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 this document in its entirety before you decide to invest in the* [REDACTED].**

***There are risks associated with any investment. Some of the particular risks in investing in the* [REDACTED] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to* [REDACTED] *in the* [REDACTED].**

OVERVIEW

We are a R&D-driven, commercial-stage medical technology company specialized in active implantable medical devices for cardiac rhythm management, or CRM. Since the creation of our first pacemaker in 1963, we have been a pioneer dedicated to the design, development and commercialization of innovative products and solutions to better treat and manage arrhythmias and heart failure. Headquartered in France, we are a global organization conducting R&D and manufacturing activities on three continents and selling products in 49 countries and regions worldwide as of the Latest Practicable Date, with a proud history of innovation and a proven operating track record.

The use of CRM devices has surged over the past few decades worldwide, primarily driven by an aging population and the introduction of advanced cardiac disease treatment and management options. Regional CRM device markets can be divided into mature markets (such as Europe, the United States and Japan) and emerging markets (such as China), with different characteristics. The mature markets, with cutting-edge innovation, are large and have high profit margins. Europe, historically our home market, is the second-largest mature market globally, which was worth US$2.7 billion in 2021 and is expected to expand to US$3.1 billion in 2030 at a CAGR of 1.6%, according to Frost & Sullivan. In comparison, the emerging markets have large patient populations but low penetration rates for CRM devices, implying vast growth potential. China is the largest emerging market, which grew from US$393.9 million in 2016 to US$603.0 million in 2021 at a CAGR of 8.9%, and is expected to further expand to US$1,251.0 million in 2030 at a CAGR of 8.4% from 2021 to 2030, according to Frost & Sullivan. China only had 89.7 units of CRM devices implanted per million population in 2021, as compared with 1,065.6 units per million population for Europe in the same year, representing a highly significant gap.

The CRM device industry features high entry barriers in technology, manufacturing, regulation and services. Consequently, just five multinational corporation, or MNC, developers held over 90% of the global market share in 2021, according to Frost & Sullivan. Among them, we are the only "pure-play" developer dedicated to CRM, whereas most of the others are engaged in the development of various types of medical devices. We have achieved strong market positions in key mature and emerging regional markets. In Europe, in terms of sales revenue and volume of pacemakers in 2021, we have the largest market share in France and substantial shares in several other important markets, such as Italy, Spain, Portugal, Switzerland and Austria. In China, we are the No. 1 provider of China-made pacemakers in terms of sales revenue and volume in 2021. We have also expanded our global footprint to other important mature markets such as Japan, the United States, Australia and Canada, and are entering new emerging markets such as Brazil, India and Argentina, positioning ourselves well to further capture growth opportunities around the world.

We have a well-balanced product portfolio covering a broad spectrum of innovative CRM devices, including (i) low-voltage CRM devices, namely, pacemakers (for abnormally slow heart rate, or bradycardia) and cardiac resynchronization therapy pacemakers (CRT-P) (for heart failure), (ii) high-voltage CRM devices, namely, implantable cardioverter defibrillators (ICD) (for abnormally fast heart rate, or tachycardia) and cardiac resynchronization therapy defibrillators (CRT-D) (for heart failure with high risk of sudden cardiac death), (iii) leads (wires that deliver electrical signals between a CRM device and the heart), (iv) CRM patient monitoring devices and (v) arrhythmia diagnostic devices. The following tables set forth key information about our products and product candidates as of the Latest Practicable Date, respectively.

