our sales of NovaPulse. (iii) *Respiratory diagnosis devices.* Our cost of sales for respiratory diagnosis devices increased by 14.8% from RMB2.7 million in 2024 to RMB3.1 million in 2025, which was in line with the revenue growth.

- ***Other products and services***. Our cost of sales for other products and services increased by 175.5% from RMB2.0 million in 2024 to RMB5.6 million in 2025, primarily due to an increase in costs for research and development services from RMB1.7 million to RMB4.4 million during the same years indicated.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 30.9% from RMB27.0 million in 2024 to RMB35.4 million in 2025. Our gross profit margin decreased from 59.3% to 55.9% during the same years.

- ***Medical devices***. Our gross profit for medical devices increased by 47.8% from RMB24.6 million in 2024 to RMB36.3 million in 2025, for the following reasons: (i) *iNO therapy devices*. Our gross profit for iNO therapy devices increased by 26.9% from RMB24.3 million in 2024 to RMB30.9 million in 2025, primarily due to an increase in revenue. Our gross profit margin of iNO therapy devices increased from 63.9% in 2024 to 65.2% in 2025, mainly due to changes in product mix and our increased sales in overseas regions, which carried higher gross profit margin. (ii) *Cardiopulmonary circulatory support devices*. We recorded gross profit of RMB3.9 million from cardiopulmonary circulatory support devices in 2025, in connection with our initial sales of NovaPulse. (iii) *respiratory diagnosis devices*. Our gross profit from respiratory diagnosis devices increased from RMB257 thousand with a gross profit margin of 8.6% in 2024 to RMB1.6 million with a gross profit margin of 33.5% in 2025, mainly due to changes in product mix as we sold more eNOglow products and consumables for Reslink, which carried higher gross margin.

- ***Other products and services***. We recorded a gross profit of RMB2.4 million in 2024 and a gross loss of RMB0.9 million in 2025, because we incurred higher cost than expected in performing a contract research development service, which outweighed our revenue stipulated in the contract with the customer. The gross loss position was arisen from the highly customized nature of service requirement of certain customers and does not reflect our overall business performance.

Selling Expenses

Our selling expenses decreased by 2.3% from RMB31.2 million in 2024 to RMB30.5 million in 2025, primarily due to a decrease in marketing and other expenses as well as other expenses. Since our Core Product obtained its PRC registration certificate in 2022, we have incurred large amount of selling and administrative expenses in connection with market development, hospital access and organizational build-up in the PRC for its commercialization, especially in 2024. As we gradually opened and expanded the market, we decided to narrowed down our expenses and experienced a decrease in marketing and other expenses. The decrease in selling expenses was partially offset by an increase in employee expenses, mainly due to increased bonuses to reward selling employees for good sales performance in 2025.

Administrative Expenses

Our administrative expenses decreased by 4.7% from RMB26.1 million in 2024 to RMB24.8 million in 2025, primarily due to a decrease in depreciation and amortization expenses as we primarily made the provision of depreciation and amortization in 2024.

Research and Development Expenses

Our research and development expenses increased by 5.1% from RMB33.0 million in 2024 to RMB34.7 million in 2025, primarily due to an increase in research and development expenses in connection with Core Product from RMB12.3 million in 2024 to RMB14.5 million in 2025.

Other Income

Our other income increased by 18.7% from RMB7.7 million in 2024 to RMB9.2 million in 2025, as we received higher amount of government grants in 2025 for, among others, technological innovation and market expansion.

Other Gains and Losses

We recorded other gains of RMB159 thousand in 2025, as compared to other losses of 867 thousand in 2024, primarily due to decrease in net losses on disposals of property and equipment and net losses on disposals of intangible asset, in connection with our disposal of assets of certain subsidiaries in 2024 only.

Share of Results of an Associate

Our share of results of an associate amounted to RMB93 thousand and RMB243 thousand in 2024 and 2025, respectively, primarily due to losses of the associate in which we made the investment in the fourth quarter of 2024.

Impairment Losses under Expected Credit Loss Model, Net of Reversal

We recorded impairment losses of RMB129 thousand in 2024 and RMB77 thousand in 2025 in connection with our trade receivables.

Finance Costs

Our finance costs increased by 35.8% from RMB29.7 million in 2024 to RMB40.3 million in 2025. The increase was primarily attributable to an increase in interest expense on redemption liabilities in relation to our redemption obligations arising from the redemption rights granted to certain Shareholders.

Loss for the Year

For the reasons described above, our loss for the year increased by 10.5% from RMB86.2 million in 2024 to RMB95.3 million in 2025.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our consolidated statements of financial position as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Total non-current assets	103,641	95,929	75,102
Total current assets	119,432	126,745	129,670
Total assets	**223,073**	**222,674**	**204,772**
Total non-current liabilities	434,112	522,458	542,157
Total current liabilities	44,192	48,973	61,855
Total liabilities	**478,304**	**571,431**	**604,012**
Net liabilities	**(255,231)**	**(348,757)**	**(399,240)**

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Current assets			
Inventories	11,535	14,749	18,679
Trade and other receivables	4,910	17,618	25,087
Financial assets at FVTPL	–	–	–
Value-added tax recoverable	1,673	1,686	1,520
Time deposits-current	32,214	44,316	32,120
Cash and cash equivalents	69,100	48,376	52,264
Total current asset	**119,432**	**126,745**	**129,670**
Current liabilities			
Trade and other payables	16,138	28,917	16,067
Bank borrowings	23,018	10,004	34,918
Lease liabilities-current	2,475	2,243	3,593
Provisions	1,336	2,648	3,762
Contract liabilities	1,225	5,161	3,515
Total current liabilities	**44,192**	**48,973**	**61,855**
Net current assets	**75,240**	**77,772**	**67,815**

During the Track Record Period, we had a net current assets position. The increase of net current assets from RMB75.2 million as of December 31, 2024 to RMB77.8 million as of December 31, 2025 was primarily due to (i) an decrease in bank borrowings by RMB13.0 million, (ii) an increase in trade and other receivables by RMB12.7 million and (iii) an increase in time deposits by RMB12.1 million, partially offset by (i) an decrease in cash and cash equivalents by RMB20.7 million and (ii) an increase in trade and other payables by RMB12.8 million.

The decrease of net current asset from RMB77.8 million as of December 31, 2025 to RMB67.8 million as of June 30, 2026 was primarily due to a decrease in the current portion of the time deposits by RMB12.2 million and an increase in bank borrowings by RMB24.9 million, partially offset by a decrease in trade and other payables by RMB12.9 million.

Assets

Property and Equipment

Our property and equipment primarily consists of (i) leasehold improvements, (ii) machinery equipment, (iii) office equipment, (iv) electronic and other equipment, and (v) construction in progress. The following table sets forth a breakdown of the net carrying amount of our property and equipment as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
		(RMB in thousands)	
Leasehold improvement	5,962	5,541	5,184
Machinery	11,742	13,493	13,204
Office furniture	1,327	802	518
Electronic and other equipment	398	311	447
Construction in progress	–	1,236	1,373
Total	**19,429**	**21,383**	**20,726**

Our property and equipment increased from RMB19.4 million as of December 31, 2024 to RMB21.4 million as of December 31, 2025. This increase was primarily attributable to an increase in machinery to meet the growing needs of the commercialization of NovaPulse IABP and R&D of our other pipeline programs. Our property and equipment then decreased to RMB20.7 million as of June 30, 2026, mainly as a result of depreciation during the ordinary course of business.

As of December 31, 2024, 2025 and June 30, 2026, no impairment indicators were identified notwithstanding that we recorded a loss. For discussion of the details relating to the impairment testing for non-financial assets (including property and equipment, right-of-use assets and intangible assets), see Note 16 to the Accountants' Report in Appendix I to this Document.

Right-of-use Assets

Our right-of-use assets are primarily related to our leased properties for office premises and manufacturing facilities. Lease contracts are entered into for fixed term from 1 to 3 years. Our right-of-use assets decreased from RMB5.9 million as of December 31, 2024 to RMB5.1 million as of December 31, 2025 and RMB3.9 million as of June 30, 2026, primarily due to the amortization of our right-of-use assets over the lease terms.

Intangible Assets

Our intangible assets include computer software related to our business operations. The net carrying amount of our intangible assets remained relatively stable at RMB0.6 million as of December 31, 2024 and RMB0.5 million as of December 31, 2025. Our intangible assets increased to RMB0.9 million as of June 30, 2026, primarily due to the ongoing development of new CRM software based on our business needs.

Interests in an Associate

Our interests in an associate represent our equity interest in a medical company. The net carrying amount of our interests in an associate decreased from RMB0.5 million as of December 31, 2024 to RMB0.3 million as of December 31, 2025 and RMB0.1 million as of June 30, 2026, primarily attributable to our decreased share of equity interest in and the net loss position of the medical company.

Other Non-current Assets

Our other non-current assets primarily consist of (i) rental deposits, and (ii) prepayments for the acquisition of property and equipment. Our other non-current assets decreased from RMB3.8 million as of December 31, 2024 to RMB1.9 million as of December 31, 2025, primarily attributable to a decrease in prepayments for the acquisition of property and equipment. Our other non-current assets then increased to RMB2.6 million as of June 30, 2026, in connection with prepayment for the acquisition of long-term assets for the development of our IABP products.

Time Deposits

Our time deposits consist of current and non-current components. Our total time deposits increased from RMB105.6 million as of December 31, 2024 to RMB111.0 million as of December 31, 2025, primarily due to an increase in the current portion of time deposits, partially offset by a decrease in the non-current portion of time deposits. Our total time deposits further decreased to RMB79.0 million as of June 30, 2026, as we ceased to continue purchasing time deposits in light of the continued decline in prevailing interest rates for time deposits. The changes in our time deposits reflects our implement of cash management measures in the ordinary course of our business.

Inventories

Our inventories primarily consist of (i) raw materials and consumables used in our product development and manufacture, (ii) work in progress and (iii) finished goods. Our inventories increased from RMB11.5 million as of December 31, 2024 to RMB14.7 million as of December 31, 2025 and RMB18.7 million as of June 30, 2026, primarily due to an increase in raw materials and consumables and work in progress which were in line with the growing demand of our products. The decrease in our finished goods was due to our continued effort to optimize our manufacturing processes and manufacture upon needs. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		As of June 30,
	2024	2025	2026
		(RMB in thousands)	
Raw materials and consumables	6,807	6,790	11,153
Work in progress	571	964	1,978
Finished goods	4,157	6,995	5,548
Total	**11,535**	**14,749**	**18,679**

The following table sets forth an aging analysis of our inventories, based on the invoice date and net of provision, as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
		(RMB in thousands)	
Less than one year	11,216	14,064	17,809
One year to two years	286	670	856
Two years to three years	33	15	14
Total	**11,535**	**14,749**	**18,679**

The following table sets forth the turnover days of our inventory for the years/period indicated:

	For the Year Ended December 31,		For the Six Months Ended June 30,
	2024	2025	2026
Inventory turnover days[(1)]	204	172	129

Note:

(1) Inventory turnover days for each year/period is calculated as the average inventory balance, derived from the beginning and ending inventory balances of the year/period, divided by the cost of sales for the same corresponding year/period, and then multiplied by the number of days in that year/period. For 2024, 2025 and the six months ended June 30, 2026, the number of days used was 366, 365 and 181, respectively.

During the Track Record Period, we had procured raw materials and consumables in relatively large quantities for lower prices as our cost optimization measures. In addition, some of our products require longer lead time for stocking and preparing. These two factors contribute to a relatively longer inventory turnover days. Our inventory turnover days were primarily affected by our sales forecasts and procurement cycle. Our inventory turnover days decreased from 204 days in 2024 to 172 days in 2025, and further to 129 days for the six months ended June 30, 2026, primarily due to (i) improved inventory management efficiency, including negotiating with suppliers to provide requested materials in batches and shorten the supply cycle and (ii) refined manufacturing processes which improve production efficiency and optimize our demands for inventory.

Our inventory management system is governed by our warehouse management policies to ensure that the raw materials and finished goods remain intact and traceable. Our planning and distribution department oversees receipt, storage, and dispatch, while the quality and regulatory department conducts rigorous inspections and final releases to ensure all materials meet safety standards. To safeguard our assets, we utilize designated, color-coded storage areas and perform daily temperature and humidity monitoring. We strictly adhere to the first-in-first-out (FIFO) principle and conduct quarterly spot checks alongside comprehensive annual physical counts.

We will continue to optimize inventory levels, improve the accuracy of procurement and production plans, strengthen supplier delivery cycle management, and, based on business development, capital needs, and financing costs, consider utilizing financing tools such as bank credit lines in a timely manner to further optimize working capital management and improve capital utilization efficiency. We have implemented the following measures to continuously optimize our inventory and cash conversion cycle, including to (i) strengthen the coordination of sales forecasting, production planning and procurement planning, and dynamically adjust inventory levels based on historical sales data, sales forecasts, production plans, and supplier delivery cycles; (ii) enhance supplier delivery cycle management and optimize safety stock levels according to actual needs, ensuring stable supply while reducing excessive inventory buildup; (iii) optimize inventory structure, improve the utilization efficiency of shareable raw materials and components across different product lines, and strengthen the management of stagnant and low-turnover inventory; (iv) make reasonable use of supplier credit periods according to contractual agreements, reducing the occupation of our own funds by inventory; and (v) maintain a sales policy based primarily on advance payments to reduce the occupation of working capital by accounts receivable.

Trade and Other Receivables

Our trade and other receivables primarily consisted of (i) trade receivables, (ii) prepayments to suppliers, (iii) deferred issue costs, (iv) deposits, and (v) others. The following table sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,		As of June 30,
	2024	2025	2026
		(RMB in thousands)	
Trade receivables	–	7,405	6,772
Prepayments to suppliers	4,280	7,072	9,680
Deferred issue costs	–	2,352	3,810
Prepayments for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Prepayments for issue costs	–	–	311
Deposits	241	401	2,049
Others	389	388	962
Total	**4,910**	**17,618**	**25,087**

Our trade and other receivables increased from RMB4.9 million as of December 31, 2024 to RMB17.6 million as of December 31, 2025, mainly due to an increase in trade receivables in relation to increased revenue from contract development services and increased trade receivables from certain overseas customers, and an increase in advances to suppliers by RMB2.8 million, as we increased our procurement of raw materials to support production of medical devices. Our trade and other receivables further increased to RMB25.1 million as of June 30, 2026, mainly due to an increase in deferred issue costs in relation to the [**REDACTED**], and an increase in prepayments to suppliers, to support production of our new IABP product line.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		As of June 30,
	2024	2025	2026
		(RMB in thousands)	
Within 90 days	–	7,392	6,757
91-180 days	–	13	2
180-365 days	–	–	13
Total	**–**	**7,405**	**6,772**

The following table sets forth our trade receivables turnover days during the years/period indicated.

	For the Year Ended December 31,		For the Six Months Ended June 30,
	2024	2025	2026
Trade receivables turnover days[(1)]	3	21	22

Note:

(1) Trade receivables turnover days for a period are calculated as the average of the opening and closing trade receivables balances divided by the revenue for the relevant year/period, and then multiplied by the number of days in that year/period. In 2024, 2025 and the six months ended June 30, 2026, the number of days used was 366, 365 and 181 days, respectively.

During the Track Record Period, we required the substantial majority of our domestic distributors to pay for our products before delivery and only granted credit terms to certain domestic and overseas distributors. As a result, we maintain a relatively shorter trade receivable turnover days. The trade receivables turnover days increased from 3 days in 2024 to 21 days in 2025, mainly due to the increase in trade receivables in connection with overseas product sales and our provision of technical services. Our trade receivable turnover days remained relatively stable at 22 days for the six months ended June 30, 2026.

Financial Assets at FVTPL

As of December 31, 2024, 2025 and June 30, 2026, we did not have financial assets measured at FVTPL.

We have established a structured process for managing our investments in wealth management products, which may comprise structured deposits. These investments shall be made with reputable banks in the Chinese mainland, designed solely for cash preservation and efficient liquidity management, without exposure to equity or market volatility. Investment proposals are initiated by our finance personnel, reviewed and approved by the financial management personnel who are Certified Public Accountants in the PRC. For structured deposits entered into by us, according to our Internal Funds Management Policy, the Chief Financial Officer and/or the Chief Executive Officer provide final approval prior to execution. These transactions are routine in nature, involve limited risk, and fall well below the financial thresholds requiring board-level oversight.

For external investments, asset acquisitions or disposals, asset mortgages, entrusted wealth management, related-party transactions and external donations, authorized personnel shall be responsible for evaluating and reviewing these transactions. Any proposed investment exceeding RMB5.0 million shall be submitted to the Board for review and approval. Any deviation from approved limits or material market movement triggers an immediate review.

Our investment strategy related to wealth management products aims to minimize the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, and to generate investment returns for the benefit of our Shareholders. Our investment in wealth management products with low risks and other proposed investment must not interfere with our daily operation and business prospects. After the [**REDACTED**], our investments in wealth management products will be subject to compliance with Chapter 14 of the Listing Rules.

Value-added Tax Recoverable

Our value-added tax recoverable remained relatively stable at RMB1.7 million as of December 31, 2024 and 2025, and at RMB1.5 million as of June 30, 2026.

Cash and Cash Equivalents

Our cash and cash equivalents decreased from RMB69.1 million as of December 31, 2024 to RMB48.4 million as of December 31, 2025 and increased to RMB52.3 million as of June 30, 2026, which was in line with our use of cash for business operations. For an analysis on cash flows during the Track Record Period, see "— Liquidity and Capital Resources."

Liabilities

Trade and Other Payables

Our trade and other payables primarily consisted of (i) trade payables for raw materials and equipment in support of our production of medical devices, (ii) accrued staff costs and benefits, (iii) accrued [**REDACTED**] expenses, (iv) accrued issue costs, (v) accrued royalty fee in connection with royalties paid under our research collaboration agreements, (vi) other taxes payables, (vii)

accrued service fee in connection with professional service fees paid to third-party service providers such as intellectual property agencies and legal advisers, (viii) deposits from customers, (ix) payables to staff and (x) other payables. Our trade and other payables increased from RMB16.1 million as of December 31, 2024 to RMB28.9 million as of December 31, 2025, primarily (i) because we incurred [**REDACTED**] expenses for the [**REDACTED**] in 2025 and (ii) as a result of an increase in trade payables in line with the expansion of our commercialization activities. Our trade and other payables subsequently decreased to RMB16.1 million as of June 30, 2026, primarily as we recognized and paid for the accrued [**REDACTED**] expenses during the first half of 2026 and continued to negotiate for more favorable supplier payment terms.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Trade payables	1,092	4,692	2,034
Accrued staff costs and benefits	7,536	9,793	9,100
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Accrued issue costs	–	1,820	–
Accrued royalty fee	583	812	867
Other taxes payables	321	642	231
Accrued service fee	4,440	2,146	572
Deposits from customers	170	370	780
Payables to staff	1,733	1,100	1,446
Other payables	263	39	15
Total	**16,138**	**28,917**	**16,067**

The following table sets forth an aging analysis of our trade payables based on the goods or services receipt date as of the dates indicated:

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Within 90 days	845	4,286	1,404
91-180 days	141	73	16
181-365 days	35	241	398
1 to 2 years	69	21	129
2 to 3 years	2	71	87
Total	**1,092**	**4,692**	**2,034**

The following table sets forth our trade payables turnover days for the periods indicated.

	For the Year Ended December 31,		For the Six Months Ended June 30,
	2024	2025	2026
Trade payables turnover days[(1)]	29	38	26

Note:

(1) Trade payables turnover days for a period are calculated as the average of the opening and closing trade payables balances divided by total cost of sales for the relevant year/period, and then multiplied by the number of days in that year/period. In 2024, 2025 and the six months ended June 30, 2026, the number of days was 366, 365 and 181, respectively.

Our trade payables turnover days increased from 29 days in 2024 to 38 days in 2025, primarily due to the increase in ending trade payables balances, as we gained credit term due to our continued negotiation with suppliers. Our trade payables turnover days decreased to 26 days for the six months ended June 30, 2026, primarily due to the decrease in ending trade payables balances, as we continued to negotiate for more favorable supplier payment terms.

Contract Liabilities

Our contract liabilities mainly arise from the advance payments made by customers for our commercialized products, while the underlying products or services are yet to be provided. Our contract liabilities increased from RMB1.2 million as of December 31, 2024 to RMB5.2 million as of December 31, 2025 and subsequently decreased to RMB3.5 million as of June 30, 2026, which was primarily due to fluctuations in advancement payments from our customers that arise in the ordinary course of business.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. Our lease liabilities, including current and non-current portions, decreased from RMB6.7 million as of December 31, 2024 to RMB5.2 million as of December 31, 2025 and RMB5.0 million as of June 30, 2026, which was in line with our lease payments.

Bank Borrowings

As of December 31, 2024, 2025 and June 30, 2026, we had bank borrowings of RMB23.0 million, RMB10.0 million and RMB34.9 million, respectively, all of which were classified as current liabilities. Our bank borrowings were unsecured and unguaranteed. As of June 30, 2026, the effective interest rates for our bank borrowings ranged from 2.1% to 2.23%. As of June 30, 2026, we had bank facilities of RMB35.1 million which remained unutilized. Such bank facilities were all committed facilities, meaning that, subject to the satisfaction of the relevant drawdown conditions and in the absence of any event of default, the lenders are required to make the relevant loan amounts available to us.

Provisions

Our provisions increased from RMB1.3 million as of December 31, 2024 to RMB2.6 million as of December 31, 2025 and to RMB3.8 million as of June 30, 2026, which mainly represent provisions for after-sales expenses.