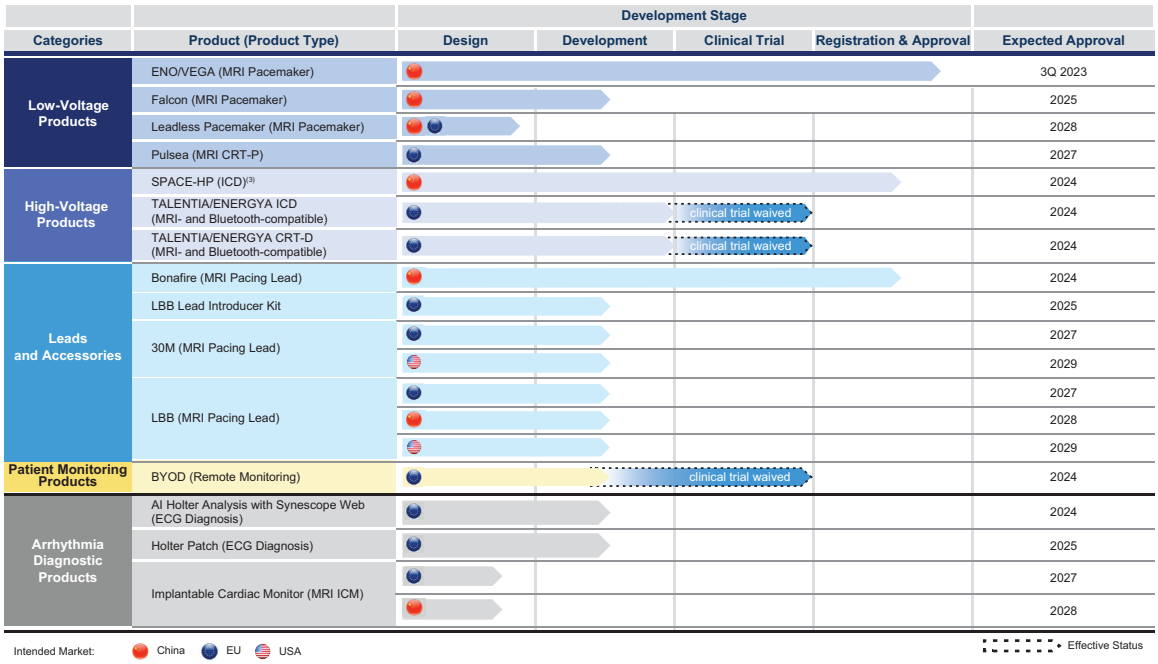
SUMMARY

Marketed Products

Category	Product (Product Type)	First Approval	Main Approved Countries/Regions	Key Features[1]
Low-Voltage Products	ALIZEA (Pacemaker)	CE-Jan 2021	China, EU, Japan, Australia, Canada	Bluetooth remote monitoring, extended longevity, SafeR, Sleep Apnea Monitoring (SAM), 1.5T and 3T MRI-compatible
	BOREA (Pacemaker)	CE-Jan 2021	EU, Australia	Bluetooth remote monitoring, extended longevity, SafeR, 1.5T and 3T MRI-compatible
	CELEA (Pacemaker)	CE-Jan 2021	EU, Australia, Canada	Bluetooth remote monitoring, extended longevity, 1.5T and 3T MRI-compatible
	ENO (Pacemaker)	CE-Dec 2018	EU, Japan, Australia	Small size (8 cc), SafeR, SAM, 1.5T and 3T MRI-compatible
	TEO (Pacemaker)	CE-Dec 2018	EU, Australia	Small size (8 cc), SafeR, 1.5T and 3T MRI-compatible
	OTO (Pacemaker)	CE-Dec 2018	EU, Australia	Small size (8 cc), 1.5T and 3T MRI-compatible
	REGA (Pacemaker) MRI compatibility[2]	NMPA-Aug 2017 NMPA-Apr 2022	China	Small size (8 cc), SafeR, SAM
	TREFLE (Pacemaker) MRI compatibility[2]	NMPA-Aug 2017 NMPA-Apr 2022	China	Small size (8 cc), SafeR
	ORCHIDEE (Pacemaker) MRI compatibility[2]	NMPA-Aug 2017 NMPA-Apr 2022	China	Small size (8 cc)
	REPLY CRT-P (CRT-P)	CE-Jun 2015	EU, Japan	Small size (11.3 cc)
	KORA 250 (Pacemaker)	CE-Feb 2015	EU, Japan, Australia	Small size (8 cc), SafeR, SAM, 1.5T MRI-compatible
	KORA 100 (Pacemaker)	CE-Nov 2013	EU, Japan, Australia	Small size (8 cc), SafeR, SAM, 1.5T MRI-compatible[2]
	REPLY 200 (Pacemaker)	CE-Feb 2012	EU, Japan, Canada, China, Australia	Small size (8 cc), SafeR, SAM
	ESPRIT (Pacemaker)	CE-Jan 2009	EU, USA, Canada, China	Small size (8 cc)
	REPLY (Pacemaker)	CE-Dec 2006	EU, USA, Japan, Canada, China, Australia	Small size (8 cc), SafeR
High-Voltage Products	ULYS (ICD) MRI compatibility	CE-Jul 2021 CE-Apr 2022	EU, Australia	Long lifespan, remote monitoring, Parad+, BTO, SafeR, Autothreshold, 1.5T and 3T MRI compatibility
	EDIS (ICD) MRI compatibility	CE-Jul 2021 CE-Apr 2022	EU	Long lifespan, remote monitoring, Parad+, BTO, SafeR, Autothreshold, 1.5T and 3T MRI compatibility
	GALI SonR (CRT-D) MRI compatibility	CE-Jul 2021 CE-Apr 2022	EU, Australia	Long lifespan, SonR automated optimization, remote monitoring, Parad+, BTO, Autothreshold, 1.5T and 3T MRI compatibility
	GALI (CRT-D) MRI compatibility	CE-Jul 2021 CE-Apr 2022	EU, Australia	Long lifespan, remote monitoring, Parad+, BTO, Autothreshold, 1.5T and 3T MRI compatibility
	PLATINIUM (ICD)	CE-May 2015	EU, USA, Japan, Canada, Australia, China	Long lifespan, Parad+, SafeR, remote monitoring
	PLATINIUM SonR (CRT-D)	CE-May 2015	EU, Japan, Canada, Australia	Long lifespan, SonR automated optimization, remote monitoring, Parad+, BTO
	PLATINIUM (CRT-D)	CE-May 2015	EU, USA, Japan, Canada, Australia	Long lifespan,Parad+, BTO, remote monitoring
Leads	Invicta (Defibrillation lead with active fixation)	CE-July 2022	EU	7.8F diameter, single and dual coil, 1.5T and 3T MRI-compatible
	NAVIGO MRI Compatibility (Left ventricular pacing lead (CRT))	CE-Dec 2021 CE-Mar 2022	EU, Australia	4.8F diameter, 2 shapes, 1.5T and 3T MRI-compatible
	VEGA (Pacing lead with active fixation)	CE-Aug 2017	EU, Japan, Canada, Australia	Retractable screw, SilGlide coating, 1.5T and 3T MRI-compatible
	SonRtip (Pacing lead with sensor)	CE-Nov 2011	EU, Japan, Canada, Australia	Unique lead with a contractility sensor at the tip for CRT automated optimization with SonR CRT-D devices
	BEFLEX MRI compatibility (Pacing lead with active fixation)	CE-Dec 2009 CE - Nov 2013	EU, Japan, China	Retractable screw, 1.5T MRI-compatible
	XFINE (Pacing lead with passive fixation)	CE-Apr 2008	EU, Japan	Smallest size (4.8F), 1.5T and 3T MRI-compatible
Patient Monitoring Products	SmartView Connect (Remote monitor)	CE-Mar 2021	EU, Japan, Australia, Canada	Android terminal for Bluetooth pacemakers
	SmartTouch (Programmer) Bluetooth compatibility	CE-Dec 2018 CE-Aug 2022	EU, USA, Japan, Canada, Australia	Tablet based, small size, portable
	CompassAnalyzer (Pacing System Analyzer (PSA))	NMPA-Aug 2018	China	Hand-held with simplified easy handling, auto P/R amplitude testing, 1 min non-stop during battery change
	Smart Monitor (Remote monitor)	CE-2010	EU, USA, Japan, Canada, Australia	3G/4G radio-frequency monitor for high-voltage devices
	Orchestra+ (Programmer)	CE-2006	EU, USA, Japan, China, Australia, Canada	Proprietary design to adjust settings of implantable CRM devices to suit patient needs
Arrhythmia Diagnostic Products	Spiderview BLE Holter Recorder	CE-2002	EU, USA, Japan, Canada, Australia	7-day continuous recording, Bluetooth, accelerometer sensor, patient and physician application
	Spider SAS Polygraph Holter Monitor	CE-Sep 2018	EU, Canada, Australia	Combined ECG and sleep apnea diagnostic
	SpiderFlash Event Loop Recorder	CE-Aug 2008	EU, Japan, Australia, Canada	Long term (20 days) ECG event recording, Bluetooth

China EU Japan Canada Australia USA

Product Candidates



Notes:

(1) See "Business—Our Product Portfolio" for details of the technical features.

(2) Out-of-chest compatible only. All of our other MRI-compatible devices are full-body compatible.

(3) Not required to conduct a clinical trial in China pursuant to relevant NMPA regulations because *Space-HP* is developed based on *Platinium ICD*, which has already been approved in China.

OUR PRODUCT PORTFOLIO

Low-Voltage CRM Devices—Pacemakers and CRT-P Devices

Alizea, Borea *and* Celea—*Our Bluetooth Pacemaker Families*

Alizea is a pacemaker primarily indicated for bradycardia. It senses and records the heart's electrical activities, and analyzes heart rhythms based on selectable sensing and detection parameters. *Alizea* features Bluetooth remote monitoring. When used in conjunction with *SmartView Connect*, our innovative remote monitoring system based on Bluetooth technology, *Alizea* allows cardiologists to monitor the pacemaker remotely and receive timely alerts and detailed reports of the patient's cardiac conditions.

Borea and *Celea* are *Alizea*'s sister products. *Borea* and *Celea* share most of *Alizea*'s features, and are designed to deliver essential therapeutic functions with varying degrees of sophistication, covering an extended price range to accommodate varying medical needs and price sensitivities.

ENO, TEO *and* OTO—*the World's Smallest Pacemakers*

ENO, *TEO* and *OTO* are the world's smallest pacemakers (other than leadless pacemakers), according to Frost & Sullivan. With a volume of only 8 cc, *ENO*, *TEO* and *OTO* allow for smaller incisions and a reduced pocket size. They are designed with an elliptical shape, which facilitates insertion and lead connection during the implantation procedure.

Rega, Trefle *and* Orchidee—*Our China-made Pacemakers*

Rega, *Trefle* and *Orchidee* are the first China-made pacemakers designed in accordance with international standards, according to Frost & Sullivan. These devices are dedicated to the Chinese

market, applying the same technology as our non-Bluetooth pacemakers made in Europe and are assembled in China. With a small size of 8 cc and a designed longevity of 12 years, they have the longest longevity among China-made pacemakers of a similar volume, according to Frost & Sullivan.

Reply CRT-P

Reply CRT-P is a cardiac resynchronization therapy pacemaker intended to treat heart failure due to dyssynchrony of the left and right ventricles' contractions. It delivers electrical signals to the left and right ventricles to help them contract synchronically so that the heart pumps more efficiently. With a volume of only 11.3 cc, *Reply CRT-P* is the world's smallest CRT-P device, according to Frost & Sullivan. Its small size allows for a smaller incision and a reduced pocket size, and helps improve implantation experience and patient comfort.

Pulsea

We are currently developing *Pulsea*, an advanced CRT-P device featuring Bluetooth connectivity, 1.5T and 3T MRI compatibility and advanced functions such as automatic CRT optimization with SonR contractility sensor. *Pulsea* is paired with *SmartView Connect* for the Bluetooth remote monitoring feature, and can generate heart failure reports to alert cardiologists promptly. We have substantially completed the design of *Pulsea* and plan to commence a clinical trial in 2026. We expect to obtain a CE mark for *Pulsea* in 2027.

High-Voltage CRM Devices—ICD Devices and CRT-D Devices

Ulys, Edis *and* Platinium—*Our ICD Families*

Ulys is an ICD implanted in the patient's chest with leads attached to the heart through surgery. It has the world's longest designed longevity among ICDs, according to Frost & Sullivan. *Ulys* is MRI-compatible and is used together with *Smart Monitor* to provide remote monitoring. It also features various algorithms to provide safe and effective pacing.

Edis is a sister product of *Ulys* that shares most of *Ulys*' features. *Platinium* is our earlier ICD device with key therapeutic functions and an outstanding longevity. *Ulys*, *Edis* and *Platinium*, our ICD families, are designed to accommodate patients' individual needs and demonstrate our continuous technology breakthroughs.

Gali SonR, Gali, Platinium SonR *and* Platinium CRT-D—*Our CRT-D Families*

Gali SonR is a CRT-D, a special type of defibrillator for patients with heart failure which, in addition to monitoring and maintaining the patient's heart rhythms like an ICD, can also help the heart pump more efficiently by coordinating the beating of the left and right ventricles. Our CRT-Ds share many design features with our ICDs. Additionally, *Gali SonR* features SonR, which is a real-time contractility sensor that allows for the therapy to be continuously adapted to individual patient needs and significantly reduces hospitalization risk due to heart failure.

Gali is a sister product of *Gali SonR* that shares its features except the SonR contractility sensor that allows for automatic optimization. Leveraging the same technology platform we use to develop our ICDs, the designed longevity of our CRT-D families is approximately three years longer than

industry average, according to Frost & Sullivan. *Platinium SonR* and *Platinium CRT-D* are our earlier CRT-D devices with key therapeutic functions and outstanding longevity. Each of these products has various distinctive features and they are designed to accommodate patients' individual needs.

Talentia *and* Energya ICDs, Talentia SonR CRT-D *and* Energya CRT-D—*New Series of ICD and CRT-D Candidates*

We are currently developing *Talentia* and *Energya ICDs*, *Talentia SonR CRT-D* and *Energya CRT-D*, which are two tiers of ICDs and CRT-Ds, to be paired with our *SmartView Connect* home monitor, featuring MRI compatibility, Bluetooth connectivity, lead integrity alert and a new programming user interface. In comparison with *Energya ICD* and *Energya CRT-D*, *Talentia ICD* and *Talentia SonR CRT-D* will be high-end products and feature additional enhancements. We expect to obtain CE marks for these product candidates in 2024.

SPACE-HP—*Our China-made ICD Candidate*

SPACE-HP is our China-made ICD candidate that is developed based on *Platinium* and can be used together with the *Invicta* defibrillation lead, hence expanding our portfolio of high-voltage products in China. We expect to submit a registration application to the NMPA for both *SPACE-HP* and *Invicta* in the third quarter of 2023 and expect to obtain NMPA approval in 2024.

Leads

- *Xfine* is a 1.5T and 3T MRI-compatible pacing lead that features one of the world's thinnest lead bodies (as measured by diameter), according to Frost & Sullivan. With a complete set covering different shapes and lengths, *Xfine* provides cardiologists with a range of options for implantation procedures.

- *Beflex* is a 1.5T MRI-compatible pacing lead with high X-ray visibility and allows for fast and precise lead placement. *Beflex* has demonstrated its reliability and safety with a cumulative survival (which means the lead implant does not require surgical revision due to malfunction) rate of 99.7% after 13 years of implantation, according to the MicroPort CRM Product Performance Report published in November 2022, which is a report we release semi-annually to provide regular updates on device performance to physicians and patients.

- *SonRtip* is an atrial pacing lead featuring SonR, the world's only contractility sensor for automatic CRT optimization as of the Latest Practicable Date, according to Frost & Sullivan. Used with *Platinium SonR* and *Gali SonR*, *SonRtip* has an embedded, hermetically sealed micro-accelerometer that functions as a sensor to accurately measure cardiac muscle vibrations.

- *Vega* is another 1.5T and 3T MRI-compatible pacing lead. Similar to *Beflex*, *Vega* also demonstrates high X-ray visibility and has a cumulative survival rate of 99.8% after 5 years of implantation, according to the MicroPort CRM Product Performance Report published in November 2022.

- *Navigo* is our newest quadripolar LV lead family with 1.5T and 3T MRI compatibility designed for our CRT devices. *Navigo* can easily navigate through the coronary venous system and is suitable for a wide variety of venous anatomies.