Redemption liabilities

Our redemption liabilities are in relation to our redemption obligations arising from the redemption rights granted to certain Shareholders. We recognized these redemption liabilities initially at the present value of the redemption amount and subsequently measured them at amortized cost using the effective interest method. Our redemption liabilities increased from RMB429.9 million as of December 31, 2024 to RMB519.5 million as of December 31, 2025 and RMB540.8 million as of June 30, 2026. For details, see Note 30 of Appendix I to this document.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we relied on capital contributions by our shareholders and bank borrowings as the major sources of liquidity. We also generate cash from sales of our medical devices, provision of research and development services and provision of maintenance services. During the Track Record Period, we incurred negative cash flows from our operations. Our operating cash outflows resulted from investments in research and development of our cardiopulmonary diagnostic and therapeutic devices, selling activities for commercialization of our

products, and administrative activities, which are essential for our business development. As we complete registration and commercialization of more pipeline products, expand our distributor network and further enhance our operating efficiency, we expect to generate more net cash from our operating activities.

Cash Flows

The following table presents our consolidated cash flow data for the periods indicated.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2024	2025	2025	2026
			(unaudited)	
	(RMB in thousands)			
Net cash used in operating activities	(52,776)	(48,002)	(30,626)	(46,289)
Net cash (used in)/from investing activities	(9,329)	(8,150)	(31,631)	29,235
Net cash from financing activities	92,077	35,447	55,691	21,004
Net increase (decrease) in cash and cash equivalents	**29,972**	**(20,705)**	**(6,566)**	**3,950**
Cash and cash equivalents at the beginning of the year/period	39,115	69,100	69,100	48,376
Cash and cash equivalents at the end of the year/period	**69,100**	**48,376**	**62,533**	**52,264**

Operating Activities

For the six months ended June 30, 2026, our net cash used in operating activities was RMB46.3 million, which was primarily attributable to our loss before tax of RMB51.9 million, primarily adjusted for finance costs of RMB21.7 million; partially offset by changes in working capital, including a decrease in trade and other payables of RMB11.0 million.

In 2025, our net cash used in operating activities was RMB48.0 million, which was primarily attributable to our loss before tax of RMB95.3 million, primarily adjusted for (i) finance costs of RMB40.3 million and (ii) increase in trade and other payables of RMB13.3 million, partially offset by increase in trade and other receivables of RMB12.6 million.

In 2024, our net cash used in operating activities was RMB52.8 million, which was primarily attributable to our loss before tax of RMB86.2 million, primarily adjusted for (i) interest income of RMB4.6 million, and (ii) increase in inventories of RMB2.6 million; partially offset by (i) finance costs of RMB29.7 million, (ii) depreciation of property and equipment of RMB6.2 million, and (iii) decrease in trade and other receivables of RMB4.2 million.

We plan to improve our net operating cash outflow position by (i) increasing product sales, including rapidly building our distribution network as we launch more products, selling products in more countries as we receive relevant certifications, and continuing to promote and educate the market about our Core Product; and (ii) controlling costs, including optimizing manufacturing processes to improve manufacturing efficiency and procuring lower-cost raw materials.

Investing Activities

For the six months ended June 30, 2026, our net cash from investing activities was RMB29.2 million, primarily as a result of (i) withdrawal of time deposits of RMB41.0 million and (ii) redemption of financial assets at FVTPL of RMB18.0 million; partially offset by (i) purchase of financial assets at FVTPL of RMB18.0 million and (ii) placement of time deposits of RMB10.0 million.

In 2025, our net cash used in investing activities was RMB8.2 million, primarily as a result of (i) purchase of financial assets measured at FVTPL of RMB172.0 million, and (ii) placement of time deposits of RMB65.0 million; partially offset by (i) redemption of financial assets at FVTPL of RMB172.0 million and (ii) withdrawal of time deposits of RMB60.0 million.

In 2024, our net cash used in investing activities was RMB9.3 million, primarily as a result of (i) purchase of financial assets at FVTPL of RMB154.0 million, (ii) placement of time deposits of RMB40.0 million, and (iii) purchases of property and equipment of RMB11.2 million; partially offset by (i) redemption of financial assets at FVTPL of RMB154.0 million, and (ii) withdrawal of time deposits of RMB40.0 million.

Financing Activities

For the six months ended June 30, 2026, we had RMB21.0 million of net cash inflow from financing activities, primarily attributable to bank borrowings raised of RMB24.9 million, partially offset by issue costs paid of RMB3.6 million.

In 2025, we had RMB35.4 million of net cash inflow from financing activities, primarily attributable to our (i) proceeds from issuance of redeemable shares of RMB50.3 million, and (ii) bank borrowings raised of RMB43.0 million; partially offset by repayment of bank borrowings of RMB56.0 million.

In 2024, we had RMB92.1 million of net cash inflow from financing activities, primarily attributable to our (i) proceeds from issuance of redeemable shares of RMB98.0 million, and (ii) bank borrowings raised of RMB23.0 million; partially offset by repayment of bank borrowings of RMB28.0 million.

WORKING CAPITAL

The Directors are of the opinion that, taking into account of the following financial resources available to us described below, we have sufficient working capital to cover at least 125% of our costs, including R&D expenses, selling and distribution expenses, administrative expenses, finance costs and other expenses for at least the next 12 months from the date of this document: our future operating cash flows and cash and cash equivalents as of June 30, 2026, available equity and debt financing, and the estimated net [**REDACTED**] from the [**REDACTED**].

Our cash burn rate refers to the average monthly amount of net cash used in operating activities and capital expenditures. We had cash and cash equivalents of RMB52.3 million and time deposits of RMB79.0 million as of June 30, 2026. We estimate that we will receive net [**REDACTED**] of approximately RMB[**REDACTED**] after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], at the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], assuming the [**REDACTED**] is not exercised.

Assuming an average cash burn rate going forward of [**REDACTED**] the level [in 2025], we estimate that our cash and cash equivalents and time deposits as of June 30, 2026 will be able to maintain our financial viability for [**REDACTED**] or, if we take into account the estimated net [**REDACTED**] from the [**REDACTED**], [**REDACTED**]. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

CASH OPERATING COSTS

The following table sets forth information on our cash operating costs for the years/periods indicated.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2024	2025	2025	2026
		(unaudited) *(RMB in thousands)*		
R&D expenses				
R&D expenses for our Core Product				
Trial and testing expenses	1,506	3,491	659	4,489
Staff costs[1]	6,135	5,554	2,892	4,464
CMC costs and others	5,171	5,450	1,547	1,847
R&D expenses for our other product candidates				
Trial and testing expenses	1,553	3,748	573	465
Staff costs[1]	10,279	10,638	4,903	5,877
CMC costs and others	7,327	5,797	3,167	3,108
Workforce employment costs[2]	**31,542**	**30,015**	**17,735**	**21,676**
Product marketing	**6,883**	**3,376**	**1,431**	**4,561**
Direct production costs[3]	**15,502**	**20,908**	**10,113**	**21,044**
Non-income taxes, royalties and other governmental charges	**2,467**	**3,191**	**595**	**2,810**
Other significant costs[4]	**19,919**	**29,500**	**12,759**	**49,268**
Total	**108,284**	**121,669**	**56,375**	**119,610**

Notes:
(1) Represent staff cost excluding share-based payment expenses.
(2) Represent non-research and development staff costs mainly including staff cost under administrative expenses and selling expenses.
(3) Direct production costs including raw materials and consumables used, labor costs and manufacturing costs.
(4) Represent non-research and development costs, mainly including procurement of cost of raw materials and consumables, utility fees, and lease expenses and professional service costs related to the [**REDACTED**].

INDEBTEDNESS

The following table sets forth a breakdown of our financial indebtedness as of the dates indicated.

	As of December 31,		As of June 30,
	2024	2025	2026
		(RMB in thousands)	
Bank borrowings	23,018	10,004	34,918
Lease liabilities	6,654	5,225	4,972
Redemption liabilities	429,933	519,476	540,778
Total	**459,605**	**534,705**	**580,668**

Except as discussed above, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges,

finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of June 30, 2026, being our indebtedness statement date. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since June 30, 2026, and up to the Latest Practicable Date.

Additionally, our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material and adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank and other borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the years/period indicated.

	For the Year Ended December 31,		For the Six Months Ended June 30,
	2024	2025	2026
	(RMB in thousands)		
Machinery	4,504	3,835	1,910
Office furniture	29	62	15
Electronic and other equipment	212	79	196
Construction in progress	1,376	3,742	137
Leasehold improvement	5,320	528	686
Total	**11,441**	**8,246**	**2,944**

Our capital expenditures represent addition in property and equipment during each year/period, amounted to RMB11.4 million, RMB8.2 million and RMB2.9 million in 2024, 2025 and for the six months ended June 30, 2026, respectively. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities, our available banking facilities and [**REDACTED**] from the [**REDACTED**]. We will continue to make capital expenditures to meet the expected growth of our business. See "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]."

COMMITMENTS

As of December 31, 2024, 2025 and June 30, 2026, our material commitments are shown in the table below.

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Capital expenditure in respect of acquisition of property and equipment contracted for but not provided in the Accountants' Report	2,223	960	1,129

CONTINGENT LIABILITIES

As of December 31, 2024, 2025 and June 30, 2026, we did not have any significant contingent liabilities and were not involved in any legal proceedings pending or threatened against us which could have a material adverse effect on our business or operations.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had transactions with related parties in accordance with the terms agreed with the counterparties. Details of our transactions with related parties during the Track Record Period are set out in Note 36 of Appendix I to this document. Our Directors confirm that the material related party transactions during the Track Record Period were conducted on an arm's length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

KEY FINANCIAL RATIO

The following table sets forth some of our key financial ratio for the years/periods indicated.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2024	2025	2025	2026
			(unaudited)	
Gross profit margin[(1)]	59.3%	55.9%	49.9%	59.8%

Note:

(1) Gross profit margin is calculated using gross profit for the year/period divided by revenue for the year and multiplied by 100%.

MARKET RISK DISCLOSURE

We are exposed to a variety of financial risks, including market risk (including interest rate risk), credit risk and liquidity risk, as set out below. We manage and monitor these risks to ensure that appropriate measures can be implemented in a timely and effective manner. For further details, see Note 34 to the Accountants' Report in Appendix I to this Document. The discussion below provides a summary of our market risks.

DIVIDEND

No dividend was paid or declared by us or any of our subsidiaries since our incorporation. After the Track Record Period and as of the date of this document, we did not declare any dividends to our Shareholders.

As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Shareholders' meetings may declare dividends in the future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders. After the [**REDACTED**], we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future will

depend on, among other things, our Group's profitability, operations and development plans, external financing environment, costs of capital, our Group's cash flows, and other factors that our Directors may consider relevant. Our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries. As advised by the PRC Legal Advisor, we can not pay dividends in view of our accumulated loss position.

DISTRIBUTABLE RESERVES

As of June 30, 2026, our deficits were RMB399.2 million, which represent no distributable reserve as of the same date.

[**REDACTED**] EXPENSES

Our [**REDACTED**] expenses mainly include (i) [**REDACTED**] expenses, such as [**REDACTED**] and [**REDACTED**], and (ii) non-[**REDACTED**] expenses, comprising professional fees paid to our legal advisors and reporting accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [**REDACTED**] expenses (based on the mid-point of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately [**REDACTED**]% of our gross [**REDACTED**]. Among such estimated total [**REDACTED**] expenses, we expect to pay [**REDACTED**] expenses of HK$[**REDACTED**], professional fees for our legal advisors and reporting accountants of HK$[**REDACTED**] and other fees and expenses of HK$[**REDACTED**]. An estimated amount of HK$[**REDACTED**] for our [**REDACTED**] expenses, accounting for approximately [**REDACTED**]% of our gross [**REDACTED**], is expected to be expensed through the statement of profit or loss and an estimated amount of HK$[**REDACTED**] is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. We recognized [**REDACTED**] expenses of [**REDACTED**], RMB[**REDACTED**] and RMB[**REDACTED**] in 2024, 2025 and the six months ended June 30, 2026, respectively.

[**REDACTED**]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of the document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since June 30, 2026, the end of the period reported on the Accountants' Report included in Appendix I to this document; and there has been no event since June 30, 2026 which would materially affect the information presented in the Accountants' Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Growth Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**], after deducting [**REDACTED**], [**REDACTED**] and other estimated expenses in connection with the [**REDACTED**] to be paid and payable by us, assuming that the [**REDACTED**] is not exercised and an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per share.

In line with our strategies, we intend to use the net [**REDACTED**] for the following purposes:

(a) ***Core Product iNOwill R&D and Registration.*** iNOwill is our core iNO therapy device for ICU and hospital bedside use. It has been approved in the Chinese mainland as a Class III medical device for the treatment of PH and has obtained CE certification as a Class IIb medical device for PH under the EU MDR. We plan to expand indications, complete clinical and regulatory work in the Chinese mainland, the European Union and the United States, and further enhance product performance of iNOwill. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for such purposes, of which:

(i) **Indication expansion in Chinese Mainland.** Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to fund ongoing and planned clinical trials of iNOwill for indication-expansion in the PRC, including clinical trials in ARDS, CAP and COPD. The [**REDACTED**] will primarily be used to cover clinical trial-related expenses, including costs of recruiting and employing additional regulatory affairs and medical personnel, clinical trial site and investigator fees, patient recruitment and other patient-related costs, CRO/SMO service fees, as well as other related expenses such as travel and logistics costs. The remaining funding requirement will be financed by the Company's operating cash flows and financing activities. Specifically:

- Indication expansion for COPD: approximately [**REDACTED**]%, or HK$[**REDACTED**] , will be used to fund clinical trials for expanding indication of COPD in the PRC. The clinical trial is expected to be initiated in the second quarter of 2027 and completed by 2030, with an expected enrolment of approximately 500 patients. Of the allocated [**REDACTED**], (i) approximately HK$[**REDACTED**] will be used for the recruitment and employment of additional regulatory affairs and medical personnel supporting the clinical program, and (ii) approximately HK$[**REDACTED**] will be used for the conduct of the clinical trial, comprising approximately HK$[**REDACTED**] in fees payable to participating clinical trial sites, HK$[**REDACTED**] for patient recruitment and other patient-related costs, HK$[**REDACTED**] in service fees payable to CROs and SMOs, and HK$[**REDACTED**] for travel and meeting expenses, trial equipment and consumables and other trial-related expenses.

- Indication expansion for ARDS: approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used to fund clinical trials for expanding indication of ARDS in the PRC. The clinical trial is expected to be initiated in 2026 and completed by 2029, with an expected enrolment of approximately 350 patients. Of the allocated [**REDACTED**], (i) approximately HK$[**REDACTED**] will be used for the recruitment and employment of additional regulatory affairs and medical personnel supporting the clinical program, and (ii) approximately HK$[**REDACTED**] will be used for the conduct of the clinical trial, comprising approximately HK$[**REDACTED**] in fees payable to participating clinical trial sites, HK$[**REDACTED**] for patient recruitment and other patient-related costs, HK$[**REDACTED**] in service fees payable to CROs and SMOs, and HK$[**REDACTED**] for travel and meeting expenses, trial equipment and consumables and other trial-related expenses.

- Indication expansion for CAP: approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund clinical trials for expanding indication of CAP in the PRC. The clinical trial is expected to be initiated in 2029 and completed by 2034, with an expected enrolment of approximately 500 patients. Of the allocated [**REDACTED**], (i) approximately HK$[**REDACTED**] will be used for the recruitment and employment of additional regulatory affairs and medical personnel supporting the clinical program, and (ii) approximately HK$[**REDACTED**] will be used for the conduct of the clinical trial, comprising approximately HK$[**REDACTED**] in service fees payable to CROs and SMOs and HK$[**REDACTED**] for travel and meeting expenses and trial equipment and consumables.

(ii) **PMCF and indication expansion in European Union.** Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for planned PMCF and indication-expansion clinical trials in the European Union. The [**REDACTED**] will primarily be used to cover clinical trial costs, notified body review fees, CRO/SMO service fees, costs associated with technical documentation and quality management system compliance, clinical evaluation report preparation costs, as well as post-market surveillance and regulatory compliance costs. The remaining funding requirement will be financed by our operating cash flows and financing activities. Specifically:

- Prospective clinical trial under the PMCF plan: approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund the prospective clinical trial under the PMCF plan. The trial is expected to be initiated in the third quarter of 2026 and completed by 2028, with an expected total enrolment of approximately 160 patients, including 50 patients in the first stage. Of the allocated [**REDACTED**], (i) approximately HK$[**REDACTED**] will be used for the recruitment and employment of additional regulatory affairs and medical personnel supporting the PMCF clinical investigation, and (ii) approximately HK$[**REDACTED**] will be used for the conduct of the PMCF clinical investigation, comprising approximately HK$[**REDACTED**] in fees payable to participating clinical trial sites, HK$[**REDACTED**] for patient recruitment and other patient-related costs, HK$[**REDACTED**] in service fees payable to CROs, and HK$[**REDACTED**] for travel and meeting expenses, trial equipment and consumables and other trial-related expenses.

- Indication expansion for ARDS: approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund clinical trials for expanding indication of ARDS in the European Union. The clinical trial is expected to be initiated in 2026 and completed by 2029, with an expected enrolment of approximately [100] patients. Of the allocated [**REDACTED**], (i) approximately HK$[**REDACTED**] will be used for the recruitment and employment of additional regulatory affairs and medical personnel supporting the clinical program, (ii) approximately HK$[**REDACTED**] will be used for regulatory and registration activities, comprising approximately HK$[**REDACTED**] in fees payable to the notified body for regulatory review, HK$[**REDACTED**] for the preparation of regulatory submission documents and HK$[**REDACTED**] for post-market surveillance and regulatory compliance, and (iii) approximately HK$[**REDACTED**] will be used for the conduct of the clinical trial, comprising approximately HK$[**REDACTED**] in fees payable to participating clinical trial sites, HK$[**REDACTED**] for patient recruitment and other patient-related costs, HK$[**REDACTED**] in service fees payable to CROs, and HK$[**REDACTED**] for travel and meeting expenses, trial equipment and consumables and other trial-related expenses.

(iii) **Registration and indication expansion in the United States.** Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for clinical validation and registration of iNOwill for indications including PH and ARDS in the United States. The [**REDACTED**] will primarily be used to cover clinical trial costs, FDA regulatory fees, third-party testing and quality system-related costs, as well as other related expenses. The remaining funding requirement will be financed by our operating cash flows and financing activities. Specifically:

- Registration for PH: approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund clinical trials for registration of PH in the United States. The clinical trial is expected to be initiated in 2028 and completed by 2032, with an expected enrolment of approximately 200 patients. Of the allocated [**REDACTED**], (i) approximately HK$[**REDACTED**] will be used for the recruitment and employment of additional regulatory affairs and medical personnel supporting the clinical program, and (ii) approximately HK$[**REDACTED**] will be used for the conduct of the clinical trial, comprising approximately HK$[**REDACTED**] in fees payable to participating clinical trial sites, HK$[**REDACTED**] for patient recruitment and other patient-related costs, HK$[**REDACTED**] in service fees payable to CROs, and HK$[**REDACTED**] for travel and meeting expenses and trial equipment and consumables.

- Registration for ARDS: approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund clinical trials for expanding indication of ARDS in the United States. The clinical trial is expected to be initiated in 2028 and completed by 2032, with an expected enrolment of approximately 300 patients. Of the allocated [**REDACTED**], (i) approximately HK$[**REDACTED**] will be used for the recruitment and employment of additional regulatory affairs and medical personnel supporting the registration program, and (ii) approximately HK$[**REDACTED**] will be used for regulatory submission activities, comprising approximately HK$[**REDACTED**] for FDA application and review fees and HK$[**REDACTED**] for the preparation of regulatory submission documents.

(iv) Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for iterative upgrades of iNOwill, including engineering and system optimization to enhance continuous gas supply, upgrades to information systems and development of intelligent decision-support features, primarily covering software development and testing costs.

For details of our development plan for iNOwill, see "Business — iNO Therapy — iNOwill — Our Core Product — Further Development Plan."

(b) ***R&D and Registration of Other Pipeline Products and Product Candidates.*** Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the development and registration of our other products and product candidates targeting different care settings, of which:

(i) Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the R&D, clinical trials and registration in the Chinese mainland of VQfit, our iNO therapy product candidate for outpatient and at-home use.

(ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the R&D, clinical trials and registration in the Chinese mainland of PElink and PSlink, our respiratory diagnostics product candidates for outpatient and at-home monitoring of chronic airway inflammatory diseases, and for the development of their intelligent data-diagnostic platform, including cloud-based data services and AI-enabled analysis to support outpatient and home management of respiratory diseases.

(iii) Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the R&D and registration in the Chinese mainland of NovaVent, our ventilator product candidate that integrates iNO therapy and electrical impedance tomography monitoring for ICU and perioperative use.

(iv) Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the clinical validation and registration in the European Union of eNOaire, our iNO therapy device based on electrical-arc technology for hospital and transfer scenarios.

For further details of these products and product candidates, see "Business — Our Product Pipeline."

(c) ***Domestic and Overseas Commercialization.*** We plan to strengthen our commercialization capabilities in the Chinese mainland and overseas by expanding our distribution network, building dedicated sales and marketing teams and rolling out digital customer-management and service systems to support the launch and scaling of iNOwill and our other products. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for this purpose. Specifically, we expect that approximately [**REDACTED**]%, or HK$[**REDACTED**] will be allocated to our Core Product and approximately [**REDACTED**]%, or HK$[**REDACTED**] will be allocated to our other product candidates. As iNOwill is based on a relatively new instant nitric oxide generation technology, its commercialization requires continued investment in market development, clinical education and distributor support to facilitate product adoption. In addition, we are actively pursuing overseas market opportunities and plan to further expand our overseas distributor network and sales and marketing capabilities to support our international growth strategy, with HK$[**REDACTED**] allocated for overseas development. Among the [**REDACTED**] of HK$[**REDACTED**]:

(i) Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the development of our distributor network and sales-support systems, including:

- approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used for the recruitment and onboarding of domestic and overseas distributors among which approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for recruitment of overseas distributors,

- approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used for the establishment of a global distributor training and support system, and

- approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used for the implementation and upgrade of our customer-management and global customer-service systems.

(ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for sales and marketing personnel recruitment and their on-board training. We expect that approximately [**REDACTED**]%, or HK$[**REDACTED**], will be allocated to recruitment of personnel focused on overseas sales and marketing activities.