- *Invicta* is our newest 1.5T and 3T MRI-compatible defibrillation lead, which is designed for our high-voltage devices and features a quadripolar DF-4 connector that can improve operating convenience.

CRM Patient Monitoring Devices

- *SmartView Connect* is an innovative Bluetooth home monitor that is designed to be placed at the patient's bedside to regularly transmit detailed reports to the cardiologist on the patient's physiological conditions and functioning of the pacemaker. Working together with our pacemakers, *SmartView Connect* provides the cardiologist with a detailed report of the patient's clinical data on atrial fibrillation, sleep apnea and atrio-ventricular conduction.

- *SmartTouch* is a lightweight, tablet-based programmer. Cardiologists can use *SmartTouch* either directly in its docking station or in a hand-held fashion at the patient's bedside. The battery-powered tablet does away with unnecessary power cables, and provides better mobility for cardiologists as well as an improved follow-up experience for patients.

Arrhythmia Diagnostic Devices

- *SpiderFlash* Event Loop Recorder is a smart event loop recorder designed to record the heart's activity for a long period of time (up to 30 days) and detect heart arrhythmias. It features Bluetooth low energy communication and is compatible with our self-developed Eventscope analysis software to provide comprehensive reporting and help patients visualize arrhythmia events.

- *Spider SAS* Polygraph Holter Monitor is a polygraph Holter monitor allowing for both sleep apnea and arrhythmia detection in one device and shares many designed benefits with *SpiderFlash*. It is used together with our self-developed Synescope software, a high-end ECG Holter analysis software that offers independent polygraphy and Holter customizable reports but also enables dual display to provide a synchronized view of ECG and respiratory signals.

- *Spiderview* BLE Holter Recorder is a comprehensive Holter solution with adaptable recording capabilities and movement tracking function to better fit clinical needs. Unlike the traditional Holter monitors with 24-hour recording capacity, it is able to continuously monitor the patient's ECG for up to seven days. In addition to Synescope, *Spiderview* can also be used with our self-developed Synecom data transfer software, which is specifically tailored for hospitals and remote office practice.

For further details of our commercialized products and product candidates under development, see "Business—Our Product Portfolio."

SUMMARY OF MARKET OPPORTUNITIES AND COMPETITIVE LANDSCAPE

We operate in mature CRM device markets, such as Western Europe, Japan, Australia and United States, as well as emerging markets, such as China. There are a limited number of manufacturers in the CRM device industry worldwide and we face competition mainly from the other four of the five leading multinational companies in the industry. We believe we are well positioned to compete in this market with our strengths in product performance, R&D capabilities, distribution and marketing networks, proprietary manufacturing processes and brand recognition. For information about competition in the relevant markets, see "Industry Overview."

OUR STRENGTHS

We believe the following strengths contribute to our success:

- Established leadership in the global CRM market with high entry barriers, well-positioned to capture opportunities in both mature high-margin markets and emerging high-growth markets;
- Comprehensive, innovative and complementary product portfolio with differentiated features;
- Broad and balanced pipeline of innovative products to further enhance our CRM device portfolio and better position us for future growth;
- World-class R&D platform supported by our proprietary core technologies and comprehensive global IP portfolio;
- Vertically integrated operation platform with comprehensive global manufacturing and sales networks; and
- Dedicated and seasoned management team of industry veterans with a global vision, backed by world-class marquee investors.

OUR STRATEGIES

We plan to implement the following strategies to facilitate our business growth:

- Enhance our market position in CRM through tailored commercialization strategies for key regional markets;
- Develop a comprehensive portfolio of cutting-edge CRM solutions supported by a highly innovative product pipeline to maximize competitiveness across all CRM segments;
- Reinforce and advance our R&D capabilities for continuous and successful product innovation;
- Further optimize operational efficiency and expand manufacturing capacity;
- Solidify our position as a leading domestic player in the China CRM device market and drive product penetration; and

- Seek strategic partnerships globally to capture external growth opportunities and maximize synergy with MicroPort.

SALES, DISTRIBUTION AND MARKETING

As of the Latest Practicable Date, we sold our products in 49 countries and regions worldwide, including all key markets of CRM products. During the Track Record Period, we sold our products either by direct sales or through distributors. We strategically choose our sales and distribution model based on an evaluation of a local market's size and growth potential. For markets where we are deeply rooted and have extensive local sales resources, such as most countries in Western Europe, we primarily adopt a direct sales model, aiming to achieve the optimal cost efficiency across the supply chain. For markets where we have not established a solid presence or where we consider it more efficient to utilize distributors' local expertise, we adopt a distributorship model. As of the Latest Practicable Date, we primarily adopted the direct sales model in 15 countries and the distributorship model in 34 countries and regions.

We have employed a comprehensive marketing and branding strategy to develop our customer base. We adopt an academic marketing approach, such as holding educational and training programs for cardiologists and allied professionals, to introduce our products to the market. We actively participate in medical conferences in the CRM field, including international conferences and local conferences held by various academic societies. Besides, we also utilize various media channels, including social media platforms, to showcase customer success stories and interviews with healthcare professionals about our development breakthroughs, among others.

RESEARCH AND DEVELOPMENT

The production of CRM devices requires highly sophisticated technologies and significant investment in R&D activities. Since our establishment, we have developed a word-class R&D capability, which helps us become self-reliant technologically and make our product portfolio extensible to address various medical needs. To achieve optimal precision and reliability in our products, we have developed a full suite of core technologies which are fundamental to the development of our CRM products. See "Business—Research and Development—Core Technologies" for details.

Our R&D activities are primarily led by our product development team, which is primarily responsible for (i) the initiation and development of new R&D projects across all of our product lines, (ii) the clinical validation of our product candidates, and (iii) the regulatory registration of our products in different jurisdictions. As of December 31, 2022, over 85% of our R&D team members had a master's or higher degree in relevant fields. In 2020, 2021 and 2022, we incurred R&D costs of US$56.4 million, US$63.7 million and US$59.3 million, respectively.

MANUFACTURING

As of the Latest Practicable Date, we had four manufacturing facilities located across three continents: Clamart, France; Saluggia, Italy; Santo Domingo, the Dominican Republic; and Shanghai, China, with a total GFA of approximately 14,400 sq.m. We leased our manufacturing facilities in Clamart, Saluggia and Santo Domingo from Independent Third Parties, and leased our manufacturing facility in Shanghai from MicroPort Group.

OUR CUSTOMERS

Our customers include direct sales customers, which are primarily hospitals and other medical institutions, as well as distributors in the markets where we use the distributorship model. In 2020, 2021 and 2022, aggregate sales to our five largest customers were US$14.2 million, US$18.5 million and US$19.3 million, respectively, representing 7.9%, 8.4% and 9.4% of our revenue, respectively, and sales to our largest customer were US$8.5 million, US$11.8 million and US$12.6 million, respectively, representing 4.7%, 5.3% and 6.1% of our revenue, respectively. All of our five largest customers during the Track Record Period were Independent Third Parties.

OUR SUPPLIERS

Our principal raw materials for low-voltage CRM devices and high-voltage CRM devices primarily include integrated circuits, electronic components, batteries, shock capacitors and titanium cases, and those for leads primarily include stainless steel machined components, coiling, silicone injections and plastic injections. To ensure the quality of our raw materials, we only procure them from select suppliers that can satisfy our stringent raw material requirements and quality standards.

In 2020, 2021 and 2022, aggregate purchases from our five largest suppliers amounted to US$29.0 million, US$31.1 million and US$37.2 million, accounting for 13.2%, 16.6% and 20.6%, respectively, of our total purchases. Purchases from our largest supplier for the same periods totaled US$10.8 million, US$14.1 million and US$17.2 million, representing 4.9%, 7.5% and 9.5% of our total purchases, respectively. Save for MicroPort, all of our five largest suppliers during the Track Record Period were Independent Third Parties.

INTELLECTUAL PROPERTY RIGHTS

As of December 31, 2022, we had 1,017 patents and 166 pending patent applications as well as 136 trademarks and 3 pending trademark applications. All of the patents that we owned or applied for are self-developed. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any intellectual property disputes that would materially and adversely affect our operations.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

As of the Latest Practicable Date, none of us or our Directors were involved in any legal, arbitral or administrative proceedings that would have a material and adverse effect on our business, financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable laws and regulations in all material respects, and we did not have any non-compliance incident which would have a material and adverse effect on our business, financial condition or results of operations.

SUMMARY OF KEY FINANCIAL INFORMATION

The summary of historical financial information set forth below has been derived from, and should be read in conjunction with, our consolidated financial statements, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this document, as well as the information set forth in "Financial Information" of this document. Our financial information was prepared in accordance with HKFRS.

Summary of Consolidated Statements of Profit or Loss

	For the year ended December 31,		
	2020	2021	2022
	(US$ in thousands)		
Revenue	180,013	220,421	205,179
Cost of sales	(78,954)	(95,658)	(89,668)
Gross profit	101,059	124,763	115,511
Other net income	22,484	4,525	4,538
Fair value change on Convertible Bonds	—	—	(5,579)
Research and development costs	(56,388)	(63,700)	(59,266)
Selling and marketing expenses	(77,272)	(88,810)	(85,524)
Administrative expenses	(25,182)	(30,967)	(28,906)
Other operating costs	(3,203)	(4,694)	(9,418)
Loss from operations	**(38,502)**	**(58,883)**	**(68,644)**
Finance costs	(14,060)	(26,193)	(37,169)
Loss before tax	**(52,562)**	**(85,076)**	**(105,813)**
Income tax expense	(1,739)	(2,987)	(1,116)
Loss for the year	**(54,301)**	**(88,063)**	**(106,929)**
Other comprehensive income for the year	1,980	(633)	(15,815)
Total comprehensive income for the year	(52,321)	(88,696)	(122,744)
Attributable to:			
Equity shareholders of the Company	(49,801)	(88,696)	(122,744)
Non-controlling interests	(2,520)	—	—

The following table sets forth the breakdown of our revenue by product type for the years indicated.

	For the year ended December 31,					
	2020		2021		2022	
	Amount	% of total	Amount	% of total	Amount	% of total
	(US$ in thousands, except for percentages)					
Revenue from sales of medical devices						
Low-voltage CRM devices	94,415	52.4%	118,597	53.8%	110,713	54.0%
High-voltage CRM devices	51,265	28.5%	57,867	26.2%	49,488	24.1%
Leads	11,206	6.2%	13,424	6.1%	11,841	5.8%
Others[(1)]	12,561	7.0%	19,584	8.9%	19,981	9.7%
Subtotal	169,447	94.1%	209,472	95.0%	192,023	93.6%
Revenue from post-sale services	10,566	5.9%	10,949	5.0%	13,156	6.4%
Total	**180,013**	**100.0%**	**220,421**	**100.0%**	**205,179**	**100.0%**

Note:

(1) Primarily include arrhythmia diagnostic devices and certain related products for cardiovascular diseases, such as electrophysiology catheters, electrophysiology equipment and drug-eluting stents.

During the Track Record Period, our sales of medical devices gradually recovered from the COVID-19 pandemic. Our revenue from sales of medical devices increased by 23.6% from US$169.4 million in 2020 to US$209.5 million in 2021, primarily driven by (i) the launch of the *Alizea* pacemaker families in Europe and (ii) a general increase in the sales volume of our low-voltage CRM devices and high-voltage CRM devices, particularly ICDs, attributable to the gradual lifting of COVID-related restrictions on logistics and marketing activities. Our revenue from sales of medical devices decreased by 8.3% from US$209.5 million in 2021 to US$192.0 million in 2022, primarily due to exchange rate fluctuations. Namely, the euro (our functional currency in Europe) depreciated against the U.S. dollar (our reporting currency) substantially from 2021 to 2022. Excluding the impact of foreign exchange rate fluctuations, our revenue from sales of medical devices would have increased by 3.2% from 2021 to 2022, primarily attributable to an increase in the sales volume of our low-voltage CRM devices following the launch of the *Alizea* pacemaker families and as a result of the recovery from the COVID-19 pandemic. See "Financial Information—Results of Operations" for details.

Our revenue from post-sale services represents the revenue that we derive from ongoing services to cardiologists and patients after the CRM devices are implanted. Upon the sales of CRM devices, we defer revenue allocated to unfulfilled post-sale service obligations and recognize such revenue over the period when the services are rendered. During each year of the Track Record Period, the revenue from post-sale services we recognized was derived from providing post-sale services for CRM devices that were typically implanted within eight to twelve years previously.

The following table sets forth a breakdown of our revenue by geographic area for the years indicated.

	For the year ended December 31,					
	2020		2021		2022	
	Amount	% of total	Amount	% of total	Amount	% of total
	(US$ in thousands, except for percentages)					
Revenue from sales of medical devices						
Europe, Middle East and Africa (EMEA)	149,470	83.0%	180,993	82.1%	165,193	80.5%
France	78,506	43.6%	94,684	43.0%	86,507	42.2%
Western Europe – South[(1)]	45,377	25.2%	54,896	24.9%	49,269	24.0%
Western Europe – North[(2)]	21,862	12.1%	26,045	11.8%	23,391	11.4%
Eastern Europe[(3)], Middle East and Africa	3,725	2.1%	5,368	2.4%	6,026	2.9%
China	7,955	4.4%	13,060	5.9%	12,721	6.2%
Japan	7,958	4.4%	10,587	4.8%	9,259	4.5%
United States	1,142	0.6%	1,323	0.6%	579	0.3%
Others[(4)]	2,922	1.7%	3,509	1.6%	4,271	2.1%
Subtotal	169,447	94.1%	209,472	95.0%	192,023	93.6%
Revenue from post-sale services	10,566	5.9%	10,949	5.0%	13,156	6.4%
Total	**180,013**	**100.0%**	**220,421**	**100.0%**	**205,179**	**100.0%**

Notes:

(1) Includes Italy, Spain and Portugal.