(iii) Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for marketing in the Chinese mainland and overseas, including:

- approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used for the participation in high-level overseas academic conferences for iNOwill,
- approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used for the overseas expert consultancy fees and
- approximately [**REDACTED**]%, or HK$[**REDACTED**] will be used for the training and preceptorship programs for KOL physicians.

For details of our commercialization strategies, see "Business — Our Commercialization Strategies."

(d) ***R&D Infrastructure and Production Line Automation.*** We plan to upgrade our R&D infrastructure and product line automation to support continuous innovation and enhance our capability to manufacture high-quality products at scale. Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for this purpose, of which:

(i) Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for general R&D infrastructure and system upgrades across our product portfolio, including laboratory equipment, computer-aided design and manufacturing tools, processing, assembly and packaging equipment, and digital quality-management tools such as manufacturing execution systems and electronic batch-recording systems.

(ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to upgrade dedicated R&D infrastructure and automated production lines specific to iNOwill including sterilization, quality-testing and precision processing equipment, in order to improve development efficiency, product consistency and manufacturing scalability. We plan to upgrade the product line for iNO therapy devices (iNOwill/eNOaire), which utilization rate were 67.6% and 69.3% in 2024 and 2025, respectively. The upgrade focuses on self-developing more key components. In this way, we expect to develop customized components that better fit into our products, thereby reducing reliance on third-party suppliers, reducing production cost, and improving product yield rate. We plan to manufacture in-house the main unit of our iNO therapy devices. We had a production capacity of 692 units per year for iNOwill in 2025. Upon the completion of the planned production line upgrade, we expect to achieve an annual target production capacity of 2,363 units by 2028, representing an approximately 3.4 times increase. Upon reaching the target production capacity, we expect to reduce the production cost of each main unit by approximately RMB12,000, reflecting improved manufacturing efficiency and economies of scale.

(iii) Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to recruit production management personnel.

(e) ***Working Capital, Business Development and General Corporate Purpose.*** Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital, business development and general corporate purposes, providing financial flexibility to support day-to-day operations and advance our pipeline. These funds will enable us to forge strategic partnerships that accelerate development, expand market reach, and mitigate risk.

The table below summarizes the planned yearly allocation of the net [**REDACTED**] from the [**REDACTED**] by nature, from 2027 through 2030.

Yearly Allocation Summary	2027	2028	2029	2030	Total
			(HK$ in [**REDACTED**]*)*		
(a) Core Product iNOwill R&D and Registration	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(i) Indication expansion in Chinese Mainland	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Indication expansion for COPD	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Indication expansion for ARDS	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Indication expansion for CAP	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(ii) PMCF and indication expansion in European Union	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
PMCF for PH	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Indication expansion for ARDS	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(iii) Registration and indication expansion in the United States	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Registration for PH	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Indication expansion for ARDS	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(iv) Iterative upgrades of iNOwill	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(b) R&D and Registration of Other Pipeline Products and Product Candidates	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(c) Domestic and Overseas Commercialization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(i) Distributor network and sales-support systems	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(ii) Sales and marketing personnel recruitment	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(iii) Marketing in the Chinese mainland and overseas	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(d) R&D Infrastructure and Production Line Automation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(e) Working Capital, Business Development and General Corporate Purpose	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note: The exchange rate used for conversion is US$1.00 = HK$7.8449.

We believe our strategy of concurrently advancing multiple clinical programs is well-supported by clear commercial rationale, shared medical and scientific foundations across our target indications, and sufficient financial and organizational resources.

Commercial rationale. Our currently approved indication for iNOwill, PH remains the established clinical and commercial anchor of the iNO therapy market, with approximately 84.0 million prevalent cases and an estimated PH-related iNO market of approximately US$1.05 billion in 2025 (expected to reach approximately US$1.52 billion by 2030 and US$1.93 billion by 2035, representing CAGRs of approximately 7.5% and 4.9%, respectively). Although PH is expected to remain the largest indication, its growth is comparatively moderate. ARDS and COPD represent substantial incremental opportunities, with approximately 4.2 million new ARDS cases and 262.2 million prevalent COPD cases in 2025. Assuming successful regulatory approval and subsequent market adoption, their respective iNO markets are expected to reach approximately US$54.6 million and US$9.3 million by 2030, and approximately US$678.0 million and US$105.4 million by 2035, representing CAGRs of approximately 65.5% and 62.4% from 2030 to 2035, respectively. Together, the established PH market and the expansion potential of ARDS and COPD support the

commercial rationale for advancing multiple iNO indications in parallel. Although the underlying ARDS case pool is smaller than the COPD prevalence pool, the two populations are not directly comparable, as ARDS is measured by annual new cases while COPD is measured by prevalent cases. Subject to regulatory approval, iNO may be used as rescue or bridging therapy in selected patients with severe or refractory ARDS in intensive care settings, whereas its potential use in COPD is expected to remain limited to a smaller subset of patients with severe exacerbations, hypoxemia and associated pulmonary hypertension or right ventricular dysfunction. The model therefore assumes higher clinical eligibility, market penetration and treatment intensity for ARDS than for COPD. The difference in projected market size reflects expected clinical applicability and utilization rather than the size of the underlying disease population. Advancing clinical programs across these indications in parallel, rather than sequentially, enables us to expand our addressable market more rapidly. In addition, our target indications, namely PH, ARDS and COPD, share significant commercial synergies, as patients with these conditions are typically managed within the same hospital departments (such as ICU, respiratory and cardiology departments). Therefore, the hospitals may be covered by same groups of distributors, allowing us to leverage existing distributor network.

Medical and scientific feasibility. According to Frost & Sullivan, PH, ARDS and COPD share certain overlapping pathophysiological features, such as hypoxemia, ventilation-perfusion mismatch and pulmonary vasoconstriction. In addition, the therapeutic mechanism across COPD and ARDS, such as nitric oxide-mediated pulmonary vasodilation, is fundamentally the same, and has already been clinically validated through PH indication. This shared therapeutic mechanism allows us to apply and leverage clinical insights, trial design experience and operational know-how gained from one program to the others, enhancing execution efficiency and reducing development risk.

Funding sufficiency and phased execution. We have allocated approximately [**REDACTED**]% of our net [**REDACTED**] from the [**REDACTED**], or approximately HK$[**REDACTED**], to the R&D and registration of iNOwill. The remaining funding requirements will be financed by our operating cash flows and financing activities. Pursuant to our current clinial trial plan, the majority of our clinical trials is expected to enter peak enrollment phases in 2028 and beyond. As our business continues to grow, we expect to have increased operating cash flows available in supporting our clinical programs during those peak periods.

The above allocation of the net [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the indicative [**REDACTED**] stated in this document. If the [**REDACTED**] is fixed at the high-end or low-end of the [**REDACTED**], the net [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**]. We intend to apply the additional or reduced net [**REDACTED**] to the above uses on a pro rata basis.

If the [**REDACTED**] is fully exercised, we will receive additional net [**REDACTED**] of approximately HK$[**REDACTED**] from the allotment and issue of [**REDACTED**] Shares, based on an [**REDACTED**] of HK$[**REDACTED**] per Share (the mid-point of the indicative [**REDACTED**]) and after deducting the [**REDACTED**] fees and [**REDACTED**] payable by our Company. We intend to apply such additional net [**REDACTED**] to the uses described above on a pro rata basis.

To the extent that the net [**REDACTED**] from the [**REDACTED**] are not immediately required for the above purposes and to the extent permitted by the relevant law and regulations, we will only place the net [**REDACTED**] from the [**REDACTED**] in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions.

We will make an appropriate announcement if there is any change to the above proposed use of [**REDACTED**].

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-[●] to I-[●], received from the Company's reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this [document].

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NANJING NOVLEAD BIOTECHNOLOGY CO., LTD. AND CCB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Nanjing Novlead Biotechnology Co., Ltd. ("南京諾令生物科技股份有限公司") (previously known as Nanjing Novlead Biotechnology Co., Ltd. ("南京諾令生物科技有限公司") and Nanjing Noquan Biomedical Technology Co., Ltd. ("南京諾全生物醫療科技有限公司")) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group as at December 31, 2024 and 2025 and June 30, 2026, the statements of financial position of the Company as at December 31, 2024 and 2025 and June 30, 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended December 31, 2025 and the six months ended June 30, 2026 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the [document] of the Company dated [**REDACTED**] (the "document") in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial positions as at December 31, 2024 and 2025 and June 30, 2026, of the Company's financial positions as at December 31, 2024 and 2025 and June 30, 2026, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2025 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.

Dividends

We refer to Note [14] to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[**REDACTED**]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		Six months ended June 30,	
	NOTES	**2024**	**2025**	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	*6*	45,547	63,207	22,413	58,132
Cost of sales		(18,535)	(27,847)	(11,237)	(23,382)
Gross profit		27,012	35,360	11,176	34,750
Other income	*7*	7,748	9,194	2,302	5,020
Other gains and losses	*8*	(867)	159	44	(247)
Impairment losses under expected credit loss ("ECL") model, net of reversal	*9*	(129)	(77)	(17)	6
Selling expenses		(31,197)	(30,479)	(12,530)	(23,216)
Administrative expenses		(26,067)	(24,832)	(11,824)	(14,562)
Research and development expenses		(32,982)	(34,678)	(13,741)	(20,251)
[**REDACTED**] expenses		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Share of results of an associate		(93)	(243)	(33)	(44)
Finance costs	*10*	(29,671)	(40,284)	(19,155)	(21,698)
Loss before tax	*11*	(86,246)	(95,271)	(43,778)	(51,864)
Income tax expense	*12*	–	–	–	–
Loss for the year/period		(86,246)	(95,271)	(43,778)	(51,864)
Other comprehensive income (expense)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		13	(19)	(1)	(62)
Total comprehensive expense for the year/period attributable to the owners of the Company		(86,233)	(95,290)	(43,779)	(51,926)
Loss per share (RMB)	*15*				
Basic and diluted		(1.08)	(1.14)	(0.53)	(0.62)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property and equipment	16	19,429	21,383	20,726
Right-of-use assets	17	5,921	5,146	3,881
Intangible assets	18	560	530	905
Interest in an associate	19	507	264	120
Other non-current assets	21	3,826	1,905	2,634
Time deposits	24	73,398	66,701	46,836
		103,641	95,929	75,102
Current assets				
Inventories	22	11,535	14,749	18,679
Trade and other receivables	23	4,910	17,618	25,087
Value-added tax recoverable		1,673	1,686	1,520
Time deposits	24	32,214	44,316	32,120
Cash and cash equivalents	24	69,100	48,376	52,264
		119,432	126,745	129,670
Current liabilities				
Trade and other payables	25	16,138	28,917	16,067
Bank borrowings	26	23,018	10,004	34,918
Lease liabilities	27	2,475	2,243	3,593
Provisions	28	1,336	2,648	3,762
Contract liabilities	29	1,225	5,161	3,515
		44,192	48,973	61,855
Net current assets		75,240	77,772	67,815
Total assets less current liabilities		178,881	173,701	142,917
Non-current liabilities				
Lease liabilities	27	4,179	2,982	1,379
Redemption liabilities	30	429,933	519,476	540,778
		434,112	522,458	542,157
Net liabilities		(255,231)	(348,757)	(399,240)
Capital and reserves				
Equity attributable to owners of the Company				
Paid-in capital/share capital	31	7,809	8,405	8,405
Reserves		(263,040)	(357,162)	(407,645)
Total deficit		(255,231)	(348,757)	(399,240)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property and equipment	16	10,410	8,234	7,787
Right-of-use assets	17	5,078	3,174	2,222
Intangible assets	18	560	530	905
Interest in an associate	19	507	264	120
Investments in subsidiaries	20	34,187	43,244	70,415
Other non-current assets	21	1,881	1,054	1,944
Time deposits	24	73,398	66,701	46,836
		126,021	123,201	130,229
Current assets				
Inventories	22	7,472	4,777	3,334
Trade and other receivables	23	3,784	13,090	17,041
Value-added tax recoverable		–	–	160
Amounts due from subsidiaries		787	5,727	8,629
Time deposits	24	32,214	44,316	21,865
Cash and cash equivalents	24	59,926	38,191	31,146
		104,183	106,101	82,175
Current liabilities				
Trade and other payables	25	14,186	24,140	11,777
Bank borrowings	26	23,018	10,004	34,918
Lease liabilities	27	2,003	2,003	3,234
Amount due to subsidiaries		3,484	2,729	2,914
Provisions	28	1,237	2,096	2,906
Contract liabilities	29	1,145	1,537	2,081
		45,073	42,509	57,830
Net current assets		59,110	63,592	24,345
Total assets less current liabilities		185,131	186,793	154,574
Non-current liabilities				
Lease liabilities	27	3,789	1,187	–
Redemption liabilities	30	429,933	519,476	540,778
		433,722	520,663	540,778
Net liabilities		(248,591)	(333,870)	(386,204)
Capital and reserves				
Paid-in capital/share capital	31	7,809	8,405	8,405
Reserves	39	(256,400)	(342,275)	(394,609)
Total deficit		(248,591)	(333,870)	(386,204)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital /share capital	Capital reserve	Other reserve	Share-based payments	Accumulated losses	Translation reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	**7,309**	**266,099**	**(260,000)**	**2,514**	**(186,472)**	**59**	**(170,491)**
Loss for the year	–	–	–	–	(86,246)	–	(86,246)
Other comprehensive income for the year	–	–	–	–	–	13	13
Total comprehensive (expense) income for the year	–	–	–	–	(86,246)	13	(86,233)
Issue of Series C shares *(Note 31)*	500	97,500	–	–	–	–	98,000
Equity-settled share-based payments *(Note 32)*	–	–	–	1,493	–	–	1,493
Redemption liabilities *(Note 30)*	–	–	(98,000)	–	–	–	(98,000)
At December 31, 2024	**7,809**	**363,599**	**(358,000)**	**4,007**	**(272,718)**	**72**	**(255,231)**
Loss for the year	–	–	–	–	(95,271)	–	(95,271)
Other comprehensive expense for the year	–	–	–	–	–	(19)	(19)
Total comprehensive expense for the year	–	–	–	–	(95,271)	(19)	(95,290)
Issue of Series C shares *(Note 31)*	255	49,745	–	–	–	–	50,000
Capital injection in relation to the share incentive plan *(Note 31)*	341	–	–	–	–	–	341
Equity-settled sharebased payments *(Note 32)*	–	–	–	1,423	–	–	1,423
Redemption liabilities *(Note 30)*	–	–	(50,000)	–	–	–	(50,000)
At December 31, 2025	**8,405**	**413,344**	**(408,000)**	**5,430**	**(367,989)**	**53**	**(348,757)**

	Paid-in capital /share capital	Capital reserve	Other reserve	Share-based payments	Accumulated losses	Translation reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loss for the period	–	–	–	–	(51,864)	–	(51,864)
Other comprehensive expense for the period	–	–	–	–	–	(62)	(62)
Total comprehensive expense for the period	–	–	–	–	(51,864)	(62)	(51,926)
Equity-settled sharebased payments *(Note 32)*	–	–	–	1,443	–	–	1,443
Cancellation of share options *(Note 32)*	–	6,873	–	(6,873)	–	–	–
At June 30, 2026	**8,405**	**420,217**	**(408,000)**	**–**	**(419,853)**	**(9)**	**(399,240)**
At January 1, 2025	**7,809**	**363,599**	**(358,000)**	**4,007**	**(272,718)**	**72**	**(255,231)**
Loss for the period	–	–	–	–	(43,778)	–	(43,778)
Other comprehensive expense for the period	–	–	–	–	–	(1)	(1)
Total comprehensive expense for the period	–	–	–	–	(43,778)	(1)	(43,779)
Issue of Series C shares *(Note 31)*	255	49,745	–	–	–	–	50,000
Equity-settled sharebased payments *(Note 32)*	–	–	–	730	–	–	730
Redemption liabilities *(Note 30)*	–	–	(50,000)	–	–	–	(50,000)
At June 30, 2025 (unaudited)	**8,064**	**413,344**	**(408,000)**	**4,737**	**(316,496)**	**71**	**(298,280)**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
OPERATING ACTIVITIES				
Loss before tax	(86,246)	(95,271)	(43,778)	(51,864)
Adjustments for:				
Finance costs	29,671	40,284	19,155	21,698
Interest income	(4,592)	(3,873)	(1,940)	(1,366)
Depreciation of property and equipment	6,218	6,265	2,991	3,539
Depreciation of right-of-use assets	2,343	2,545	1,177	1,265
Amortization of intangible assets	630	350	163	248
Write-down of inventories, net of reversal	180	1,810	778	105
Impairment loss, net of reversal – financial assets under ECL model	129	77	17	(6)
Loss on disposal of property and equipment	514	–	–	–
Loss on disposal of intangible assets	694	–	–	–
Loss on termination of lease contract	2	–	–	–
Share of results of an associate	93	243	33	44
Release of lease-related government subsidies	(1,785)	(2,592)	(236)	(328)
Share-based payment expenses	1,493	1,423	730	1,443
Operating cash flow before movements in working capital	(50,656)	(48,739)	(20,910)	(25,222)
Increase in inventories	(2,618)	(5,024)	(2,121)	(3,977)
Decrease (increase) in trade and other receivables	3,916	(12,785)	(1,164)	(5,694)
(Decrease) increase in trade and other payables	(2,200)	13,311	(7,354)	(11,030)
(Decrease) increase in provisions	(245)	1,312	1,239	1,114
(Decrease) increase in contract liabilities	(45)	3,936	(202)	(1,646)
(Increase) decrease in value-added tax recoverable	(880)	(13)	(114)	166
Decrease in deferred income	(48)	–	–	–
Cash used in operations	(52,776)	(48,002)	(30,626)	(46,289)
Income taxes paid	–	–	–	–
Net cash used in operating activities	(52,776)	(48,002)	(30,626)	(46,289)

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
INVESTING ACTIVITIES				
Interest received	2,715	3,468	315	2,427
Proceeds on disposal of property and equipment	5	27	–	4
Proceeds on disposal of an associate	–	–	–	100
Purchase of financial assets at fair value through profit or loss ("FVTPL")	(154,000)	(172,000)	(147,000)	(18,000)
Redemption of financial assets at FVTPL	154,000	172,000	127,000	18,000
Placement of time deposits	(40,000)	(65,000)	(10,000)	(10,000)
Withdrawal of time deposits	40,000	60,000	–	41,000
Purchases of property and equipment	(11,239)	(6,325)	(1,924)	(3,673)
Purchases of intangible assets	(210)	(320)	(22)	(623)
Investment in an associate	(600)	–	–	–
Net cash (used in)/from investing activities	(9,329)	(8,150)	(31,631)	29,235
FINANCING ACTIVITIES				
Interest paid	(840)	(522)	(309)	(307)
Repayments of bank borrowings	(28,000)	(56,000)	(18,000)	–
Repayments of lease liabilities	(83)	(840)	–	–
Bank borrowings raised	23,000	43,000	24,000	24,900
Proceeds from issuance of shares	98,000	50,341	50,000	–
Issue costs paid	–	(532)	–	(3,589)
Net cash from financing activities	92,077	35,447	55,691	21,004
Net increase (decrease) in cash and cash equivalents	29,972	(20,705)	(6,566)	3,950
Effect of foreign exchange rate changes	13	(19)	(1)	(62)
Cash and cash equivalents at the beginning of the year/period	39,115	69,100	69,100	48,376
Cash and cash equivalents at the end of the year/period	69,100	48,376	62,533	52,264

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company, formerly known as Nanjing Noquan Biomedical Technology Co., Ltd. ("南京諾全生物醫療科技有限公司") and Nanjing Novlead Biotechnology Co., Ltd. ("南京諾令生物科技有限公司") was established and registered in the People's Republic of China (the "PRC") on April 16, 2018, as a limited liability company. On January 8, 2026, the Company was converted into a joint stock company with limited liability. The respective addresses of the registered office and the principal place of business of the Company are stated in the section headed "Corporate Information" of the document.

The Group is principally engaged in the business of development and commercialization of gas-based cardiopulmonary therapeutic and diagnostic devices. Particulars of principal activities of the subsidiaries are disclosed in Note 40.

The Historical Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards issued by the IASB.

The Historical Financial Information has been prepared on a going concern basis notwithstanding that, as at June 30, 2026, the Group had net liabilities of RMB399,240,000, primarily due to the significant amount of the redemption liabilities of RMB540,778,000. Pursuant to shareholders' agreements entered into among the Company and the Shareholders of the Company dated February 2, 2026, which superseded the previous shareholders agreements, the redemption rights granted by the Company were terminated before the first filing of the [**REDACTED**] by the Company with the Stock Exchange, while all other special rights will be terminated upon [**REDACTED**]. The special rights shall be automatically reinstated upon the earliest of the occurrence of any of the following redemption right restoring events: (i) the [**REDACTED**] was not approved within 24 months by the regulatory authority or before December 31, 2027; (ii) the Company withdrew the [**REDACTED**], (iii) the [**REDACTED**] was returned or rejected, or (iv) the Company did not refile the [**REDACTED**] within six months after the lapse of the [**REDACTED**]. In this regard, the directors of the Company are of the opinion that the Company is not probable to be obliged to settle the redemption liabilities before December 31, 2027.

[The directors have reviewed the Group's cash flow projections, which cover a period from July 1, 2026 to December 31, 2027. The directors are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due from July 1, 2026 to December 31, 2027. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.]

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting periods beginning on January 1, 2026, throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 20	Regulatory Assets and Regulatory Liabilities[3]

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]
Amendments to IAS 28	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures[2]

1 Effective for annual periods beginning on or after a date to be determined

2 Effective for annual periods beginning on or after January 1, 2027

3 Effective for annual periods beginning on or after January 1, 2029.

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements* ("**IAS1**"). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the Notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements but no impact on the Group's financial positions and performance.

Except for the IFRS 18, the directors of the Company anticipate that the application of these new and amendments to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company at cost less any identified impairment loss, if any.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss.

When a group entity transacts with an associate, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 6, 23 and 29.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Leases* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities; and
- any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including the risk-free rate based on government bond rates.

The lease payments include fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payments transactions

Restricted shares/share option granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserves). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve.