(2) Primarily includes Switzerland, the Netherlands, Germany and the United Kingdom.

(3) Primarily includes Slovakia, Slovenia and Russia.

(4) Primarily include Australia and Canada.

Because we are a global organization selling products around the world, our revenue is affected by foreign exchange fluctuations. The following table sets forth a breakdown of percentage changes of our revenue from sales of medical devices by geographic area in U.S. dollars, which is our reporting currency, and excluding foreign exchange impact, respectively.

	2021 compared to 2020		2022 compared to 2021	
	In US$	Excluding foreign exchange impact[1]	In US$	Excluding foreign exchange impact[1]
	(%)			
Changes in revenue from sales of medical devices				
EMEA	21.1	17.2	(8.7)	2.5
China	64.2	51.3	(2.6)	8.4
Japan	33.0	31.2	(12.5)	6.2
United States	15.8	15.8	(56.2)	(56.2)
Others	20.1	22.6	21.8	33.1
Total	**23.6**	**19.6**	**(8.3)**	**3.2**

Note:

(1) Calculated based on sales in the respective functional currencies. See also "Financial Information—Critical Accounting Policies and Estimates—Translation of Foreign Currencies."

Our revenue from sales in EMEA increased by 21.1% from 2020 to 2021, primarily because we launched the *Alizea* pacemaker families and COVID-related restrictions were also gradually lifted. Our revenue from sales in EMEA decreased by 8.7% from 2021 to 2022, primarily because of a decrease in revenue from sales in France and Western Europe – South as the euro depreciated substantially against the U.S. dollar. Excluding the impact of foreign exchange rate fluctuations, our revenue from sales in EMEA would have increased by 2.5% from 2021 to 2022.

Our revenue from sales in China increased substantially by 64.2% from 2020 to 2021, primarily because of the continued penetration of our China-made products and easing of COVID-related restrictions. Our revenue from sales in China decreased slightly by 2.6% from 2021 to 2022, primarily due to the depreciation of the renminbi against the U.S. dollar. Excluding the impact of foreign exchange rate fluctuations, our revenue from sales in China would have increased by 8.4% from 2021 to 2022, primarily driven by a rebound of our sales in the second half of 2022.

Our revenue from sales in Japan increased by 33.0% from 2020 to 2021 and decreased by 12.5% from 2021 to 2022. Excluding the impact of foreign exchange rate fluctuations, our revenue from sales in Japan would have increased by 6.2% from 2021 to 2022. The general increase of our revenue from sales in Japan during the Track Record Period was primarily attributable to our increased investment in our sales force in Japan, which enhanced our sales and marketing capabilities.

The following table sets forth the breakdown of gross profit and gross profit margin by product type for the years indicated.

	For the year ended December 31,					
	2020		2021		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(US$ in thousands, except for percentages)					
Low-voltage CRM devices	66,051	70.0%	81,555	68.8%	75,526	68.2%
High-voltage CRM devices	32,297	63.0%	35,495	61.3%	29,853	60.3%
Leads	741	6.6%	2,180	16.2%	835	7.1%
Others	1,655	13.2%	6,228	31.8%	5,855	29.3%
Gross profit/ gross profit margin of sales of medical devices	100,744	59.5%	125,458	59.9%	112,069	58.4%
Gross profit/ gross profit margin of post-sales services[(1)]	–	–	–	–	–	–
Total gross profit/overall gross profit margin	101,059	56.1%	124,763	56.6%	115,511	56.3%

Note:

(1) Not meaningful.

Our gross profit increased by 23.5% from 2020 to 2021, primarily attributable to an increase in sales of our implantable CRM devices. Our gross profit decreased by 7.4% from 2021 to 2022, primarily because of the depreciation of the euro against the U.S. dollar, which led to decreases in the gross profits of all product categories.

Our gross profit margin for sales of medical devices generally remained stable between 59.5% in 2020 and 59.9% in 2021, primarily as a result of (i) a decrease in the gross profit margin of low-voltage CRM devices because our *Alizea* pacemaker families were launched in 2021, and we incurred additional labor costs as workers typically need time to learn the procedures for producing new products; (ii) a decrease in the gross profit margin of high-voltage CRM devices due to a shift in product mix from CRT-D devices to ICD devices, whose gross profit margin was slightly lower; and (iii) an increase in the gross profit margin of leads because the volume of leads produced substantially increased, and we achieved greater economies of scale in lowering average manufacturing costs.

Our gross profit margin for sales of medical devices decreased slightly from 59.9% in 2021 to 58.4% in 2022, primarily due to slight decreases in the gross profit margins for low-voltage and high-voltage CRM devices, as (i) we granted more volume-based discounts in France in 2022 because a greater proportion of products were sold in large volumes, and (ii) US$1.5 million was deducted from our revenue in 2022 as a provision pursuant to the Italian government's retrospective clawback law. See "Financial Information—Description of Certain Items in the Consolidated Statements of Profit or Loss—Other Operating Costs" for details. Our gross profit margin for leads decreased from 2021 to 2022, primarily because (i) a majority of our leads were sold in Europe, and the average selling price of leads decreased due to the depreciation of the euro against the U.S. dollar, whereas (ii) our cost of sales for leads was not affected by foreign exchange fluctuations because our leads were produced in the Dominican Republic and the relevant costs were denominated in U.S. dollars.

In 2020, 2021 and 2022, we had a net loss of US$54.3 million, US$88.1 million and US$106.9 million, respectively. Our net loss increased from 2020 to 2021, primarily due to an increase in cost of sales and selling and marketing expenses, which was partially offset by an increase in revenue. Our net loss further increased from 2021 to 2022, primarily due to a decrease in revenue and an increase in finance costs, which was partially offset by a decrease in cost of sales. For details, see "Financial Information—Results of Operations."