When share options are exercised or RS granted are vested, the amount previously recognized in share-based payments reserve will be transferred to capital reserve.

RS/share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognized as expenses (unless the goods or services qualify for recognition as assets).

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'loss before tax' because of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;

- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Impairment on property and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit (the "CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the CGUs. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or the group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a CGU or the group of CGUs) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Contract fulfilment cost

The Group incurs costs to fulfil a contract in the contract development services and maintenance services. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset is subsequently recognized to profit or loss at a point in time when results of research and development services are accepted by the customers.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of equipments are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs (to specify, e.g. direct labour and materials) and an allocation of other costs (to specify, e.g. an allocation of the depreciation charge for an item of property and equipment used in fulfilling that contract) that relate directly to fulfilling contracts.

Financial instruments

Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than for financial assets at FVTPL) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the Track Record Period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit- impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade receivables, other receivables, amounts due from subsidiaries, time deposits and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at the reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognizes lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's internal credit rating;
- significant deterioration in external market indicators of credit risk;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjust for factors that are specific to the debtors, general economic conditions and forward looking information including time value of money where appropriate that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for third party trade receivables (except for trade receivables from customers with high credit risk, which are assessed individually) and amounts due from subsidiaries are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables and amounts due from subsidiaries where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortized cost

All financial liabilities including trade and other payables, bank borrowings and redemption liabilities and are subsequently measured at amortised cost using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'Other gains and losses', line item in profit or loss (note 8) as part of net foreign exchange gains (losses) for financial liabilities.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Historical Financial Information.

Research and development expenditures

Development costs incurred on the Group's projects to develop new products are capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and use or sell the asset, how the asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the projects, the Group's ability to use or sell the asset and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred.

The Directors assess the progress of each of the research and development projects and determine whether the criteria are met for capitalization. During the Track Record Period, all development costs are expensed when incurred.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Useful lives of property and equipment

The Directors determines the estimated useful lives and residual values in determining the related charges for its property and equipment. This estimate is referenced to useful lives of property and equipment of similar nature and functions in the industry. The information about useful lives of property and equipment are disclosed in Note 16.

6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Types of goods or services				
Sales of medical devices				
Inhaled Nitric Oxide (iNO) therapy devices	38,070	47,328	19,109	34,375
Respiratory diagnosis devices	2,992	4,660	2,430	3,026
Cardiopulmonary circulatory support devices	–	6,536	–	19,047
	41,062	58,524	21,539	56,448
Other products and services				
Contract development services	3,774	1,887	–	–
Others *(Note i)*	711	2,796	874	1,684
	4,485	4,683	874	1,684
	45,547	63,207	22,413	58,132
Timing of revenue recognition				
A point in time	45,448	63,045	22,324	58,034
Over time	99	162	89	98
	45,547	63,207	22,413	58,132
Sales Channel				
Distributors	41,773	60,048	21,156	57,839
Direct sales	–	1,272	1,257	293
Others	3,774	1,887	–	–
	45,547	63,207	22,413	58,132

Note:

(i) Others are mainly generated from maintenance services and sales of consumer health products.

(ii) Performance obligations for contracts with customers and revenue recognition policies

Sales of medical devices

The Group sells medical devices to distributors in the PRC and overseas.

For sales of medical devices to customers in the PRC, revenue is recognized when control of the goods has transferred, being when the goods have been delivered and accepted by the customers. For sales of medical devices to customers in the overseas, revenue is recognized when control of the goods has been transferred to the carriers for shipment, being at the point the goods are delivered to the customer's specific location.

Following the customer' acceptance, the customer has ability to direct the use of the products and bears the risks of obsolescence and loss in relation to the products. The Group mainly requires full advance from customers before goods are delivered, while credit terms of up to 90 days are granted for certain health products and advance of 30% to 50% is collected for certain overseas sales with the remaining balances payable within 180 days after customer's receipt of goods. This will give rise to contract liabilities at the start of a contract, until the goods been accepted by the customers. A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration from the customer.

Sales-related warranties associated with medical devices cannot be purchased separately and they serve as an assurance type of warranty that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37. Please refer to Note 28 for details.

Contract development services

The Group provides contract development services to third party customers. The contract development services are usually in the form of provision of technical design report. Revenue related to contract development services is recognized when the customers obtain the control of the deliverables, which occur at a point in time, upon delivery based on the contracts.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied as the Group's contract has an original expected duration of less than one year.

(iv) Segment information

Information reported to the executive directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment focuses on revenue analysis by products. During the Track Record Period, the CODM assesses the operating performance and allocates resources of the Group as a whole. No other discrete financial information is provided to the CODM other than the Group's results and financial position as a whole. In this regard, no segment information is presented.

Geographic information

Information of the Group's revenue, determined based on geographical location of customers, during the Track Record Period is as follows:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Geographical markets				
Chinese mainland	41,649	55,163	22,025	48,323
Overseas	3,898	8,044	388	9,809
France	–	4,088	–	1,227
Turkey	–	1,038	–	–
Indonesia	357	856	–	891
Taiwan, China	3,382	823	58	1,459
Hungary	–	417	–	365
Bangladesh	–	323	323	–
Malaysia	–	163	–	542
Vietnam	–	115	–	–
Mongolia	159	115	7	12
India	–	106	–	458
Romania	–	–	–	988
Thailand	–	–	–	445
Qatar	–	–	–	396
Austria	–	–	–	384
Italy	–	–	–	325
United Arab Emirates (UAE)	–	–	–	305
Philippines	–	–	–	259
Oman	–	–	–	234
Israel	–	–	–	216
Saudi Arabia	–	–	–	209
Poland	–	–	–	209
Kuwait	–	–	–	205
Guatemala	–	–	–	182
Estonia	–	–	–	178
Costa Rica	–	–	–	175
Serbia	–	–	–	145
	45,547	63,207	22,413	58,132

Substantially all of the Group's non-current assets are located in the PRC as of December 31, 2024 and 2025 and June 30, 2026.

Information about major customers

During the Track Record Period, revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer A	N/A*	8,163	N/A*	9,917
Customer B	N/A*	N/A*	N/A*	7,687

* The corresponding revenue did not contribute over 10% of total revenue of the Group for the relevant year/period.

7. OTHER INCOME

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Government grant *(Note)*	2,969	5,266	306	3,605
Interest income from time deposits and bank balances	3,948	3,437	1,740	1,341
Interest income from structured deposits	644	436	200	25
Others	187	55	56	49
	7,748	9,194	2,302	5,020

Note: The government grants related to income mainly represent unconditional government subsidies received from relevant government bodies as incentives for the research and development activities and compensation of rental expenses. The government grants are accounted for as immediate financial support with no future related costs expected to be incurred and are not related to any assets.

8. OTHER GAINS AND LOSSES

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Losses on disposals of property and equipment	(514)	–	–	–
Losses on disposals of intangible assets	(694)	–	–	–
Losses on termination of lease	(2)	–	–	–
Net foreign exchange gains (losses)	27	(75)	(3)	(207)
Others	316	234	47	(40)
	(867)	159	44	(247)

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS ("ECL") MODEL, NET OF REVERSAL

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Impairment losses recognized (reversed) on:				
– trade receivables	129	77	17	(6)

Details of impairment assessment are set out in Note 34.

10. FINANCE COSTS

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest expense on:				
– redemption liabilities *(Note 30)*	(28,679)	(39,543)	(18,750)	(21,302)
– bank borrowings	(837)	(508)	(310)	(321)
– lease liabilities	(155)	(233)	(95)	(75)
	(29,671)	(40,284)	(19,155)	(21,698)

11. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation of property and equipment	6,218	6,265	2,991	3,539
Depreciation of right-of-use assets	2,343	2,545	1,177	1,265
Amortization of intangible assets	630	350	163	248
Total depreciation and amortization	9,191	9,160	4,331	5,052
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Directors' and supervisors' remuneration *(Note 13)*	3,480	3,838	1,636	1,762
Other staff costs				
– salaries and other benefits	40,798	42,235	21,383	26,642
– retirement benefit scheme contributions	3,750	3,946	1,842	2,055
– equity-settled share-based payments expenses	1,493	1,423	730	1,443
Total staff costs	49,521	51,442	25,591	31,902
Cost of inventories recognized as an expense (including write-down of inventories amounting to RMB180,000, RMB1,810,000, RMB778,000 and RMB105,000, respectively)	16,864	23,324	9,613	20,812
Research and development costs recognized as an expense	32,982	34,678	13,741	20,251

12. INCOME TAX EXPENSE AND DEFERRED TAXATION

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Company and its PRC subsidiaries is 25%.

The Company has been accredited as a "high and new technical enterprise" (the "HNTE") on November 6, 2023. The Company is entitled to a preferential income tax rate of 15% during the Track Record Period.

PRC subsidiaries of the Company were subject to "small and thin-profit enterprises" and would benefit from a preferential tax rate of 20% under the EIT Law and enjoyed 75% reduction on annual taxable income during the Track Record Period.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits during the Track Record Period.

No provision for PRC income tax has been provided in the financial statements as the Group has no assessable profit during the Track Record Period.

The income tax expense for the Track Record Period can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before tax	(86,246)	(95,271)	(43,778)	(51,864)
Tax at the PRC EIT rate of 25%	(21,562)	(23,818)	(10,945)	(12,966)
Tax effect of expenses not deductible for tax purposes	4,722	6,125	2,905	6,101
Tax effect of extra deduction of research and development expenses	(4,195)	(4,829)	(1,880)	(1,641)
Tax effect of deductible temporary differences not recognized	68	426	679	1,082
Utilisation of tax losses previously not recognized	(69)	–	–	(892)
Tax effect of tax losses not recognized	14,690	12,925	5,110	3,067
Income tax at concessionary rate	6,346	9,171	4,131	5,249
	–	–	–	–

As at 31 December 2024 and 2025 and June 30, 2026, the Group has unused tax losses of RMB289,553,000, RMB371,009,000 and RMB386,688,000 respectively available for offset against future profits. The deferred tax assets and the deferred tax liabilities arising from lease contracts of the same subsidiary amounted to RMB954,000, RMB962,000 and RMB746,000 have been offset in the statements of financial position for presentation purposes. Except the deferred tax assets that have been offset, the Group has deductible temporary differences for which deferred tax assets are not recognized of RMB2,463,000, RMB4,990,000 and RMB8,122,000 as at 31 December 2024 and 2025 and June 30, 2026, respectively.

Deferred tax assets have not been recognized in respect of these losses as these have been arisen by the Company and its subsidiaries that have been loss-making for certain period of time, and it is not considered probable that taxable profits in the foreseeable future will be available against which the tax losses.

The unrecognized tax losses of the Group will be carried forward and expire in years as follows:

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
2026	639	639	639
2027	4,907	4,907	3,873
2028	5,121	5,121	5,121
2029	15,234	15,234	11,898
2030	6,394	20,576	20,485
2031	36,496	36,496	37,553
2032	67,067	67,067	67,067
2033	78,185	78,185	78,185
2034	75,510	75,510	75,510
2035	–	67,274	67,274
2036	–	–	19,083
	289,553	371,009	386,688

13. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors', Supervisors', and chief executive's emoluments

During the Track Record Period, directors', supervisors' and chief executive's remuneration disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance are as follows:

	Salaries and other benefits	Retirement benefit scheme contributions	Discretionary bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024				
Executive director and chief executive officer:				
Dr. Mao Wen (毛雯) *(Note i)*	600	134	75	809
Executive directors:				
Mr. Zhang Yuyan (張煜彥) *(Note ii)*	722	108	150	980
Mr. Cao Guiping (曹貴平) *(Note iii)*	600	108	75	783
Non-executive directors:				
Dr. Yu Qin *(Note iv)*	–	–	–	–
Mr. Deng Feng *(Note v)*	–	–	–	–
Ms. Cao Yu (曹宇) *(Note vi)*	–	–	–	–
Mr. He Xing (何邢) *(Note vii)*	–	–	–	–
Supervisor:				
Mr. Ou Junlin (歐軍林) *(Note viii)*	600	83	225	908
	2,522	433	525	3,480
Year ended December 31, 2025				
Executive director and chief executive officer:				
Dr. Mao Wen (毛雯) *(Note i)*	598	135	300	1,033
Executive directors:				
Mr. Zhang Yuyan (張煜彥) *(Note ii)*	722	108	270	1,100
Mr. Cao Guiping (曹貴平) *(Note iii)*	616	108	–	724
Non-executive directors:				
Dr. Yu Qin *(Note iv)*	–	–	–	–
Mr. Deng Feng *(Note v)*	–	–	–	–
Ms. Cao Yu (曹宇) *(Note vi)*	–	–	–	–
Mr. He Xing (何邢) *(Note vii)*	–	–	–	–
Ms. Zeng Yong Mei *(Note ix)*	–	–	–	–
Supervisor:				
Mr. Ou Junlin (歐軍林) *(Note viii)*	600	81	300	981
	2,536	432	870	3,838

	Salaries and other benefits	Retirement benefit scheme contributions	Discretionary bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended June 30, 2026				
Executive director and chief executive officer:				
Dr. Mao Wen (毛雯) *(Note i)*	370	73	75	518
Executive directors:				
Mr. Zhang Yuyan (張煜彥) *(Note ii)*	410	59	76	545
Mr. Cao Guiping (曹貴平) *(Note iii)*	396	54	39	489
Non-executive directors:				
Mr. Deng Feng *(Note v)*	–	–	–	–
Ms. Cao Yu (曹宇) *(Note vi)*	–	–	–	–
Mr. He Xing (何邢) *(Note vii)*	–	–	–	–
Ms. Zeng Yong Mei *(Note ix)*	–	–	–	–
Independent Non-executive directors:				
Mr. Feng Liu (劉峰) *(Note x)*	70	–	–	70
Ms. Yun Xiao (肖雲) *(Note xi)*	70	–	–	70
Mr. Shupai Li (李書湃) *(Note xii)*	70	–	–	70
	1,386	186	190	1,762
Six months ended June 30, 2025 (unaudited)				
Executive director and chief executive officer:				
Dr. Mao Wen (毛雯) *(Note i)*	300	67	50	417
Executive directors:				
Mr. Zhang Yuyan (張煜彥) *(Note ii)*	361	54	60	475
Mr. Cao Guiping (曹貴平) *(Note iii)*	300	54	–	354
Non-executive directors:				
Dr. Yu Qin *(Note iv)*	–	–	–	–
Mr. Deng Feng *(Note v)*	–	–	–	–
Ms. Cao Yu (曹宇) *(Note vi)*	–	–	–	–
Mr. He Xing (何邢) *(Note vii)*	–	–	–	–
Ms. Zeng Yong Mei *(Note ix)*	–	–	–	–
Supervisor:				
Mr. Ou Junlin (歐軍林) *(Note viii)*	300	40	50	390
	1,261	215	160	1,636

Notes:

i. Dr. Mao Wen was appointed as the executive director and chief executive officer of the Group on April 22, 2020.

ii. Mr. Zhang Yuyan was appointed as the executive director of the Group on September 30, 2021.

iii. Mr. Cao Guiping was appointed as the executive director of the Group on December 28, 2020.

iv. Dr. Yu Qin was appointed as the non-executive director of the Group on December 29, 2020. And she was resigned as the non-executive director of the Group on July 1, 2025.

v. Mr. Deng Feng was appointed as the non-executive director of the Group on September 30, 2021.

vi. Ms. Cao Yu was appointed as the non-executive director of the Group on September 30, 2021.

vii. Mr. He Xing was appointed as the non-executive director of the Group on April 22, 2020.

viii. Mr. Ou Junlin was appointed as the supervisor of the Group on April 6, 2023. And he was resigned as the supervisor of the Group on December 18, 2025.

ix. Ms. Zeng Yong Mei was appointed as the non-executive director of the Group on July 1, 2025 and she was resigned as the non-executive director of the Group on February 5, 2026.

x. Mr. Feng Liu was appointed as the independent non-executive director of the Group on February 5, 2026.

xi. Ms. Yun Xiao was appointed as the independent non-executive director of the Group on February 5, 2026.

xii. Mr. Shupai Li was appointed as the independent non-executive director of the Group on February 5, 2026.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group during the Track Record Period. The supervisors' emoluments shown above were paid for their services as supervisors of the Company during the Track Record Period. None of the directors or supervisors of the Company waived or agreed to waive any emoluments during the Track Record Period.

(b) Five highest paid employees

The five highest paid individuals of the Group included three directors, one director, one director and one director of the Company for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining two, four, four and four highest paid individuals for the respective years/periods are as follows:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and other benefits	1,640	3,070	1,261	1,850
Retirement benefit scheme contributions	285	484	275	199
Discretionary bonuses	386	1,204	478	318
	2,311	4,758	2,014	2,367

The number of the five highest paid individuals fell within the following bands is as below:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
			(unaudited)	
Nil to Hong Kong Dollars ("HK$")500,000	–	–	1	–
HK$500,001 to HK$1,000,000	3	–	4	5
HK$1,000,001 to HK$1,500,000	2	5	–	–
	5	5	5	5

During the Track Record Period, no emoluments were paid by the Group to any of the executive director, non-executive directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was paid nor declared by the Company during the Track Record Period.

15. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the following data:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
			(unaudited)	
Loss (RMB'000)				
Loss for the purpose of basic loss per share attributable to owners of the Company	(86,246)	(95,271)	(43,778)	(51,864)
Number of shares ('000)				
Weighted average number of ordinary shares for the purpose of basic loss per share calculation	79,710	83,531	83,003	84,051
Loss per share (RMB)	(1.08)	(1.14)	(0.53)	(0.62)

No diluted loss per share for the Track Record Period as the conversion of the Company's outstanding redemption liabilities would result in a decrease in loss per share.

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the Track Record Period has been determined on the assumptions that the [**REDACTED**] as set out in note 31.

16. PROPERTY AND EQUIPMENT

The Group

	Leasehold improvement	Machinery	Office furniture	Electronic and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At January 1, 2024	6,575	12,944	3,113	1,516	–	24,148
Additions	5,320	4,504	29	212	1,376	11,441
Transferred in from construction in progress	1,376	–	–	–	(1,376)	–
Disposals	(637)	(11)	(24)	(29)	–	(701)
At December 31, 2024	12,634	17,437	3,118	1,699	–	34,888
Additions	528	3,835	62	79	3,742	8,246
Transferred in from construction in progress	897	1,609	–	–	(2,506)	–
Disposals	–	(45)	–	(10)	–	(55)
At December 31, 2025	14,059	22,836	3,180	1,768	1,236	43,079
Additions	686	1,910	15	196	137	2,944
Disposals	–	(10)	–	–	–	(10)
Transfers to inventories	–	(59)	–	–	–	(59)
At June 30, 2026	14,745	24,677	3,195	1,964	1,373	45,954
DEPRECIATION						
At January 1, 2024	4,367	2,919	1,202	935	–	9,423
Provided for the year	2,456	2,780	595	387	–	6,218
Eliminated on disposals	(151)	(4)	(6)	(21)	–	(182)
At December 31, 2024	6,672	5,695	1,791	1,301	–	15,459
Provided for the year	1,846	3,667	587	165	–	6,265
Eliminated on disposals	–	(19)	–	(9)	–	(28)
At December 31, 2025	8,518	9,343	2,378	1,457	–	21,696
Provided for the period	1,043	2,137	299	60	–	3,539
Eliminated on disposals	–	(6)	–	–	–	(6)
Transfers to inventories	–	(1)	–	–	–	(1)
At June 30, 2026	9,561	11,473	2,677	1,517	–	25,228
CARRYING AMOUNTS						
At December 31, 2024	5,962	11,742	1,327	398	–	19,429
At December 31, 2025	5,541	13,493	802	311	1,236	21,383
At June 30, 2026	5,184	13,204	518	447	1,373	20,726

The Company

	Leasehold improvement	Machinery	Office furniture	Electronic and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At January 1, 2024	5,600	10,661	3,033	1,505	–	20,799
Additions	184	2,678	–	43	–	2,905
Disposals	–	–	–	(29)	–	(29)
At December 31, 2024	5,784	13,339	3,033	1,519	–	23,675
Additions	226	2,175	–	67	587	3,055
Transferred in from construction in progress	107	–	–	–	(107)	–
Disposals	–	(3,292)	–	(10)	–	(3,302)
At December 31, 2025	6,117	12,222	3,033	1,576	480	23,428
Additions	86	668	11	196	137	1,098
Transfers to inventories	–	(59)	–	–	–	(59)
At June 30, 2026	6,203	12,831	3,044	1,772	617	24,467
DEPRECIATION						
At January 1, 2024	4,009	2,572	1,195	929	–	8,705
Provided for the year	1,461	2,174	576	370	–	4,581
Eliminated on disposals	–	–	–	(21)	–	(21)
At December 31, 2024	5,470	4,746	1,771	1,278	–	13,265
Provided for the year	107	2,389	576	129	–	3,201
Eliminated on disposals	–	(1,263)	–	(9)	–	(1,272)
At December 31, 2025	5,577	5,872	2,347	1,398	–	15,194
Provided for the period	77	1,080	288	42	–	1,487
Transfers to inventories	–	(1)	–	–	–	(1)
At June 30, 2026	5,654	6,951	2,635	1,440	–	16,680
CARRYING AMOUNTS						
At December 31, 2024	314	8,593	1,262	241	–	10,410
At December 31, 2025	540	6,350	686	178	480	8,234
At June 30, 2026	549	5,880	409	332	617	7,787

The above items of property and equipment are depreciated on a straight-line basis, after taking into account their estimated residual value, at the following periods:

Leasehold improvement	Shorter of their useful lives and the lease term
Machinery	5-7 years
Office furniture	5 years
Electronic and other equipment	3 years

Impairment of non-financial assets

At the end of each reporting period within the Track Record Period, the Group has assessed whether there are any indicators of impairment for its non-financial assets, including property and equipment, right-of-use assets,and intangible assets, by reviewing both internal and external sources of information. As at December 31, 2024, December 31.2025, and June 30, 2026, no impairment indicators were identified notwithstanding that the Group recorded a loss. This conclusion is supported by the following factors:(i) the Company's operations are in line with management's expectations and strategic plans; (ii) all non-financial assets are in good condition and normal use; (iii) there has been no occurrence of obsolescence or physical damage to these assets during the periods presented, nor is any such event expected to happen in the near future. As a result, there was no impairment indicator and no impairment assessment was performed during the Track Record period.