Summary of Consolidated Statements of Financial Position

	As of December 31,		
	2020	2021	2022
	(US$ in thousands)		
Non-current assets			
Property, plant and equipment	54,708	59,627	49,135
Intangible assets	23,965	22,082	22,232
Goodwill	104,799	107,862	103,327
Deferred tax assets	7,878	8,135	7,782
Other non-current assets	15,364	17,921	18,356
Total non-current assets	**206,714**	**215,627**	**200,832**
Current assets			
Inventories	63,339	61,367	68,211
Trade and other receivables	97,996	68,509	60,664
Cash and cash equivalents	47,804	86,147	142,168
Total current assets	**209,139**	**216,023**	**271,043**
Current liabilities			
Trade and other payables	70,454	71,537	79,165
Contract liabilities	10,777	11,682	8,989
Interest-bearing borrowings	7,665	–	–
Lease liabilities	5,338	7,688	7,144
Income tax payables	635	2,751	742
Total current liabilities	**94,869**	**93,658**	**96,040**
Net current assets	**114,270**	**122,365**	**175,003**
Total assets less current liabilities	**320,984**	**337,992**	**375,835**
Non-current liabilities			
Interest-bearing borrowings	62,032	–	–
Convertible bonds	–	–	135,579
Lease liabilities	25,407	26,526	20,825
Deferred income	1,347	665	1,220
Contract liabilities	29,855	26,227	24,583
Other payables	2,919	2,156	2,233
Defined benefit retirement plans	10,369	9,177	8,088
Financial instruments with preferred rights	106,008	256,551	286,680
Deferred tax liabilities	565	554	–
Total non-current liabilities	**238,502**	**321,856**	**479,208**
Net assets/(liabilities)	**82,482**	**16,136**	**(103,373)**

Our net current assets increased from US$114.3 million as of December 31, 2020 to US$122.4 million as of December 31, 2021, primarily due to an increase in cash and cash equivalents as a result of the proceeds raised from the Series C financing, partially offset by a decrease in trade and other receivables because of a decrease in the amount due from shareholders. Our net current assets increased from US$122.4 million as of December 31, 2021 to US$175.0 million as of December 31, 2022, primarily due to an increase in cash and cash equivalents because of the proceeds of the Convertible Bonds, which was partially offset by an increase in trade and other payables because of an increase in trade and other payables due to third-party suppliers.

Our net assets decreased from US$82.5 million as of December 31, 2020 to US$16.1 million as of December 31, 2021, primarily due to an increase in the financial instruments with preferred rights as a result of the issuance of Series C Preferred Shares in July 2021, which was partially offset by (i) a decrease in interest-bearing borrowings as we fully repaid the relevant bank loans, and (ii) an increase in cash and cash equivalents as a result of the proceeds raised from the Series C financing. We recorded net liabilities of US$103.4 million as of December 31, 2022, primarily reflecting an increase in non-current liabilities due to the issuance of the Convertible Bonds, which was partially offset by an increase in cash and cash equivalents attributable to the proceeds of the Convertible Bonds.

Summary Consolidated Statements of Cash Flows

	For the year ended December 31,		
	2020	2021	2022
	(US$ in thousands)		
Operating cash flows before movements in working capital	(45,640)	(43,393)	(46,983)
Changes in working capital	(13,028)	12,224	1,131
Income tax paid	(1,831)	(635)	(2,592)
Net cash used in operating activities	(60,499)	(31,804)	(48,444)
Net cash generated from/(used in) investing activities	8,243	(14,877)	(9,752)
Net cash generated from financing activities	81,551	90,430	118,750
Net increase in cash and cash equivalents	29,295	43,749	60,554
Cash and cash equivalents at the beginning of the year	14,945	47,804	86,147
Effect of foreign exchange rate changes	3,564	(5,406)	(4,533)
Cash and cash equivalents at the end of the year	47,804	86,147	142,168

We incurred negative net operating cash flows in each year of the Track Record Period. Our primary uses of cash during the Track Record Period were to fund the research and development and manufacturing of our products, establishment and expansion of our sales network, as well as other working capital needs. As our business develops and expands, we expect to improve our negative net operating cash flow position as of December 31, 2022 by (i) increasing sales from commercialized products by expanding our selling and marketing activities, (ii) launching new products by accelerating our R&D projects, (iii) improving cost control and operating efficiency, and (iv) accelerating the turnover of trade receivables by tightening our credit policy and enhancing collection efforts.

Historically, we have financed our operations and other capital requirements primarily through cash generated from our operations and financing activities. Going forward, we expect to fund our future working capital and other cash requirements with cash generated from our operations, the net proceeds from **[REDACTED]** financing and the **[REDACTED]** and, when necessary, bank and other borrowings. Taking into account our internal resources, our cash flow from operations and financing activities and the estimated net proceeds from the **[REDACTED]**, our Directors confirm that the working capital available to us is sufficient at present and for at least the next 12 months from the date of this document.

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the dates or for the years indicated.

	As of /For the year ended December 31,		
	2020	2021	2022
Gross profit margin	56.1%	56.6%	56.3%
Current ratio (times)[(1)]	2.2	2.3	2.8
Quick ratio (times)[(2)]	1.5	1.7	2.1
Gearing ratio[(3)]	24.2%	7.9%	5.9%

Notes:

(1) Represents current assets divided by current liabilities as of the same date.

(2) Represents current assets less inventories and divided by current liabilities as of the same date.

(3) Represents the total sum of interest-bearing borrowings and lease liabilities divided by total assets as of the same date.

MATERIAL RISK FACTORS

We believe there are certain risks and uncertainties involved in investing in our Shares, some of which are beyond our control. See "Risk Factors" for details of our risk factors. Some of the major risks we face include:

- Our success depends on the continued market acceptance and usage of our products. If we fail to achieve or maintain broad market acceptance or usage, our business and results of operations could be materially and adversely affected.
- We face intense market competition in selling and distributing our products, which may have a material adverse effect on our business and results of operations.
- If we do not introduce new products in a timely manner, our products may become obsolete and our business and results of operations may suffer.
- The research and development of our products and product candidates involves a lengthy and expensive process with an uncertain outcome, and unsuccessful clinical trials or procedures relating to products under development could have a material adverse effect on our prospects.
- Our historical operating results may not be representative of future performance. We may need to obtain additional financing to fund our operations. If we are unable to timely

obtain sufficient financing, we may be unable to complete the development and commercialization of our product candidates.

- We have had operating and accumulated losses, and we cannot assure you that we will achieve profitability in the future.
- Our business and results of operations are affected by changes in regional and global economic conditions.
- Fluctuations in foreign currency exchange rates may lead to volatility in our results of operations.
- The research, development and commercialization of our products are heavily regulated in all material aspects and, given our worldwide geographical presence, compliance with different regulations in the various jurisdictions where we operate is time-consuming and costly.
- Changes in the political, social and economic policies and conditions of the countries and regions where we operate may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

RECENT DEVELOPMENT

Business Development

In January 2023, we completed the clinical study on *Bonafire*, a China-made 1.5T MRI-compatible passive-fixation pacing lead. We submitted a registration application to the NMPA in February 2023 and expect to obtain approval in 2024.