17. RIGHT-OF-USE ASSETS

The Group

	Leasehold properties
	RMB'000
Carrying amount	
At December 31, 2024	5,921
At December 31, 2025	5,146
At June 30, 2026	3,881
Depreciation charge	
For the year ended December 31, 2024	2,343
For the year ended December 31, 2025	2,545
For the six months ended June 30, 2026	1,265

	Leasehold properties			
	For the year ended December 31,		For the six month ended June 30,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Expense relating to short-term leases	72	102	19	56
Total cash outflow for leases	155	942	19	56
Additions to right-of-use assets	6,401	1,770	–	–
Termination of lease contract	619	–	–	–

During the Track Record Period, the Group leased various properties for its operations. Lease contracts are entered into for fixed term from 3 to 5 years. The lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the Track Record Period, the Group regularly entered into short-term leases for office premises. As at December 31, 2024 and 2025 and June 30, 2026, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of RMB6,654,000, RMB5,225,000 and RMB4,972,000 are recognized as of December 31, 2024 and 2025 and June 30, 2026, respectively, with related right-of-use assets of RMB5,921,000, RMB5,146,000 and RMB3,881,000. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Details of the lease maturity analysis of lease liabilities are set out in Notes 27 and 34.

The Company

	Leasehold properties
	RMB'000
Carrying amount	
At December 31, 2024	5,078
At December 31, 2025	3,174
At June 30, 2026	2,222
Depreciation charge	
For the year ended December 31, 2024	1,801
For the year ended December 31, 2025	1,904
For the six months ended June 30, 2026	952

	Leasehold properties		
	For the year ended December 31,		For the six month ended June 30,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Expense relating to short-term leases	–	33	56
Total cash outflow for leases	–	873	56
Additions to right-of-use assets	5,713	–	–

Restrictions or covenants on leases

As at December 31, 2024 and 2025 and June 30, 2026, The Company's lease liabilities of RMB5,792,000, RMB3,190,000 and RMB3,234,000 are recognized with related right-of-use assets of RMB5,078,000, RMB3,174,000 and RMB2,222,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

18. INTANGIBLE ASSETS

The Group and the Company

	Software	Patent	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At January 1, 2024	1,259	1,000	2,259
Additions	210	–	210
Disposals	–	(1,000)	(1,000)
At December 31, 2024	1,469	–	1,469
Additions	320	–	320
At December 31, 2025	1,789	–	1,789
Additions	623	–	623
At June 30, 2026	2,412	–	2,412
Amortization			
At January 1, 2024	502	83	585
Charge for the year	407	223	630
Disposals	–	(306)	(306)
At December 31, 2024	909	–	909
Charge for the year	350	–	350
At December 31, 2025	1,259	–	1,259
Charge for the period	248	–	248
At June 30, 2026	1,507	–	1,507
Carrying values			
At December 31, 2024	560	–	560
At December 31, 2025	530	–	530
At June 30, 2026	905	–	905

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

Software	2-3 years
Patent	3 years

19. INTEREST IN AN ASSOCIATE

The Group and the Company

Associate	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
	RMB'000	*RMB'000*	*RMB'000*
Cost of investments, unlisted	600	600	500
Share of loss	(93)	(336)	(380)
	507	264	120

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest and voting rights held by the Group: As at December 31, 2024	As at December 31, 2025	As at June 30, 2026	Principle activities
Suzhou Yingchuang Medical Technology Co., Ltd.* (蘇州影創醫療科技有限公司) *(note)*	The PRC	Suzhou	30%	30%	25%	Research, development and sales of medical devices

Note: Suzhou Yingchuang Medical Technology Co., Ltd. was registered on September 19, 2024. On January 22, the Company disposed of its 5% equity interest in Suzhou Yingchuang to an individual third party for a cash consideration of RMB100,000.

* English name is for identification purpose only

20. INVESTMENTS IN SUBSIDIARIES

The Company

Subsidiaries	As at December 31, 2024	As at December 31, 2025	As at June 30, 2026
	RMB'000	*RMB'000*	*RMB'000*
Cost of investments, unlisted	40,237	49,294	76,465
Impairment loss of a subsidiary *(Note)*	(6,050)	(6,050)	(6,050)
	34,187	43,244	70,415

Note: The investments in subsidiaries are assessed for impairment loss whenever there is an indication that may be impaired. The Company recognized full impairment loss related to investment in Changsha Novlead Biotechnology Co., Ltd.* (長沙諾什生物科技有限公司), one of its subsidiaries with net liabilities position and ceased substantive business operations, during the year ended December 31, 2024. Save for Changsha Novlead Biotechnology Co., Ltd., no impairment indicators were identified for investments in all other subsidiaries, considering that (i) these subsidiaries constitute the Group's core operating entities; (ii) there have been no material adverse changes to their operating environment, management stability and corporate governance structures; and (iii) the Group has no plans to discontinue, restructure or dispose of any such subsidiaries.

* English name is for identification purpose only

21. OTHER NON-CURRENT ASSETS

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Rental deposits	400	400	400	360	360	360
Prepayment for acquisition of property and equipment	3,426	1,505	2,234	1,521	694	1,584
	3,826	1,905	2,634	1,881	1,054	1,944

22. INVENTORIES

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials and consumables	6,807	6,790	11,153	4,250	829	643
Work in progress	571	964	1,978	120	31	–
Finished goods	4,157	6,995	5,548	3,102	3,917	2,691
	11,535	14,749	18,679	7,472	4,777	3,334

23. TRADE AND OTHER RECEIVABLES

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	7,482	6,843	–	7,391	5,667
Less: Allowance for credit loss	–	(77)	(71)	–	(74)	(57)
	–	7,405	6,772	–	7,317	5,610
Prepayments to suppliers	4,280	7,072	9,680	3,194	2,750	2,924
Deferred issue costs	–	2,352	3,810	–	2,352	3,810
Prepayments for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Prepayments for issue costs	–	–	311	–	–	311
Deposits	241	401	2,049	257	337	1,989
Other receivables	389	388	962	333	334	894
	4,910	17,618	25,087	3,784	13,090	17,041

As at 1 January 2024, the carrying amount of the Group's and the Company's trade receivables net of allowance for ECL from contracts with customers amounted to RMB784,000 and nil, respectively.

The Group allows a credit period ranging from 30 to 60 days to its certain customers. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on revenue recognition dates:

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	–	7,392	6,757	–	7,317	5,608
91-180 days	–	13	2	–	–	2
180-365 days	–	–	13	–	–	–
	–	7,405	6,772	–	7,317	5,610

Details of impairment assessment of trade and other receivables of the Group and the Company are set out in note 34.

Trade receivables that are denominated in currencies other than functional currency of the relevant group entities are set out below:

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
United States Dollar ("USD")	–	5,197	5,369	–	5,197	5,369

24. CASH AND CASH EQUIVALENTS/TIME DEPOSITS

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash on hand	17	17	17	17	17	17
Bank balances	47,115	48,359	52,247	37,941	38,174	31,129
Time deposits	127,580	111,017	78,956	127,580	111,017	68,701
	174,712	159,393	131,220	165,538	149,208	99,847
Cash and cash equivalents	69,100	48,376	52,264	59,926	38,191	31,146
Time deposits with maturity over three months	105,612	111,017	78,956	105,612	111,017	68,701
	174,712	159,393	131,220	165,538	149,208	99,847
Time deposits and bank balances and cash Analysed as:						
Non-current	73,398	66,701	46,836	73,398	66,701	46,836
Current	101,314	92,692	84,384	92,140	82,507	53,011
	174,712	159,393	131,220	165,538	149,208	99,847

The carrying amounts of the Group's and the Company's bank balances and cash denominated in currencies other than functional currencies of the relevant group entities at the end of each reporting period are as follows:

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD	4,367	6,523	6,447	4,367	6,194	5,365

The Group's and the Company's cash and cash equivalents and time deposits carry interest at market rates per annum ranging as follows:

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
Time deposits	2.70%-4.10%	1.80%-3.25%	1.70%-3.15%	2.70%-4.10%	1.80%-3.25%	1.80%-3.15%
Cash and cash equivalents	0.05%-1.15%	0.01%-0.41%	0.01%-0.10%	0.05%-0.10%	0.03%-0.41%	0.03%-0.10%

25. TRADE AND OTHER PAYABLES

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	1,092	4,692	2,034	792	3,262	228
Accrued staff costs and benefits	7,536	9,793	9,100	6,382	7,344	7,076
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Accrued service fee	4,440	2,146	572	4,401	1,749	521
Accrued issue costs	–	1,820	–	–	1,820	–
Payables to staff	1,733	1,100	1,446	1,326	797	1,368
Accrued royalty fee	583	812	867	583	812	867
Other taxes payables	321	642	231	269	573	145
Deposits from customers	170	370	780	170	280	550
Other payables	263	39	15	263	–	–
	16,138	28,917	16,067	14,186	24,140	11,777

The credit period on purchases of goods or services of the Group and the Company is generally within 90 days. The following is an aged analysis of trade payables presented based on goods or services receipt date at the end of the reporting period:

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	845	4,286	1,404	560	2,976	19
91-180 days	141	73	16	126	18	9
180-365 days	35	241	398	35	180	29
1 to 2 years	69	21	129	69	17	84
2 to 3 years	2	71	87	2	71	87
	1,092	4,692	2,034	792	3,262	228

The carrying amounts of the Group's and the Company's trade and other payables denominated in currencies other than functional currencies of the relevant group entities at the end of each reporting period are as follows:

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD	12	2,630	–	12	2,630	–

26. BANK BORROWINGS

The Group and the Company

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings			
– Unsecured and unguaranteed	23,018	10,004	34,918
The carrying amounts of the above borrowings are repayable*:			
– within one year	23,018	10,004	34,918

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the Group and the Company's borrowings are as follows:

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Fixed-rate borrowings	23,018	10,004	29,915
Variable-rate borrowings	–	–	5,003

The range of effective interest rates per annum (which are also equal to contracted interest rates) on the Group and the Company's borrowings are as follows:

	As at December 31,		As at June 30,
	2024	2025	2026
	%	%	%
Effective interest rates:			
Fixed-rate borrowings	2.50-2.90	2.11-2.20	2.11-2.20
Variable-rate borrowings	–	–	LPR-0.77

27. LEASE LIABILITIES

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities payable:						
– Within one year	2,475	2,243	3,593	2,003	2,003	3,234
– Within a period of more than one year but not exceeding two years	2,393	1,626	209	2,003	1,187	–
– Within a period of more than two years but not exceeding five years	1,786	553	584	1,786	–	–
– More than five years	–	803	586	–	–	–
	6,654	5,225	4,972	5,792	3,190	3,234
Less: Amounts due for settlement within 12 months shown under current liabilities	2,475	2,243	3,593	2,003	2,003	3,234
Amounts due for settlement after 12 months shown under non-current liabilities	4,179	2,982	1,379	3,789	1,187	–

The Group's weighted average incremental borrowing rates applied to lease liabilities range from 3.85% to 4.75% per annum as at December 31, 2024, 3.60% to 4.20% per annum as at December 31, 2025 and June 30, 2026.

The Company's weighted average incremental borrowing rates applied to lease liabilities range from 3.85% to 4.75% per annum as at December 31, 2024, 3.85% per annum as at December 31, 2025 and June 30, 2026.

28. PROVISIONS

The Group

	Warranty provision	Provision for onerous contract	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024	1,581	–	1,581
Additional provision for the year	1,138	–	1,138
Utilisation of provision	(1,383)	–	(1,383)
At December 31, 2024	1,336	–	1,336
Additional provision for the year	2,242	500	2,742
Utilisation of provision	(1,430)	–	(1,430)

	Warranty provision	Provision for onerous contract	Total
	RMB'000	*RMB'000*	*RMB'000*
At December 31, 2025	2,148	500	2,648
Additional provision for the period	1,973	–	1,973
Utilisation of provision	(859)	–	(859)
At June 30, 2026	3,262	500	3,762

The Company

	Warranty provision	Provision for onerous contract	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024	1,535	–	1,535
Additional provision in the year	1,002	–	1,002
Utilisation of provision	(1,300)	–	(1,300)
At December 31, 2024	1,237	–	1,237
Additional provision for the year	1,673	500	2,173
Utilisation of provision	(1,314)	–	(1,314)
At December 31, 2025	1,596	500	2,096
Additional provision for the period	1,220	–	1,220
Utilisation of provision	(410)	–	(410)
At June 30, 2026	2,406	500	2,906

The warranty provision represents management's best estimate of the Group's liability under 1-year assurance-type warranty granted on medical devices, based on prior experience and industry averages for defective products.

29. CONTRACT LIABILITIES

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	1,225	5,161	3,515	1,145	1,537	2,081

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying products or services are yet to be provided.

As at January 1, 2024, the Group's and the Company's contract liabilities amounted to RMB1,270,000 and RMB1,187,000, respectively.

The contract liabilities of the Group as at January 1, 2024, 2025 and 2026, amounted to RMB1,270,000, RMB1,066,000 and RMB4,745,000 were recognized as revenue during the years ended December 31, 2024 and 2025 and six months ended June 30, 2026, respectively.

The contract liabilities of the Company as at January 1, 2024, 2025 and 2026, amounted to RMB1,187,000, RMB990,000 and RMB1,293,000 were recognized as revenue during the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, respectively.

30. REDEMPTION LIABILITIES

The Company was established in the PRC in April 2018, with an initial registered capital of RMB3,000,000.

In February 2020, the Company entered into an investment agreement with series Angel investors, pursuant to which the Company issued and allotted approximately 750,000 shares, to series Angel investors, at a consideration of RMB10,000,000.

In December 2020, the Company entered into an investment agreement with series A investors, pursuant to which the Company issued and allotted approximately 1,022,728 shares at a consideration of RMB30,000,000.

In October 2021, the Company entered into an investment agreement with series B investors, pursuant to which the Company issued and allotted approximately 1,703,509 shares at a consideration of RMB120,000,000.

In September 2022, the Company entered into an investment agreement with series B+ investors, pursuant to which the Company issued and allotted 1,174,054 Shares at a consideration of RMB110,000,000.

From February 2024 to August 8, 2024, the Company entered into investment agreements with series C investors, pursuant to which the Company issued and allotted an aggregate of 754,830 shares at a total consideration of RMB148,000,000.

As of December 31, 2024. The cash consideration was fully settled, except for the remaining 255,010 shares with a consideration of RMB50,000,000, which were registered and settled in March 2025.

The agreements granted the following special rights to series A to C investors.

Redemption right

Investors have a right to require the Company to redeem their investment if (i) the Company failed to qualified an [**REDACTED**] (the "[**REDACTED**]"). before December 31, 2027; (ii) the Company and its existing shareholders have committed a major breach to the agreements; (iii) the Company and its existing shareholders have committed a significant violation of laws and regulations, which has an adverse impact on the Company or results in the Company being unable to complete the [**REDACTED**].

The redemption amount is calculated as the original investment principal from investors, plus an annual simple rate of 10% of the original investment principal for a period of time commencing from the delivery date to the actual payments date of the settlement (calculated as 365 days in a calendar year).

Anti-dilution right

If the Company increases its new shares at a price lower than the price paid by the pre-registered investors who are eligible for the anti-dilution rights as stipulated in relevant investment agreements (the "**Anti-Dilution Right Holder**") on a per share capital basis prior to the [**REDACTED**], the Anti-Dilution Right Holder has a right to require the Company and the founding shareholder of the Company to take necessary actions, so that the total amount paid by the Anti-Dilution Right Holder divided by the total amount of share capital obtained is equal to the price per share capital in the new issuance.

The directors of the Company considered that the fair value of the anti-dilution right was immaterial and therefore no liability was recognized by the Company.

Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, the Investors shall be entitled to receive the liquidation preference amount, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of ordinary shares. The liquidation price shall be including: (i) the original investment from the Investors plus a yield at 8% per annum (the "priority liquidation amount"); and (ii) the remaining distributable assets after the payment of the priority liquidation amount shall distribute in accordance with the share ratios to Investors.

Upon the closure of the investment, at the Group's consolidated statements of financial position, the Group recognized the contractual obligation to the investors as financial liabilities measured at amortized cost using the effective interest rate method over the period from the closure date to the maturity date of December 31, 2027.

Pursuant to a shareholders' agreement entered into among the Company and the Shareholders of the Company dated February 2, 2026, which superseded the previous shareholders agreements, the redemption rights granted by the Company were terminated before the first filing of the [**REDACTED**] by the Company with the Stock Exchange, while all other special rights will be terminated upon [**REDACTED**] ("Termination of Special Rights").

The special rights shall be automatically reinstated upon the earliest of the occurrence of any of the following redemption right restoring events: (i) the [**REDACTED**] was not approved within 24 months by the regulatory authority or before December 31, 2027; (ii) the Company withdrew the [**REDACTED**], (iii) the [**REDACTED**] was returned or rejected, or (iv) the Company did not refile the [**REDACTED**] within six months after the lapse of the [**REDACTED**]. In this regard, the directors of the Company are of the opinion that the Company is not probable to be obliged to settle the redemption liabilities before December 31, 2027.

The Group and the Company

The movements of this redemption liabilities are as follows:

	Total
	RMB'000
At January 1, 2024	303,254
Recognition of financial instruments with preferred rights at amortized cost	98,000
Charged to finance costs	28,679
At December 31, 2024	429,933
Recognition of financial instruments with preferred rights at amortized cost	50,000
Charged to finance costs	39,543
At December 31, 2025	519,476
Charged to finance costs	21,302
At June 30, 2026	540,778

31. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

	Paid-in capital	Number of shares	Share capital
	RMB'000		*RMB'000*
Issued and fully paid:			
As at January 1, 2024	7,309	–	–
Issue of Series C shares *(Note i)*	500	–	–
At December 31, 2024	7,809	–	–
Issue of Series C shares *(Note i)*	255	–	–
Capital injection in relation to the share incentive plan *(Note ii)*	341	–	–
As at December 31, 2025	8,405	–	–
Conversion into a joint stock company *(Note iii)*	(8,405)	8,405,122	8,405
As at June 30, 2026	–	8,405,122	8,405

Notes:

i From February 2024 to August 8, 2024, the Company entered into investment agreements with series C investors, pursuant to which the Company issued and allotted an aggregate of 754,830 shares at a total consideration of RMB148,000,000. As at December 31, 2024, 500,000 shares with a total consideration of RMB98,000,000 were registered and received, among which RMB500,000 was credited to the Company's paid-in capital and the remaining balance was credited as capital reserve. The remaining 254,830 shares with a total consideration of RMB50,000,000 were registered and received in March 2025, among which RMB255,000 was credited to the Company's paid-in capital and the remaining balance was credited as capital reserve.

ii In October 2025, the Company received capital injection amounted RMB341,000 in relation to the 2020 Share Incentive Plan which was credited to the Company's paid-in capital.

iii On January 8, 2026, the Company was converted into a joint stock limited liability company. The net assets of the Company as at the conversion base date, which is October 31, 2025, were converted into 8,405,122 ordinary shares with a par value of RMB1 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium.

Pursuant to the resolutions of the Shareholders dated February 5, 2026, the Shares were [**REDACTED**] on a [**REDACTED**] basis immediately prior to the [**REDACTED**] ("[**REDACTED**]"), and the nominal value of the Shares was changed from RMB1.0 each to RMB[**REDACTED**] each. Immediately after the [**REDACTED**], the registered share capital of the Company was RMB8,405,122 with [**REDACTED**] Shares in a nominal value of RMB[**REDACTED**] each.

32. SHARE-BASED PAYMENT TRANSACTIONS

A share incentive plan (the "2020 Share Incentive Plan") was approved on December 10, 2020 and became effective on the same day. The purpose of the Share Incentive Plan was to provide incentives to employees and directors (the "Restricted Person") in order to promote the success of the business of the Group.

The 2020 Share Incentive Plan was implemented through an employee stock ownership platform (the "Shareholding Platforms") named Jingning Noring Team Biotechnology Partnership Enterprise (Limited Partnership) ("Jingning Noring") (景寧諾令團隊生物科技合夥企業(有限合夥). Pursuant to the 2020 Share Incentive Plan, certain employees were granted share options to acquire ordinary shares of the Company via Jingning Noring, while certain directors and senior management were granted restricted shares comprising the Company's ordinary shares held by Jingning Noring, which are subject to applicable restrictions.

(1) Share options under 2020 Share Incentive Plan

Subject to the terms and conditions as set out in the 2020 Share Incentive Plan, the share options shall vest in four equal tranches of 25% each, on the first, second, third and fourth anniversaries of the relevant grant date, respectively. Exercise of vested share options is subject to the grantee's continued employment with the Group, compliance with the Company's rules and policies, and achievement of the Company's prescribed performance targets. On January 20, 2026, all outstanding share options granted under the 2020 Share Incentive Plan were cancelled to streamline the Group's share incentive plan.

Details of the share options outstanding throughout the Track Record Period are as follows:

	Number of share options	Weighted average exercise price
		RMB
For the year ended 31 December 2024		
Employees:		
Outstanding at 1 January 2024	220,376	15.19
Granted during the year	36,132	56.41
Outstanding at 31 December 2024	256,508	21.00
Exercisable at the end of the year	209,512	14.75
For the year ended 31 December 2025		
Employees:		
Outstanding at 1 January 2025	256,508	21.00
Granted during the year	3,000	78.40
Outstanding at 31 December 2025	259,508	21.66
Exercisable at the end of the year	235,577	17.97
For the six months ended June 30, 2025		
Employees:		
Outstanding at 1 January 2025	256,508	21.00
Granted during the period	3,000	78.40
Outstanding at 30 June 2025	259,508	21.66
Exercisable at the end of the period	235,577	17.97
For the six months ended June 30, 2026		
Employees:		
Outstanding at 1 January 2026	259,508	21.66
Cancelled during the period	(259,508)	21.66
Outstanding at 30 June 2026	–	–

Fair value of share options granted

The Group used back-solve method to determine the underlying equity fair value of the Company. Binomial Option Pricing Model was used to determine the fair value of share options at the date of grant under ESOP Plan. The fair value of share options was determined to be in the range from RMB9.40 to RMB48.93, by referring to the equity fair value of the Company ranged from RMB14.31 to RMB80.83. The foresaid fair value of the share options at date of grant was valued by directors of the Company with reference to valuation carried out by AVISTA Valuation Advisory Limited ("AVISTA"), an independent qualified valuer. The address of AVISTA is Suites 2401-06, 24/F, Everbright Centre, No 108 Gloucester Road, Wan Chai, Hong Kong. Key assumptions into the model for share options were exercise price ranged from RMB2.67 to RMB92.41, expected volatility ranged from 41.90% to 45.26%, risk-free rate ranged from 1.63% to 3.28%, expected life of 10 years and expected dividend yield of 0.00%.

The directors of the Company estimated the risk-free interest rate based on the yield of the China Corporate Bonds with a maturity life close to the life of the share options. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Expected dividend yield is based on management estimation at the grant date.

At the end of each period, the Group revises its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognized in profit and loss, with a corresponding adjustment to the share-based payments reserve.

For the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, the Group's total share-based payment expenses recognized in the consolidated statement of profit or loss and other comprehensive income in relation to share option granted by the Company is RMB1,493,000, RMB1,423,000 and RMB1,443,000, respectively.

(2) Restricted shares under 2020 Share Incentive Plan

Subject to the terms and conditions as set out in the 2020 Share Incentive Plan, the vesting of the RSs granted is conditional upon the fulfillment of requisite service conditions and the lapse of one year after the completion of a qualified [**REDACTED**]. If an employee's employment is terminated during the vesting period, such employee shall transfer all unvested RSs to the person or entity designated by the general partner of Jingning Noring at the original grant price plus 8% per annum simple interest.

Pursuant to the 2020 Share Incentive Plan, a total of 330,474 restricted shares were granted in 2026, of which 175,885 were newly granted to selected employees and 154,589 were granted to employees as compensation for the cancellation of their share options under the 2020 Share Incentive Plan.

The following table summarized the movement of the Group's unvested restricted shares:

	Number of restricted shares	Weighted average exercise price
		RMB
As at January 1, 2024, December 31, 2024, December 31, 2025	1,468,643	1.71
Granted	330,474	15.46
As at June 30, 2026	1,799,117	4.24

Fair value of restricted shares granted

The Group used back-solve method to determine the underlying equity fair value of the Company. The fair value of RS at date of grant was determined to be in the range from RMB4.31 to RMB140.39 by taking into account of the fair value of the equity of the Company ranged from RMB14.31 to RMB141.39 per share and the purchase price of RS ranged from RMB1.00 to RMB78.40. The foresaid fair value of RS at date of grant was valued by directors of the Company with reference to valuation reports carried out by AVISTA. Major inputs used for the determination of the fair value of ordinary shares were expected volatility ranged from 43.28% to 48.58% and risk-free rate ranged from 1.37% to 3.08%.

During the years ended December 31, 2024 and 2025 and six months ended June 30, 2026, the Group has recognized no expenses in respect of the restricted shares, as the [**REDACTED**]-related vesting conditions had not been satisfied.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to its equity holders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of debt which includes borrowings and lease liabilities, net of cash and cash equivalents and equity, comprising paid-in/share capital and reserves.

The management of the Group review the capital structure on an ongoing basis. As part of this review, the management consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the issue of new capital, as well as the issue of new debt or the redemption of existing debt.

34. FINANCIAL INSTRUMENTS

A. Categories of financial instruments

	The Group			The Company		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets						
Amortized cost	175,342	167,587	141,095	166,915	162,923	117,061
Financial liabilities						
Amortized cost	456,209	535,681	579,971	458,986	536,548	580,756

B. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade and other receivables, amounts due from subsidiaries, time deposits, cash and cash equivalents, trade and other payables, redemption liabilities, bank borrowings and amount due to subsidiaries. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(a) Currency risk

Most of the Group's revenue, expenditures as well as capital expenditures are also denominated in RMB, which is the functional currency of the Company and relevant subsidiaries. The Company has sales and purchases denominated in USD other than the functional currency which expose the Company to foreign currency risk. The Group's exposure to foreign currency risk is arising mainly from certain bank balances, certain trade receivables and certain trade payables which are denominated in foreign currencies. Except for the below items denominated in foreign currencies, the group entities did not have any other monetary assets or liabilities denominated in foreign currencies as at the end of the reporting period.

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of reporting date are as follows:

	The Group						The Company					
	Assets			Liabilities			Assets			Liabilities		
	As at December 31,		As at June 30,	As at December 31,		As at June 30,	As at December 31,		As at June 30,	As at December 31,		As at June 30,
	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD . . .	4,367	11,720	11,816	12	2,630	–	4,367	11,391	10,734	12	2,630	–

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in loss where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against relevant currency, there would be an equal and opposite impact on pre-tax loss for the year/period.

	The Group			The Company		
	Increase in post-tax loss			Increase in post-tax loss		
	For the year ended December 31,		For the six months ended June 30,	For the year ended December 31,		For the six months ended June 30,
	2024	2025	2026	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD	218	455	591	218	438	537

(b) Interest rate risk

The Group and the Company are primarily exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (Note 26), lease liabilities (Note 27) and redemption liabilities (Note 30). The Group currently does not have an interest rate hedging policy. The management of the Group monitors the Group's exposures on an on-going basis and will consider hedging interest rate risk should the need arises.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (Note 26), bank balances and time deposits.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate borrowings are used represents management's assessment of the reasonably possible change in interest rates. Bank balances and time deposits are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates on variable-rate borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year/period would increase/decrease by nil, nil and RMB250,000 for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, respectively.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group' counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, time deposits and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables

In order to minimize the credit risk, the management has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, receivable balances are monitored on an ongoing basis. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group performed impairment assessment under ECL model on trade receivables individually and collectively. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are assessed collectively, grouped based on similar loss patterns, taking into consideration the past default experience of the debtors and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of the reporting period. Details of the quantitative disclosures are set out below in this note.

The Group writes off trade receivables and amounts due from subsidiaries when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL.

Amounts due from subsidiaries

The ECL on amounts due from subsidiaries are assessed individually based on the probability of defaults of amounts due from subsidiaries, the management has taken into account the financial position of the counterparties as well as forward looking information that is available without undue cost or effort.

Time deposits and cash and cash equivalents

The credit risk on time deposits and cash and cash equivalents are limited because the counterparties are reputable banks with high credit ratings assigned by credit-rating agencies.

The table below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

The Group

	Notes	12-month or lifetime ECL	December 31, 2024 Gross carrying amount	December 31, 2025 Gross carrying amount	June 30, 2026 Gross carrying amount
			RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortized cost					
Trade receivables	*23*	Lifetime ECL (collective assessment)	–	7,482	6,843
Other receivables and deposits	*23*	12m ECL	630	789	3,103
Cash and cash equivalents	*24*	12m ECL	69,100	48,376	52,264
Time deposits	*24*	12m ECL	105,612	111,017	78,956

The Company

	Notes	12-month or lifetime ECL	December 31, 2024 Gross carrying amount	December 31, 2025 Gross carrying amount	June 30, 2026 Gross carrying amount
			RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortized cost					
Trade receivables	*23*	Lifetime ECL (collective assessment)	–	7,391	5,667
Other receivables and deposits	*23*	12m ECL	590	671	2,975
Amounts due from subsidiaries		lifetime ECL (not credit-impaired)	787	5,727	8,629
Cash and cash equivalents	*24*	12m ECL	59,926	38,191	31,146
Time deposits with maturity over three months	*24*	12m ECL	105,612	111,017	68,701

Note: For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

Provision matrix — debtors' ageing

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

Gross carrying amount

	Gross carrying amount as at					
	December 31, 2024		December 31, 2025		June 30, 2026	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	–	–	1%	7,467	1%	6,825
91 days to 1 year	–	–	15%	15	15%	18

The following table shows the movement in lifetime ECL that has been recognized for trade receivables under the simplified approach.

The Group

	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2024	30	–	30
Impairment losses (reversed) recognized, net of reversal	(6)	135	129
Transfer to credit-impaired	(24)	24	–
Write-offs	–	(159)	(159)
As at December 31, 2024	–	–	–
Impairment losses recognized, net of reversal	77	–	77
As at December 31, 2025	77	–	77
Impairment losses reversed, net of reversal	(6)	–	(6)
As at June 30, 2026	71	–	71

The Company

	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2024	30	–	30
Impairment losses (reversed) recognized, net of reversal	(6)	135	129
Transfer to credit-impaired	(24)	24	–
Write-offs	–	(159)	(159)
At December 31, 2024	–	–	–
Impairment losses recognized, net of reversal	74	–	74
At December 31, 2025	74	–	74
Impairment losses reversed, net of reversal	(17)	–	(17)
As at June 30, 2026	57	–	57

Liquidity Risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

The Group

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024							
Trade and other payables	N/A	3,258	–	–	–	3,258	3,258
Redemption liabilities	8.36	–	–	546,915	–	546,915	429,933
Bank borrowings	2.68	23,312	–	–	–	23,312	23,018
Lease liabilities	4.08	3,543	2,379	993	–	6,915	6,654
		30,113	2,379	547,908	–	580,400	462,863
At December 31, 2025							
Trade and other payables	N/A	6,201	–	–	–	6,201	6,201
Redemption liabilities	8.44	–	610,896	–	–	610,896	519,476
Bank borrowings	2.18	10,182	–	–	–	10,182	10,004
Lease liabilities	3.96	4,604	1,196	666	777	7,243	5,225
		20,987	612,092	666	777	634,522	540,906
At June 30, 2026							
Trade and other payables	N/A	4,275	–	–	–	4,275	4,275
Redemption liabilities	8.44	–	610,896	–	–	610,896	540,778
Bank borrowings	2.18	35,231	–	–	–	35,231	34,918
Lease liabilities	3.96	3,974	222	666	666	5,528	4,972
		43,480	611,118	666	666	655,930	584,943

The Company

	Weighted average interest rate	On demand or less than 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024						
Trade and other payables	N/A	2,551	–	–	2,551	2,551
Amount due to subsidiaries	N/A	3,484	–	–	3,484	3,484
Redemption liabilities	8.36	–	–	546,915	546,915	429,933
Bank borrowings	2.68	23,312	–	–	23,312	23,018
Lease liabilities	3.85	3,014	2,003	993	6,010	5,792
		32,361	2,003	547,908	582,272	464,778
At December 31, 2025						
Trade and other payables	N/A	4,339	–	–	4,339	4,339
Amount due to subsidiaries	N/A	2,729	–	–	2,729	2,729
Redemption liabilities	8.44	–	610,896	–	610,896	519,476
Bank borrowings	2.18	10,182	–	–	10,182	10,004
Lease liabilities	3.85	4,006	993	–	4,999	3,190
		21,256	611,889	–	633,145	539,738
At June 30, 2026						
Trade and other payables	N/A	2,146	–	–	2,146	2,146
Amount due to subsidiaries	N/A	2,914	–	–	2,914	2,914
Redemption liabilities	8.44	–	610,896	–	610,896	540,778
Bank borrowings	2.18	35,231	–	–	35,231	34,918
Lease liabilities	3.85	3,497	–	–	3,497	3,234
		43,788	610,896	–	654,684	583,990

C. Fair value measurements of financial instruments

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair values. Such fair values have determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank borrowings	Lease liabilities	Redemption liabilities	Accrued/ prepayments for issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2024	28,021	2,583	303,254	–	333,858
Financing cash flows	(5,840)	(83)	98,000	–	92,077
Non-cash change:					
Finance costs	837	155	28,679	–	29,671
Release of lease-related government subsidies	–	(1,785)	–	–	(1,785)
New lease entered	–	6,401	–	–	6,401
Termination of lease	–	(617)	–	–	(617)

	Bank borrowings	Lease liabilities	Redemption liabilities	Accrued/ prepayments for issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024	23,018	6,654	429,933	–	459,605
Financing cash flows	(13,522)	(840)	50,000	(532)	35,106
Non-cash change:					
Finance costs	508	233	39,543	–	40,284
Release of lease-related government subsidies	–	(2,592)	–	–	(2,592)
New lease entered	–	1,770	–	–	1,770
Issue cost accrued	–	–	–	2,352	2,352
As at December 31, 2025	10,004	5,225	519,476	1,820	536,525
Financing cash flows	24,593	–	–	(3,589)	21,004
Non-cash change:					
Finance costs	321	75	21,302	–	21,698
Release of lease-related government subsidies	–	(328)	–	–	(328)
Issue cost accrued	–	–	–	1,458	1,458
As at June 30, 2026	34,918	4,972	540,778	(311)	580,357
As at January 1, 2025	23,018	6,654	429,933	–	459,605
Financing cash flows	5,691	–	50,000	–	55,691
Non-cash change:					
Finance costs	310	95	18,750	–	19,155
Release of lease-related government subsidies	–	(236)	–	–	(236)
As at June 30, 2025 (unaudited)	29,019	6,513	498,683	–	534,215

36. RETIREMENT BENEFIT PLANS

The employees of the Group's subsidiaries in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit scheme subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The total costs charged to profit or loss, amounting to RMB4,183,000, RMB4,378,000 and RMB2,241,000 for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, respectively, representing contributions paid to the retirement benefits scheme by the Group.

37. RELATED PARTY DISCLOSURES

Name	Relationship
Eaglenos Sciences, Inc.* (南京晶捷生物科技有限公司)	A shareholder of the Company

* *English name is for identification purpose only.*

The Group has following transactions with related parties:

(a) Related party transactions

	Year ended December 31,		Six months ended June 30,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Sales of consumer health products			
Eaglenos Sciences, Inc.	62	–	–
Purchase of raw materials			
Eaglenos Sciences, Inc.	–	1	5

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period were as follows:

	Year ended December 31,		Six months ended June 30,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	3,365	2,536	1,910
Retirement benefit scheme contributions	572	432	283
Discretionary bonuses	786	870	303
	4,723	3,838	2,496

38. CONTINGENT LIABILITIES

As at December 31, 2024 and 2025 and June 30, 2026, the Group did not have any material contingent liabilities.

39. RESERVES OF THE COMPANY

	Paid-in capital/share capital	Capital Reserves	Other Reserves	Share-based payments reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	7,309	266,099	(260,000)	2,514	(178,223)	(162,301)
Loss and total comprehensive expense for the year	–	–	–	–	(87,783)	(87,783)
Issue of Series C shares *(Note 31)*	500	97,500	–	–	–	98,000
Equity-settled share-based payments *(Note 32)*	–	–	–	1,493	–	1,493
Redemption liabilities *(Note 30)*	–	–	(98,000)	–	–	(98,000)
At December 31, 2024	7,809	363,599	(358,000)	4,007	(266,006)	(248,591)
At January 1, 2025	7,809	363,599	(358,000)	4,007	(266,006)	(248,591)
Loss and total comprehensive expense for the year	–	–	–	–	(87,043)	(87,043)
Issue of Series C shares *(Note 31)*	255	49,745	–	–	–	50,000

	Paid-in capital/share capital	Capital Reserves	Other Reserves	Share-based payments reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Capital injection in relation to the share incentive plan *(Note 31)*	341	–	–	–	–	341
Equity-settled share-based payments *(Note 32)*	–	–	–	1,423	–	1,423
Redemption liabilities *(Note 30)*	–	–	(50,000)	–	–	(50,000)
At December 31, 2025	8,405	413,344	(408,000)	5,430	(353,049)	(333,870)
At January 1, 2026	8,405	413,344	(408,000)	5,430	(353,049)	(333,870)
Loss and total comprehensive expense for the period	–	–	–	–	(53,777)	(53,777)
Equity-settled share-based payments *(Note 32)*	–	–	–	1,443	–	1,443
Cancellation of share options *(Note 32)*	–	6,873	–	(6,873)	–	–
At June 30, 2026	8,405	420,217	(408,000)	–	(406,826)	(386,204)
At January 1, 2025	7,809	363,599	(358,000)	4,007	(266,006)	(248,591)
Loss and total comprehensive expense for the year	–	–	–	–	(38,819)	(38,819)
Issue of Series C shares *(Note 31)*	255	49,745	–	–	–	50,000
Equity-settled share-based payments *(Note 32)*	–	–	–	730	–	730
Redemption liabilities *(Note 30)*	–	–	(50,000)	–	–	(50,000)
At June 30, 2025 (unaudited)	8,064	413,344	(408,000)	4,737	(304,825)	(286,680)

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at December 31, 2024 and 2025, June 30, 2026 and the date of this report are as follows:

Name of subsidiaries	Place/country and date of establishment/ Incorporation	Registered Capital	Equity interest attributable to owners of the Company as at December 31, 2024	December 31, 2025	June 30, 2026	Date of this report	Principal activities
			%	%	%	%	
Guangxi Nuogang Biotechnology Co., Ltd.* (廣西諾港生物科技有限公司) *(Note ii)*	PRC August 31, 2023	RMB3,000,000	100.0	100.0	100.0	100.0	Manufacture and Sale of Medical Devices
Novlead Biotechnology (Yangzhou) Co., Ltd.* (諾令生物科技(揚州)有限公司) *(Note ii)*	PRC February 19, 2024	RMB15,000,000	100.0	100.0	100.0	100.0	Manufacture and Sale of Medical Devices

Notes:

i. The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

ii. No audited statutory financial statements have been issued by these subsidiaries for the years ended December 31, 2024 and 2025 as of the date of this report.

* *English name is for identification purpose only.*

41. CAPITAL COMMITMENTS

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure in respect of acquisition of property and equipment	2,223	960	1,129

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to June 30, 2026 and up to the date of this report.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

This Appendix sets out a summary of main provisions of the Articles of Association of the Company adopted on February 5, 2026, which shall become effective from the date on which the H Shares are [**REDACTED**] *on the Hong Kong Stock Exchange. As the main purpose of this Appendix is to provide potential* [**REDACTED**] *with an overview of the Company's Articles of Association, it may not necessarily contain all information that is important for potential* [**REDACTED**].

1. DIRECTORS AND BOARD OF DIRECTORS

(1) Power to Allot and Issue Shares

The Articles of Association does not contain provisions that authorize the Board of Directors to allot or issue shares.

(2) Power to Dispose of Assets of our Company or any Subsidiary

The Board of Directors shall determine the authority for external investments, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted wealth management, material transactions and connected transactions, and establish stringent procedures for review and decision-making. Major investment projects shall be assessed by relevant experts and professionals and reported to the shareholders' general meeting for approval.

(3) Emoluments and Compensation or Payments for Loss of Office

The shareholders' general meeting of the Company shall be composed of all shareholders. The shareholders' general meeting is the organ of authority of the Company, which shall, in accordance with the law, exercise the following functions and powers: to elect and replace directors and to determine matters relating to the remuneration of the directors.

(4) Provide Financial Assistance for Acquiring the Shares of the Company

The Company or its subsidiaries (including affiliates of the Company) shall not give financial assistance, in the form of gift, advance, guarantee, loan or otherwise, to another person who purchases shares of the Company or its parent company, except when the Company implements an employee stock ownership plan.

The Company or its subsidiaries (including affiliates of the Company) may provide financial assistance for the acquisition of the Company or its parent company's shares by third parties where such assistance is for the benefit of the Company and has been duly approved either by a resolution of shareholders' general meeting or by a resolution of the Board of Directors acting pursuant to authority granted under the Articles of Association or by shareholders' general meeting. The aggregate amount of any such financial assistance shall in no event exceed 10% of the Company's total issued share capital. Such resolution made by the Board of Directors shall be approved by more than two-thirds of all directors.

(5) Disclosure of Interests in Contracts with the Company

No director shall, without prior disclosure to and approval by a resolution of either the Board of Directors or the shareholders' general meeting in accordance with the Articles of Association, directly or indirectly enter into any contract or transaction with the Company.

(6) Appointment, Resignation and Dismissal

The Company has established the Board of Directors, which consists of nine directors, including one chairperson, among which, independent non-executive directors shall account for more than one-third of the total number of the Board of Directors and shall not be less than three.

Non-employee representative directors shall be elected or changed at the shareholders' general meeting, and can be removed before maturity of the term of office at a shareholders' general meeting. Directors shall serve a term of three years and may be re-elected for a consecutive term upon expiration of their term of office.

The term of office of a director shall commence from the date on which the said director assumes office until the expiry of the term of office of the current session of the Board of Directors.

Directors of the Company shall be natural persons. A person must satisfy the qualification requirements for directors under the applicable laws and regulations.

If an election or appointment of a director is taken place in contravention of this Article, the said election, appointment or engagement shall be invalid. If a director falls under any of the circumstances set out in this Article during his/her term of office, the Company shall remove him/her from office.

(7) Borrowing Powers

The Articles of Association does not contain specific provisions regarding the authority of directors to exercise borrowings powers. The Board of Directors has the authority to formulate protocols for the Company to issue bonds or other securities and for [**REDACTED**]. Such protocols for issuing bonds or other securities and for [**REDACTED**] must receive approval from the shareholders' general meeting. The shareholders' general meeting may authorize the Board of Directors to resolve on the issue of corporate bonds.

2. AMENDMENT OF THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

(I) after amendments are made to the Company Law or relevant laws and administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], the Articles of Association runs counter to such amendments;

(II) the circumstances of the Company have changed, and are inconsistent with the matters recorded in the Articles of Association;

(III) the shareholders' general meeting resolves to amend the Articles of Association.

If the amendment to the Articles of Association adopted by a resolution of the shareholders' general meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of changes shall be dealt with in accordance with the law.

3. SPECIAL RESOLUTION TO BE PASSED BY A MAJORITY OF SHAREHOLDERS

There shall be two types of resolutions of the shareholders' general meetings, namely ordinary resolutions and special resolutions.