Impact of the COVID-19 Outbreak

We have not experienced any material disruption since the outbreak of the COVID-19 pandemic for our clinical activities and other research and development activities. In addition, we had not experienced material disruptions to our manufacturing activities, supply chain as well as marketing, distribution and sales activities. As most of the mandatory lockdowns, closure of workplaces and restrictions on mobility and travel in response to the COVID-19 pandemic were lifted around the world in 2022, our Directors are of the view that it is unlikely that the COVID-19 pandemic will have a material adverse effect on our business.

During the Track Record Period and up to the Latest Practicable Date, the COVID-19 pandemic did not have any material adverse effect on our results of operations and financial position. However, we cannot assure you that the COVID-19 pandemic will not further escalate or have material adverse effect on our performance in the future. Please see "Risk Factors—Risks Relating to Our Operations and Financing—Our operations and business plans may be adversely affected in the event of resurgence of the COVID-19 pandemic" for details.

No Material Adverse Change

Save as otherwise disclosed above, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position or prospects since

December 31, 2022, being the end of the period reported on in the Accountants' Report set out in Appendix I to this document, and there has been no event since December 31, 2022 that would materially affect the information as set out in the Accountants' Report in Appendix I of this document.

CONTROLLING SHAREHOLDERS

Immediately upon completion of the **[REDACTED]** (without taking into account any Shares which may be issued pursuant to the exercise of the **[REDACTED]**), MicroPort will, through its direct wholly owned subsidiary MicroPort International BVI and indirect wholly owned subsidiary MicroPort International HK, be indirectly interested in approximately **[REDACTED]**% of the total share capital of our Company. Accordingly, MicroPort, MicroPort International BVI and MicroPort International HK will be our Controlling Shareholders under the Listing Rules.

There is clear delineation between the businesses of the MicroPort Group and our business. The MicroPort Group focuses on different types of medical devices that are of different nature and have different applications from those of our principal business. Our Group provides solutions for the management of cardiac rhythm disorders and heart failure. The business of our Group is not related to the businesses of the MicroPort Group. The products of our Group and the MicroPort Group are not interchangeable, nor are they complementary. For details, see "Relationship with Our Controlling Shareholders."

CONTINUING CONNECTED TRANSACTIONS

We have entered into a number of agreements with our connected persons which will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon the **[REDACTED]**. For details, see "Connected Transactions."

[REDACTED]

Our **[REDACTED]** will constitute a **[REDACTED]** from MicroPort, our Controlling Shareholder. The proposal in relation to the **[REDACTED]** was submitted by MicroPort to the Stock Exchange for approval pursuant to Practice Note 15 of the Listing Rules, and the Stock Exchange has confirmed that MicroPort may proceed with the **[REDACTED]**. Our Directors believe that the **[REDACTED]** and separate **[REDACTED]** of our Group will be commercially beneficial to MicroPort, our Company and our Shareholders as a whole. For details, see "History, Reorganization and Corporate Structure—**[REDACTED]** of Our Group from MicroPort."

PRE-[REDACTED] INVESTMENTS

Since our inception, we have had several rounds of Pre-**[REDACTED]** Investments with a broad and diverse base of Pre-**[REDACTED]** Investors. For further details of the identity and background of the **[REDACTED]** Investors, see "History, Reorganization and Corporate Structure—The Pre-**[REDACTED]** Investments—Background Information of the **[REDACTED]** Investors."

DIVIDENDS

We did not declare any dividend during the Track Record Period.

We do not have a specific dividend policy or a predetermined dividend payout ratio. The decision to pay dividends in the future will be made at the direction of our Board and will be based on our profits, cash flows, financial condition, capital requirements and other conditions that our Board deems relevant. The payment of dividends may be limited by other legal restrictions and agreements that we may enter into in the future. As advised by our Cayman Islands counsel, under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be declared or paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business.

[REDACTED] STATISTICS

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]		Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	
Market capitalization of our Shares[(1)]	HK$**[REDACTED]** million		HK$**[REDACTED]** million	
Unaudited *pro forma* adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share[(2)]	US$**[REDACTED]**	HK$**[REDACTED]**	US$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) The calculation of the market capitalization of our Shares is based on **[REDACTED]** Shares expected to be in issue and outstanding immediately following the completion of the Share Subdivision and the **[REDACTED]**, assuming the **[REDACTED]** is not exercised and each Preferred Share will be converted to one Share upon the **[REDACTED]** becoming unconditional.

(2) The unaudited *pro forma* adjusted net tangible assets attributable to equity shareholders of the Company per Share is arrived at after adjustments referred to in "Unaudited Pro Forma Financial Information" as set out in Appendix II to this document.

FUTURE PLANS AND [REDACTED]

We estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** million (US$**[REDACTED]** million) after deducting the **[REDACTED]** fees and expenses payable by us in the **[REDACTED]**, assuming no exercise of the **[REDACTED]** and assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]** set forth in this document. We intend to use the net **[REDACTED]** from the **[REDACTED]** for the following purposes:

- Approximately HK$**[REDACTED]** million (US$**[REDACTED]** million), representing **[REDACTED]**% of the estimated net **[REDACTED]**, will be used for the research and development of our product candidates;
- Approximately HK$**[REDACTED]** million (US$**[REDACTED]** million) (representing **[REDACTED]**% of the estimated net **[REDACTED]**) will be used for the commercialization of our products;
- Approximately HK$**[REDACTED]** million (US$**[REDACTED]** million) (representing **[REDACTED]**% of the estimated net **[REDACTED]**) will be used for the reorganization of our four manufacturing facilities located in France, Italy, China and the Dominican Republic to improve efficiency and simplify the supply chain;

- Approximately HK$**[REDACTED]** million (US$**[REDACTED]** million) (representing **[REDACTED]**% of the net **[REDACTED]**) will be used for working capital and other general corporate purposes.

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

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately US$**[REDACTED]** million (including **[REDACTED]**-related fees and expenses of approximately US$**[REDACTED]** million, and non-**[REDACTED]** related expenses of approximately US$**[REDACTED]** million, which consist of fees and expenses of legal advisers and accountants of approximately US$**[REDACTED]** million and other fees and expenses of approximately US$**[REDACTED]** million), assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, which is the mid-point of the indicative **[REDACTED]** range stated in this document. **[REDACTED]** expenses accounted for approximately **[REDACTED]**% of our gross proceeds. Approximately US$**[REDACTED]** million was charged to our consolidated statements of profit or loss for 2022, approximately US$**[REDACTED]** million is expected to be charged to our consolidated statements of profit or loss for 2023, and approximately US$**[REDACTED]** million is expected to be accounted for as a deduction from equity upon the **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such **[REDACTED]** expenses to have a material adverse impact on our results of operations in 2023.