An ordinary resolution of the shareholders' general meeting shall be adopted by shareholders in attendance holding more than half of the voting rights.

A special resolution of the shareholders' general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting.

The shareholders referred to in this Article include shareholders who appoint proxies to attend the shareholders' general meeting.

4. VOTING RIGHTS

Shareholders shall exercise their voting rights according to the number of voting shares they represent, and each share shall have one vote.

The shares of the Company held by the Company shall have no voting rights and such shares shall not be included in the total number of shares present at shareholders' general meetings with voting rights and shall not be deposited into the Central Clearing and Settlement System.

If the securities regulatory rules of the place where the Company's shares are [**REDACTED**] require any shareholder to abstain from voting on a particular resolution or restrict any shareholder to vote only for (or against) a particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

5. RULES ON SHAREHOLDERS' GENERAL MEETINGS

The shareholders' general meetings are classified into annual general meetings and extraordinary general meetings. Annual general meetings shall be called once a year and shall be held within six months after the end of the preceding fiscal year.

6. FINANCE AND AUDIT

(1) Financial and Accounting Policies

The Company shall formulate its own financial and accounting systems in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the requirements of relevant state departments. At the end of each fiscal year, the Company shall prepare a financial and accounting report which shall be audited by an accounting firm in accordance with the laws.

The financial and accounting reports shall be made available at the Company for inspection by the shareholders 20 days before the annual general meeting is held.

Except for statutory accounting books, the Company shall not prepare any other accounting books. The Company's funds shall not be deposited into an account established in the name of any individual.

(2) Appointment and Dismissal of Accountants

The Company shall engage an independent accounting firm that meets the relevant national regulations and the regulatory requirements of the place where the Company's shares are [**REDACTED**] to conduct accounting statement audit, net asset verification and other related consulting services, and the term of service shall be one year, which is renewable upon expiry of the term.

The appointment and removal of an accounting firm providing regular audit services to the Company shall be determined by shareholders' general meeting.

The Company shall send a 30-day prior notice to the accounting firm when it intends to dismiss or not renew the appointment of the accounting firm, and the accounting firm is entitled to give opinions when the shareholders' general meeting of the Company votes on the dismissal or non-renewal of the same.

Where the accounting firm resigns, it shall state to the shareholders' general meeting whether the Company has improper circumstances.

7. NOTICE OF MEETING AND MATTERS DISCUSSED

The Company shall convene an extraordinary general meeting within two months after occurrence of any of the following circumstances:

(I) the number of directors is less than the minimum quorum required by the Company Law or is less than two-thirds of the number specified in the Articles of Association;

(II) where the unrecovered losses of the Company amount to one-third of its total share capital;

(III) where shareholders who individually or collectively hold more than 10% of the shares of the Company request in writing;

(IV) when the Board of Directors deems it necessary;

(V) when the audit committee proposes to convene such a meeting;

(VI) other circumstances as provided by the laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association.

When the Company convenes a shareholders' general meeting, the Board of Directors, the audit committee and the shareholders who individually or collectively hold more than 1% of the shares of the Company shall have the right to put forward proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the shares of the Company may put forward a provisional proposal 10 days before the convening of the shareholders' general meeting and submit it to the convener in writing. The provisional proposals shall have clear subjects for discussion and specific issues for resolution. The convener shall issue a supplementary notice of the shareholders' general meeting within 2 days upon receipt of the proposals to announce the contents of the provisional proposals and submit the provisional proposals to the shareholders' general meeting for consideration, however, except for the provisional proposals that violate the requirements of the laws, administrative regulations or the Articles of Association, or are not within the terms of reference of the shareholders' general meeting.

Except as provided for in the preceding paragraph, the convener shall not amend the proposals already specified in the notice of the shareholders' general meeting or add new proposals after the notice of the shareholders' general meeting has been issued.

The convener shall notify all the shareholders of an annual general meeting by way of announcement at least 21 days prior to the convening thereof, and shall notify all the shareholders of an extraordinary general meeting by way of announcement 15 days prior to the convening thereof; the aforesaid duration shall not include the date on which the meeting is convened. If laws, regulations and the securities regulatory authorities of the place where the Company's shares are [**REDACTED**] stipulate otherwise, such provisions shall prevail.

The notice and the supplementary notice of the shareholders' general meeting shall fully and completely disclose all the specific contents of all proposals.

To resolve on increase or decrease of the registered capital of the Company; to resolve on the merger, division, dissolution and liquidation of the Company or changes in the form of the Company; to amend the Articles of Association; to deliberate the acquisition or disposal of material assets by the Company within one year with a value exceeding 30% of the latest audited total assets of the Company; to deliberate share incentive plans and employee stock ownership plans; and other matters which are required by laws, administrative regulations, departmental rules, the regulatory rules of the place where the Company's shares are [**REDACTED**] or the Articles of Association and are determined by an ordinary resolution of the shareholders' general meeting to have material impact on the Company and therefore require a special resolution approval; shall be passed by a special resolution of the shareholders' general meeting. All other matters shall be passed by an ordinary resolution of the shareholders' general meeting.

Where the contents of a resolution of the Company's shareholders' general meeting or the Board of Directors violate any law or administrative regulation, shareholders are entitled to petition to the People's Court to declare the resolution invalid.

Shareholders shall be entitled to request the People's Court to cancel the relevant resolution within 60 days after the resolution is adopted if the convening procedure or voting method of the shareholders' general meeting or board meeting violates the laws, administrative regulations or the Articles of Association, or the resolution content violates the Articles of Association, except where the convening procedure or voting method of the shareholders' general meeting or board meeting only has some minor defects, which produce no substantial effect on the resolution.

8. TRANSFER OF SHARES

Shares issued by the Company prior to the [**REDACTED**] of its shares may not be transferred within one year from the date of [**REDACTED**] and [**REDACTED**] of its shares on a stock exchange.

The directors and senior management members of the Company shall declare to the Company the number of shares of the Company they hold and the subsequent changes in their shareholdings. The shares transferrable by them during each year of their tenures as determined at the time of appointment shall not exceed 25% of their total holdings of shares of the same class in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are [**REDACTED**] for [**REDACTED**]. The aforesaid persons shall not transfer their shares of the Company within half a year from the date of their resignation.

Where relevant requirements of the securities regulatory authorities of the place where the Company's shares are [**REDACTED**] have any other provisions on the transfer restrictions of overseas [**REDACTED**] shares, such provisions shall prevail.

9. POWER OF THE COMPANY TO REPURCHASE ITS SHARES

The Company shall not repurchase its shares, save and except for any one of the following circumstances:

(I) to reduce the registered capital of the Company;

(II) merger with other companies that hold shares in the Company;

(III) to use such shares in connection with employee stock ownership plans or share incentives;

(IV) request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company;

(V) to use the shares in the conversion of the convertible corporate bonds issued by the Company;

(VI) such circumstances that are necessary for the Company to safeguard its value and the interests of its shareholders;

(VII) other circumstances stipulated by laws, administrative regulations and the regulatory rules of the place where the Company's shares are [**REDACTED**].

The Company may repurchase its shares through trading in a public and centralized manner or other methods permitted by laws, administrative regulations, the Hong Kong Listing Rules and the securities regulatory authorities of the place where the Company's shares are [**REDACTED**].

Where the Company repurchases its shares under the circumstances set out in items (III), (V) or (VI) above, the repurchase shall be conducted through open centralized trading.

Where the Company repurchases its own shares under the circumstances set out in items (I) and (II) above, it shall be subject to the resolution of the shareholders' general meeting; Where the Company acquires its own shares under the circumstances set out in items (III), (V) and (VI) above, it may be resolved at the board meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association or the authorization of the shareholders' general meeting. If it is otherwise provided in the securities regulatory rules of the place where the Company's shares are [**REDACTED**], such rules shall prevail on the premise of not violating the provisions of the Company Law, the Securities Law, the Trial Administrative Measures and the Guidelines for the Articles of Association of Listed Companies.

Under the circumstance stipulated in item (I), the shares of the Company so repurchased shall be cancelled within ten days from the date of repurchase; under the circumstances stipulated in either item (II) or (IV), the shares of the Company so repurchased shall be transferred or cancelled within six months; in case of items (III), (V) and (VI), the number of its own shares held by the Company in aggregate shall not exceed 10% of the total number of issued shares of the Company, and such shares shall be transferred or cancelled within 3 years.

10. DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company may distribute profit in the form of cash or shares.

After the shareholders' general meeting has resolved on the plan to allocate profits, or after the Board of Directors of the Company has formulated a specific plan based on the conditions and upper limit for the next year interim dividend approved by the annual general meeting, the Board of Directors shall complete the distribution of dividends (or shares) within 2 months.

11. PROXY

Shareholders may attend the shareholders' general meeting in person or, alternatively, appoint a proxy to attend and vote on their behalf.

The power of attorney issued by a shareholder to appoint another person to attend a shareholders' general meeting shall contain the following particulars:

(I) the name of the principal, the class and number of shares of the Company held by the principal;

(II) the name of the proxy;

(III) the shareholder's specific instructions, including respective instructions on for, against or abstention voting on each item for deliberation listed in the shareholders' general meeting agenda;

(IV) date of issuance of the proxy form and its validity period;

(V) signature (or seal) of the principal. If the principal is a legal person shareholder, the seal of the legal person entity shall be affixed.

12. INSPECTION OF REGISTER OF MEMBERS

The Company establishes the register of members according to the certificate provided by the securities registration and clearing institution. The register of members is sufficient evidence to prove that the shareholders hold the Company's shares. A shareholder shall enjoy rights and have obligations according to the class of shares held by him. Holders of shares of the same class shall enjoy equal rights and have equal obligations.

The [**REDACTED**] is maintained in Hong Kong for inspection by shareholders. However, the Company may suspend the registration of shareholders in accordance with applicable laws, regulations, and the securities regulatory rules of the place where the Company's shares are [**REDACTED**], as well as under provisions equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Any shareholder registered in the [**REDACTED**] or any person requesting to be registered in the register of [**REDACTED**] may apply to the Company for the issuance of new share certificates to replace lost share certificates. In the event of loss of share certificates by holders of overseas [**REDACTED**] foreign shares, applications for replacement may be processed in accordance with the laws of the jurisdiction where the original register of members of overseas [**REDACTED**] foreign shares is maintained, the rules of the relevant securities exchange, or other applicable regulations.

13. RIGHTS OF MINORITIES IN RELATION TO FRAUD OR OPPRESSION

If any director or senior management member (other than a member of the audit committee) violates laws and administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing any loss to the Company, the shareholder(s) severally or jointly holding more than 1% of the shares of the Company for more than 180 consecutive days shall have the right to request the audit committee in writing to institute legal proceedings at the People's Court.

If a member of the audit committee violates laws and administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing any loss to the Company, the aforementioned shareholders may request the Board of Directors in writing to institute legal proceedings at the People's Court. If the audit committee or the Board of Directors refuses to institute legal proceedings after receipt of the aforesaid signed written request or fails to institute legal proceedings within 30 days after receipt of the request, or if under urgent circumstances that any delay of legal proceedings may cause irrecoverable damages to the interests of the Company, the shareholders specified in the preceding paragraph shall have the right to directly institute legal proceedings at the People's Court in their own names for the interest of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss to the Company, the shareholders specified in paragraph 1 of this Article may institute legal proceedings at the People's Court pursuant to the provisions of the preceding two paragraphs.

If the directors, supervisors or senior management member of a wholly-owned subsidiary of the Company are involved in any of the circumstances set forth in the preceding paragraph, or if any other person infringes upon the legitimate rights and interests of a wholly-owned subsidiary of the Company and causes losses, shareholders who have held, individually or in the aggregate, more

than 1% of the shares of the Company for more than 180 consecutive days may, in accordance with the provisions of the preceding three paragraphs, request, in writing, that the supervisory committee or the board of directors of the wholly-owned subsidiary institute legal proceedings at the People's Court, or directly institute legal proceedings in their own names at the People's Court.

In the event of a director or senior management member violates laws, administrative regulations or the Articles of Association, thereby damaging the interests of the shareholder(s), the shareholder(s) may institute legal proceedings at the People's Court.

Shareholders of the Company who abuse their shareholders' rights and thereby cause damage to the Company or other shareholders shall be liable for compensation in accordance with the law; any shareholder of the Company who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

14. LIQUIDATION PROCEDURE

The Company shall be dissolved under any of the following circumstances:

(I) the term of its operations as is stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(II) dissolution has been resolved by the shareholders' general meeting;

(III) dissolution is necessary due to merger or division of the Company;

(IV) the Company's business license is revoked, or the Company is ordered to close down or dissolve in accordance with the law;

(V) where the Company encounters serious difficulties in its operation and management and its continuous existence will cause significant losses to the interests of shareholders, and such difficulties cannot be resolved through other means, shareholders holding more than 10% of the voting rights of all shareholders of the Company may request the People's Court to dissolve the Company.

On the occurrence of the events of dissolution set out in the preceding paragraph, the Company shall make an announcement on the National Enterprise Credit Information Publicity System within 10 days.

Where the Company is to be dissolved pursuant to items (I), (II), (IV) or (V) above, it shall undergo liquidation. Directors shall act as the liquidation obligor and form a liquidation committee within 15 days from the date when the event of dissolution occurs to carry out liquidation.

The Company shall undergo liquidation in accordance with the provisions of items (I), (II), (IV) or (V) above. Where the Company fails to form a liquidation committee to liquidate the Company within the prescribed period of time or fails to proceed with liquidation after forming a liquidation committee, any interested person may petition the People's Court to appoint the relevant persons to form a liquidation committee to liquidate the Company.

The liquidation committee shall notify creditors within 10 days from the date of its formation, and publish an announcement on the newspapers recognized by the company registration authority and the stock exchange where the Company's shares are [**REDACTED**], or on the National Enterprise Credit Information Publicity System and in the manner required by the stock exchange of the place where the Company's shares are [**REDACTED**] within 60 days. Creditors shall file their claims with the liquidation committee within 30 days of receiving the notice, or within 45 days from the publication if any such creditor has not received the notice.

After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and schedule of assets, it shall formulate the liquidation plan and submit such plan to the shareholders' general meeting or a People's Court for confirmation.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or the People's Court for verification. Thereafter, the report shall be submitted to the registration authority of the Company in order to apply for deregistration.

15. OTHER IMPORTANT PROVISIONS FOR THE COMPANY OR THE SHAREHOLDERS

(1) General Provisions

The Company is a perpetually existing joint stock limited company.

The shareholders shall hold responsibility to the Company in accordance with their shares, while the Company shall be responsible for its debts with all its assets.

The Articles of Association shall be legally binding on the Company and its shareholders, directors and senior management members.

(2) Capital Increase and Capital Reduction

In accordance with the laws and regulations, listing rules of the place where the Company's shares are [**REDACTED**], the Company may, based on its operating and development needs and the resolutions of the shareholders' general meeting, increase its capital.

The Company may reduce its registered capital. The reduction of registered capital by the Company shall be dealt with in accordance with the Company Law, the Hong Kong Listing Rules, other relevant regulations, and the procedures stipulated in the Articles of Association.

If the Company increases or reduces its registered capital, the Company shall, according to laws, apply for change in registration with the company registration authority.

(3) Shareholders

Shareholders of the Company shall enjoy the following rights:

(I) the right to receive dividends and other forms of distributions of benefits in proportion to the number of shares held;

(II) the right to request to convene, summon, preside, attend or appoint a proxy to attend shareholders' general meetings and to exercise the right to speak and the corresponding voting right in accordance with the law;

(III) to supervise and manage business operations of the Company and to raise proposals or address inquiries accordingly;

(IV) to transfer, donate or pledge their shares in accordance with laws, administrative regulations, and the Articles of Association;

(V) to review and copy the Articles of Association, the register of members, minutes of shareholders' general meetings, resolutions of board meetings and financial and accounting reports. Eligible shareholders can examine account books and accounting documents of the Company;

(VI) in the event of the termination or liquidation of the Company, to participate in the distribution of residual assets of the Company according to the number of shares held by them;

(VII) to request the Company to acquire their shares, provided that the procedures for the Company to repurchase shares as stipulated in the Articles of Association, relevant laws and regulations, and the securities regulatory authorities and stock exchanges of the place where the Company's shares are [**REDACTED**] are satisfied, for shareholders who object to the Company's resolution on merger or division made by the shareholders' general meeting;

(VIII) other rights provided for by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

Where any shareholder demands to review and make copies of the relevant information or obtain any of the above-mentioned materials, he/she shall submit to the Company written documents proving the class(es) and number of shares he/she holds. The Company shall provide the relevant information or materials as requested by the shareholder after verifying the shareholder's identity in accordance with the Articles of Association.

The shareholders of the Company shall have the following obligations:

(I) to comply with the laws, administrative regulations and the Articles of Association;

(II) to provide share capital according to the shares subscribed for and share participation methods;

(III) not to return shares unless prescribed otherwise in laws and regulations;

(IV) not to abuse their shareholders' rights to harm the Company's or other shareholders' interests; not to abuse the Company's legal person independent status or the shareholders' limited liability to harm the interests of the Company's creditors;

(V) to assume other obligations required by laws, administrative regulations, departmental rules, normative documents, the listing rules of the stock exchange of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

(4) Board of Directors

The Board of Directors exercises the following functions and powers:

(I) to convene shareholders' general meetings and report its work to the shareholders' general meeting;

(II) to implement the resolutions of shareholders' general meetings;

(III) to decide on the operation plan and investment scheme of the Company;

(IV) to formulate the Company's proposals for profit distribution and loss recovery;

(V) to formulate proposals for increases or reductions of the Company's registered capital and for the issuance and [**REDACTED**] of bonds or other securities;

(VI) to formulate plans for the Company's major acquisition, acquisition of the shares of the Company, or merger, division, dissolution or change of corporate form of the Company;

(VII) to decide, within the scope of authorization of the shareholders' general meeting, on matters such as external investments, acquisition and sale of assets, pledging of assets, external guarantee matters, entrusted wealth management, connected transactions and external donations of the Company;

(VIII) to decide on the setup of the Company's internal management organs;

(IX) to make decisions for appointing or dismissing the Company's manager, secretary to the Board, and other senior management personnel, and to determine their remuneration and rewards and punishments; to appoint or dismiss the Company's financial officer-in-charge and other senior management personnel based on the nomination of the manager, and to determine their remuneration and rewards and punishments;

(X) to formulate the Company's basic management system;

(XI) to formulate the proposed amendments to the Articles of Association;

(XII) to manage information disclosure by the Company;

(XIII) to propose the appointment or replacement of an accounting firm that performs audits for the Company at the shareholders' general meeting;

(XIV) to listen to the work report of the manager of the Company and examine the manager's work;

(XV) to deliberate and approve external guarantee matters except for those requiring deliberation by the shareholders' general meeting;

(XVI) other functions and powers granted by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**], the Articles of Association or the shareholders' general meeting.

Matters exceeding the scope of authority delegated by the shareholders' general meeting shall be submitted to the shareholders' general meeting for consideration.

Meetings of the Board of Directors may be held only if more than one half of the directors are present. Unless otherwise provided in the Articles of Association, resolutions of the Board of Directors shall be passed by a simple majority of all directors.

(5) Independent Non-executive Directors

The Company has established a Board of Directors, which consists of 9 directors, of which non-executive directors refer to directors who do not hold management positions in the Company. Independent non-executive directors shall account for more than 1/3 of the total and shall not be less than three. At least one of the independent non-executive directors shall be a financial or accounting professional with appropriate accounting or relevant financial management expertise, or appropriate professional qualifications as referred to in the Listing Rules of the Hong Kong Stock Exchange. Independent non-executive directors shall include at least one person who is ordinarily resident in Hong Kong.

(6) Secretary to the Board

The Company shall have a secretary to the Board, who shall be responsible for the preparation of the shareholders' general meetings and board meetings of the Company, keeping of documents, management of shareholders' information of the Company and handling matters such as information disclosure. The secretary to the Board shall comply with the relevant provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

(7) Audit Committee

The Company's Board of Directors shall establish an audit committee to exercise the powers of the supervisory committee as stipulated in the Company Law.

The audit committee shall consist of at least three directors, all of whom must be non-executive directors, with a majority being independent non-executive directors.

The audit committee shall be responsible for reviewing the Company's financial information and disclosures, overseeing and evaluating internal and external audits and internal controls. The following matters shall be submitted to the board meetings only after obtaining approval by a majority of all audit committee members:

(I) disclosure of financial information and internal control evaluation reports in financial and accounting reports and periodic reports;

(II) hiring or dismissing the accounting firm that undertakes audits of a [**REDACTED**] company;

(III) appointment or dismissal of the financial controller of a [**REDACTED**] company;

(IV) changes in accounting policies, accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;

(V) other matters specified under laws, administrative regulations, CSRC rules, the business rules of the stock exchange of the place where the Company's shares are [**REDACTED**] and the Articles of Association.

(8) Manager

The Company shall have one manager who shall be appointed or dismissed by the Board of Directors. The manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(I) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board of Directors, and to report his/her work to the Board of Directors;

(II) to organize and implement the Company's annual business plans and investment plans;

(III) to formulate the establishment plan of the internal management organization of the Company;

(IV) to formulate the basic management system of the Company;

(V) to formulate the Company's specific rules;

(VI) to request the Board of Directors to appoint or dismiss the Company's vice manager, financial controller, chief executive officer and chief financial officer;

(VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(VIII) other functions and powers granted by the Articles of Association and the Board of Directors.

The manager shall be present at the meetings of the Board of Directors.

(9) Reserve Fund

When distributing the after-tax profit of the current year, the Company shall allocate 10% of its profit to the statutory reserve fund. Provided that no allocation is required if the accumulated statutory reserve fund represents more than 50 percent of the registered capital of the Company.

Where the statutory reserve fund of the Company is not sufficient to cover the Company's loss from the previous year, the profits for the current year shall be used to cover such loss before allocation is made to the statutory reserve fund pursuant to the previous paragraph.

After the Company has withdrawn statutory reserve fund from its profit after tax, it may also withdraw discretionary reserve fund from its profit after tax by resolution of the shareholders' general meeting.

The post-tax profit left after the loss recovery and withdrawal of the reserves by the Company shall be distributed in proportion according to the shareholding proportions of the shareholders.

If the Company, in violation of the Company Law, distributes profits to the shareholders, the shareholders shall return the profits distributed in violation of the provision to the Company; in the event of any loss caused to the Company, the shareholders and the responsible directors and senior management members shall be liable for compensation.

The Company's reserve funds shall be used to cover the Company's losses, expand the Company's production and operation, or convert into additional registered capital. When the reserve fund is used to cover the Company's losses, the discretionary reserve fund and statutory reserve fund shall be first used; if the losses still cannot be covered, the capital reserve fund may be used according to provisions.

When the statutory reserve fund is converted to increase registered capital, the amount of such reserve fund retained shall be no less than 25% of the registered capital of the Company before the conversion.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of Our Company

Our Company was established as a limited liability company in the PRC on April 16, 2018 and was converted into a joint stock company with limited liability on January 8, 2026. Our registered office address is at Block C1-2, Building 16, Shu Wu, 73 Tanmi Road, Jiangbei New District, Nanjing, Jiangsu Province, PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB8,405,122.

Our Company has established a principal place of business in Hong Kong at 19/F, Golden Centre, 188 Des Voeux Road Central, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on February 13, 2026. Mr. POON Ping Yeung (潘秉揚) has been appointed as the authorized representative in Hong Kong and our agent for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong. As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Summary of Articles of Association" in Appendix III.

2. Changes in the Share Capital of Our Company

Save as disclosed in the section headed "History, Development and Corporate Structure — Corporate Development", the share capital of our Company did not change during the two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

On December 15, 2025, Novlead Yulin's registered capital increased from RMB4 million to RMB36 million.

Save as disclosed above, there has been no other alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

4. Resolutions of Our Shareholders

Pursuant to a general meeting held on February 5, 2026, among other things, our Shareholders resolved that:

(a) the [**REDACTED**];

(b) the issuance by our Company of the H Shares of nominal value of RMB[**REDACTED**] each and such H Shares being [**REDACTED**] on the Hong Kong Stock Exchange;

(c) effective immediately prior to the [**REDACTED**], and taking into account the [**REDACTED**], the issue of H Shares of nominal value of RMB[**REDACTED**] each and such H Shares be [**REDACTED**] on the Stock Exchange;

(d) the number of H Shares to be issued shall not be more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**], and the grant to the [**REDACTED**] (or their representatives) of the [**REDACTED**] of not more than [**REDACTED**]% of the number of H Shares issued pursuant to the [**REDACTED**];

(e) subject to the completion of the [**REDACTED**], the granting of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding [**REDACTED**]% of the number of the total number of H Shares in issue as at the date of the completion of the [**REDACTED**] (excluding additional H Shares which may be issued pursuant to the exercise of the [**REDACTED**] and treasury shares, if any);

(f) subject to the completion of the [**REDACTED**], the granting of a general mandate to the Board to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed [**REDACTED**]% of the number of the H Shares in issue as at the date of the completion of the [**REDACTED**] (excluding additional H Shares which may be issued pursuant to the exercise of the [**REDACTED**] and treasury shares, if any);

(g) authorization of the Board to handle matters relating to, among other things, the [**REDACTED**], the issue and [**REDACTED**] of the H Shares; and

(h) subject to the completion of the [**REDACTED**], the conditional adoption of the Articles of Association, which shall become effective on the [**REDACTED**] and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities.

Explanatory Statement on Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities.

(a) Reasons for repurchase

The Board would only make such repurchases when it considered that the repurchase of the Shares would be beneficial to and in the best interests of the Company and its Shareholders as a whole. It can strengthen the investors' confidence in the Company and promote a positive effect on maintaining the Company's reputation in the capital market.

(b) Exercise of the general mandate to repurchase Shares

Subject to the passing of the special resolution approving the grant of the general mandate to repurchase Shares at annual general meetings, the Board will be granted general mandate to repurchase Shares until the end of the relevant period. The general mandate to repurchase Shares would expire on the earlier of:

(i) the conclusion of the next annual general meeting of the Company to be held after the [**REDACTED**] of which time it shall lapse unless, by special resolutions passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or

(ii) the revocation or variation of the mandate under the resolution by a special resolution at any general meeting of the Company.

Furthermore, we need to complete registration and approval procedures with relevant government authorities for the actual grant of the repurchase mandate to the Board, as applicable. The exercise in full of the general mandate to repurchase H Shares (on the basis of [**REDACTED**]

H Shares in issue after the [**REDACTED**] as of the [**REDACTED**], without taking into account any additional H Shares which may be issued pursuant to the exercise of the [**REDACTED**], and on the basis that no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the next annual general meeting to be held after the [**REDACTED**]) would result in a maximum of [**REDACTED**] H Shares being repurchased by the Company during the relevant period, being the maximum of [**REDACTED**]% of the H Shares in issue as of the [**REDACTED**] (without taking into account any additional H Shares which may be issued pursuant to the exercise of the [**REDACTED**]).

(c) Source of funds

In repurchasing its Shares, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC. The Company is empowered by its Articles of Association to repurchase its Shares. Any Shares to be repurchased will be cancelled or kept as treasury shares if allowed by the Articles of Association and applicable laws and regulations. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(d) Suspension of repurchase

A [**REDACTED**] company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

(e) Close associates and core connected persons

None of our Directors or, to the best of their knowledge having made all reasonable inquiries, any of their close associates have a present intention, in the event the general mandate to repurchase Shares is approved, to sell any Shares to our Company. No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the general mandate to repurchase Shares is approved.

(f) Status of repurchased Shares

Any Shares to be repurchased will be cancelled or kept as treasury shares, subject to the Articles of Association, the Listing Rules and any other applicable laws and regulations.

(g) Takeover implications

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase Shares.

(h) General

On the basis of the current financial position as disclosed in this document and taking into account the current working capital position, the Directors consider that, if the general mandate to repurchase Shares were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this document. However, our Directors do not propose to exercise the general mandate to repurchase Shares to such an extent as would have a material and adverse effect on our working capital or gearing position.

The Directors will exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules and the laws of the PRC. The explanatory statement nor the general mandate to repurchase Shares has any unusual features.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract(s)

The following contract(s) (not being a contract entered into in the ordinary course of business) was entered into by members of our Group within the two years immediately preceding the date of this document which is or may be material:

(a) [**REDACTED**].

2. Intellectual Property Rights

(a) Trademarks

No.	Trademark	Trademark Owner	Place of Registration	Registration No.	Class	Expiry Date
1 . . .	Novlead	Our Company	PRC	70209630	10	2033/10/13
2 . . .	INOwill	Our Company	PRC	76276423	10	2034/08/27

(b) Domain Names

No.	Domain Names	Registered Owner	Registered Date	Expiry Date
1 . . .	www.novlead.com	Our Company	2020/02/25	2027/02/25

(c) Patents

No.	Patent	Patent Owner	Place of Registration	Registration No.	Registration Date
1 . . .	Therapeutic Gas Delivery Device (治療氣體輸送裝置)	Our Company	PRC	ZL202410444278.1	2025/07/11
2 . . .	Intra-Aortic Balloon Pressure Supply Device, Intra-Aortic Balloon Counterpulsation System and Driving Method Thereof (主動脈內球囊供壓裝置、主動脈內球囊反搏系統及其驅動方法)	Our Company	PRC	ZL202311849890.9	2024/11/29

No.	Patent	Patent Owner	Place of Registration	Registration No.	Registration Date
3 . . .	Fluid Container and Nitric Oxide Therapeutic Apparatus (流容器及一氧化氮治療儀)	Our Company	PRC	ZL202420883914.6	2024/11/29
4 . . .	Apparatus, System and Method for Generating Nitric Oxide (用於生成一氧化氮的設備、系統和方法)	Our Company	PRC	ZL202180027930.4	2023/09/15
5 . . .	Methods, Devices, Equipment, and Media for Detecting Leaks in IABP Safety Disc Diaphragms (IABP安全盤膜片泄漏檢測方法、裝置、設備及介質)	Our Company, Novlead Yangzhou	PRC	ZL202511648680.2	2026/01/30

Save as aforesaid, as of the Latest Practicable Date, there was no other trade or service mark, patent, intellectual or industrial property right which was material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

***Interests and short positions of our Directors and chief executive in the share capital of our Company and its associated corporations following completion of the* [REDACTED]**

Save as disclosed below, immediately following completion of the [**REDACTED**] (taking into account the [**REDACTED**] and assuming the [**REDACTED**] is not exercised), so far as our Directors are aware, none of our Directors and chief executive has any interest or short positions in our Shares, underlying Shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

Name	Capacity/Nature of interest	Number of H Shares[(1)]	Approximate percentage of shareholding in the H Shares immediately after completion of the [REDACTED][(2)]	Approximate percentage of shareholding in the total Share capital immediately after completion of the [REDACTED][(2)]
Dr. Mao[(3)]	Beneficial owner	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
	Controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%
Mr. He Xing[(4)]	Controlled corporations	[**REDACTED**]	[**REDACTED**]%	[**REDACTED**]%

Notes:

(1) The letter "L" denotes the person's long position in the H Shares.

(2) The calculation is based on the total number of [**REDACTED**] H Shares in issue immediately after completion of the [**REDACTED**] since [**REDACTED**] Unlisted Shares will be converted into H Shares and [**REDACTED**] H Shares will be issued pursuant to the [**REDACTED**], taking into account the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised.

(3) As of the Latest Practicable Date, (i) Dr. Mao directly held approximately 7.14% of our issued Shares, (ii) Jingning Noring directly held approximately 21.41% of our issued Shares; and (iii) Lingxing Hainan directly held approximately 0.71% of our issued Shares. Jingning Noring is owned as to 21.12% by Dr. Mao as a limited partner and its general partner is Nanjing Miyu Technology Co., Ltd. (南京冪羽科技有限公司) ("**Nanjing Miyu**"), which is a company wholly owned by Dr. Mao. Further, Jingning Noring is owned as to 14.23% by Jingning Nuoming, which is owned as to 53.33% by Nanjing Miyu as the general partner. No other limited partner is holding 30% or more partnership interest in Jingning Noring. Dr. Mao therefore is entitled to full control over the voting rights of Jingning Noring in our Company. Lingxing Hainan is owned as to 45.14% by Dr. Mao as a limited partner and its general partner is Mr. Zhang Yuyan, our executive Director, who has entrusted the voting rights as a general partner in Lingxing Hainan to Dr. Mao pursuant to a voting proxy dated December 10, 2025. As such, Dr. Mao is entitled to full control over the voting rights of Lingxing Hainan in our Company. Therefore, under the SFO, Dr. Mao is deemed to be interested in the Shares held by Jingning Noring and Lingxing Hainan.

(4) As of the Latest Practicable Date, (i) the general partner of InnoMed Innovation is Nanjing InnoMed Investment Management Center (L.P.) (南京鷹盟投資管理中心(有限合夥)) ("**InnoMed Investment**"), which is in turn controlled by its general partner Mr. He Xing, and (ii) the general partner of InnoMed Advanced is InnoMed Investment, which is ultimately controlled by Mr. He Xing, a non-executive Director. Mr. He Xing also holds 63.90% partnership interests in InnoMed Advanced. Therefore, under the SFO, Mr. He Xing is deemed to be interested in the Shares held by InnoMed Innovation and InnoMed Advanced.

2. Interests in associated corporations

Name of Director	Name of associated corporation	Approximate percentage of shareholding
Dr. Mao	Changsha Nuoshi	15%
Mr. Cao Guiping	Changsha Nuoshi	15%

Note:

(1) Changsha Nuoshi is owned as to 85% by our Company and as to 15% by Noshi Team (Jingning) Biotechnology Partnership (Limited Partnership)* (諾什團隊(景寧)生物科技合夥企業(有限合夥)), which is owned as to 10% by Dr. Mao as a general partner and as to 90% by Mr. Cao Guiping as a limited partner. Therefore, under the SFO, Dr. Mao and Mr. Cao Guiping are deemed to be interested in the shares in Changsha Nuoshi held by Noshi Team (Jingning) Biotechnology Partnership (Limited Partnership).

3. Interests of the substantial shareholders in the Shares

Save as disclosed in "Substantial Shareholders," immediately following the completion of the [**REDACTED**] and without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

4. Interests of the substantial shareholders in other members of our Group

So far as the Directors are aware, the following persons (other than our Company, and any subsidiaries of our Group) are entitled to exercise, or control the exercise of, 10% or more of voting power at the general meetings of other members of our Group:

Name of subsidiary	Name of shareholder	Percentage of interest in the subsidiary
Novlead US	Zhang Qili[(1)]	10%

Note: Zhang Qili is an independent investor and an Independent Third Party.

5. Particulars of Directors' Service Contracts and Appointment Letters

Each of the Directors has entered into a service contract or a letter of appointment with our Company.

Save as disclosed above, we have not entered into, and do not propose to enter into any service contracts with any of our Directors in their respective capacities as Directors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

6. Remuneration of Directors

Save as disclosed in the section headed "Directors and Senior Management" and note 13 to the Accountants' Report as set out in Appendix I to this document, during the Track Record Period, none of our Directors received other remunerations of benefits in kind from us.

7. Miscellaneous

Mr. Cao Guiping (曹貴平), an executive Director, was a director and the general manager of Xiamen Aerzhidian Sports Culture Co., Ltd.* (廈門阿爾之巔體育文化有限公司) ("**Aerzhidian**"), which was a limited liability company established in the PRC engaged in the cultural and art industry. Aerzhidian was deregistered on May 6, 2022 due to the revocation of its business license, as Aerzhidian no longer carried out any substantial business operations. Mr. Cao Guiping confirmed that Aerzhidian was solvent and dormant with no outstanding liabilities at the time of it being revoked and as far as he is aware, the revocation of the said company has not resulted in any liability or obligation to be imposed against him.

8. Disclaimers

Save as disclosed in this document:

(a) taking no account of any Shares which may be taken up under the [**REDACTED**], so far as is known to any Director or chief executive of our Company, no other person (other than a Director or chief executive of our Company) will, immediately following completion of the [**REDACTED**], have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(b) none of our Directors or the chief executive of our Company has any interests or short positions in the Shares, underlying Shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange.

(c) none of our Directors or any of the parties listed in "6. Qualification of Experts" in this Appendix is:

i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or

ii. materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

D. PRE-[REDACTED] EMPLOYEE INCENTIVE SCHEME

We adopted the pre-[**REDACTED**] employee incentive scheme in 2020, which was later amended in 2026 ("**Pre-[REDACTED] Employee Incentive Scheme**"), and established Jingning Noring and Jingning Nuoming (the "**ESOP Platforms**"). All awards granted under the Pre-[**REDACTED**] Employee Incentive Scheme have been granted and all grantees have been registered as limited partners of Jingning Noring or Jingning Nuoming as of the Latest Practicable Date and no further awards will be granted under the Pre-[**REDACTED**] Employee Incentive Scheme upon [**REDACTED**]. The terms of the Pre-[**REDACTED**] Employee Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-[**REDACTED**] Employee Incentive Scheme does not involve the grant of new awards by our Company to subscribe for H Shares after the [**REDACTED**]. The Pre-[**REDACTED**] Employee Incentive Scheme will not cause any dilution of the shareholding of our Shareholders after the [**REDACTED**] given all underlying Shares of the awards granted under the Pre-[**REDACTED**] Employee Incentive Scheme have been issued to the ESOP Platforms. For details of the ESOP Platforms, see "History, Development and Corporate Structure — Pre-[**REDACTED**] Employee Incentive Scheme."

The following is a summary of the principal terms of the Pre-[**REDACTED**] Employee Incentive Scheme:

(a) Objectives

The objectives of the Pre-[**REDACTED**] Employee Incentive Scheme are to build incentive mechanisms for employees and consultants, to attract and retain outstanding talents, and to enhance the Company's market competitiveness and sustainable development capabilities.

(b) Eligibility

Participants (each a "**Participant**") of the Pre-[**REDACTED**] Employee Incentive Scheme include directors, senior management, core employees of the Group and other key personnel. Core employees include key business, technical and management personnel who hold positions in the Group and have a significant impact on the Group's overall performance and sustainable development.

(c) Grant of Awards

Each Participant will be granted restricted shares in the form of limited partnership interest in the ESOP Platforms as a limited partner (the "**Awards**"). Upon becoming a limited partner the ESOP Platforms, the Participant indirectly receives economic interest in the number of Shares underlying the Awards granted to the Participant held by the ESOP Platforms.

(d) Payment of the Price of the Awards

The Participants must subscribe for the Awards with personal funds or self-financed funds, and should ensure that their source of funds is lawful. The subscription period of the Awards shall be determined by the administrator of the ESOP Platforms. The Participants shall make the corresponding payment for Awards fully and timely.

(e) Administration

The Pre-[**REDACTED**] Employee Incentive Scheme is administered by the general partner of the ESOP platforms or its authorized persons.

(f) Restriction on transfer

Prior to the [**REDACTED**], the grantees may not transfer any or all of his or her interest in the ESOP Platforms unless specified in the scheme rules or approved by the administrator of the ESOP Platforms. After the [**REDACTED**], in addition to the restrictions under the Pre-[**REDACTED**] Employee Incentive Scheme, the transfer or sale by the grantees shall be subject to the lock-up requirements under the relevant laws and regulations and the stock exchange rules, or the respective agreements entered into between the Company and the relevant grantees pursuant to the terms of the Pre-[**REDACTED**] Employee Incentive Scheme.

(g) Lapse of awards

A share award shall be repurchased in the event of, among others:

(i) the employment of the grantee was dismissed by the Group for legal grounds or violation of the Group's internal policies;

(ii) the loss of ability to work of the grantees (except for work-relating injuries);

(iii) the grantee is held liable for criminal offence;

(iv) the grantee is directly responsible for any significant losses or decline in the Group's operating performance as determined by the Company; or

(v) the grantee committed material violation of the Group's internal rules and regulations.

(h) Rights of the grantees

Grantees shall be entitled to register their interests underlying the awards granted as a limited partner of the ESOP Platforms in accordance with the Pre-[**REDACTED**] Employee Incentive Scheme. The grantees shall have the rights to any dividends or distributions as a limited partner of the ESOP Platforms based on the partnership agreement of the ESOP Platforms.

(i) Duration

The Pre-[**REDACTED**] Employee Incentive Scheme shall be valid and effective commencing on the effective date until the ESOP Platforms no longer holds any Shares, and in any event shall not be longer than the period of ten (10) years.

E. OTHER INFORMATION

1. Litigation

As of the Latest Practicable Date, we were not involved in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against any member of our Group, which would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

2. Preliminary Expenses

As of the Latest Practicable Date, we have not incurred any material preliminary expense.

3. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

4. Promoters

The promoters of the Company are all of the 23 then Shareholders immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this document, no cash securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document.

5. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

6. Qualification of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this document are as follows:

Name	Qualification
CCB International Capital Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Jingtian & Gongcheng	PRC Legal Advisor to our Company
Deloitte Touche Tohmatsu	Certified Public Accountants and Registered Public Interest Entity Auditor
Frost & Sullivan Consulting Co., Ltd. . .	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

7. Consents of Experts

Each of the experts as referred to in the paragraph headed "— E. Other Information — 6. Qualification of Experts" in this appendix has given and has not withdrawn its respective written consents to the issue of this document with the inclusion of certificates, letters, opinions or reports and the references to its name included herein in the form and context in which they are respectively included.

8. Sole Sponsor's Independence

The Sole Sponsor has made an [**REDACTED**] on our behalf to the Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], (i) the H Shares to be converted from the Unlisted Shares, and (ii) the H Shares to be issued pursuant to the [**REDACTED**] (including any Shares which may be issued pursuant to the exercise of the [**REDACTED**]).

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US$850,000 for acting as sponsor to our Company in connection with the [**REDACTED**].

9. No Material Adverse Change

Our Directors confirm that, as of the date of the document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since June 30, 2026, the end of the period reported on the Accountants' Report included in Appendix I to this document; and there has been no event since June 30, 2026 which would materially affect the information presented in the Accountants' Report set out in Appendix I to this document.

10. Binding Effect

This document shall have the effect, if an [**REDACTED**] is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Miscellaneous

Save as otherwise disclosed in this document:

(i) within the two years preceding the date of this document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(iv) there are no arrangements under which future dividends are waived or agreed to be waived;

(v) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(vi) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(vii) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(viii) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(ix) no part of the equity or debt securities of our Company, if any, is currently [**REDACTED**] on or dealt in on any stock exchange or [**REDACTED**] system, and no such [**REDACTED**] or permission to [**REDACTED**] on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;

(x) our Company has no outstanding convertible debt securities or debentures;

(xi) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(xii) our Company has adopted a code of conduct regarding Directors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of the material contract referred to in the paragraph headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contract(s)" in Appendix IV to this document; and

(ii) the written consents referred to in the paragraph headed "Statutory and General Information — E. Other Information — 7. Consents of Experts" in Appendix IV to this document.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.novlead.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for each of the two years ended December 31, 2025 and the six months ended June 30, 2026;

(d) the condensed consolidated statements of our Group for the period ended June 30, 2026;

(e) the report from Deloitte Touche Tohmatsu, on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this document;

(f) the PRC legal opinion issued by Jingtian & Gongcheng, our PRC Legal Advisor, in respect of certain general corporate matters and property interests of our Group under PRC laws;

(g) the industry report prepared by Frost & Sullivan, referred to in "Industry Overview";

(h) the material contract referred to in the paragraph headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contract(s)" in Appendix IV to this document;

(i) the service contracts and the appointment letters referred to in the paragraph headed "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 5. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix IV to this document;

(j) the written consents referred to in the paragraph headed "Statutory and General Information — E. Other Information — 7. Consents of Experts" in Appendix IV to this document; and

(k) a copy of the following PRC laws, together with unofficial English translations:

  (i) the PRC Company Law;

  (ii) the PRC Securities Law; and

  (iii) the Overseas Listing Trial Measures and supporting guidelines.