FUTURE PLANS

For a detailed description of our future plans, see "Business – Our Strategies."

[REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million after deducting the [**REDACTED**] fees and expenses payable by us in the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**] in this document. We intend to use the net [**REDACTED**] we will receive from the [**REDACTED**] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- [**REDACTED**]%, or approximately HK$[**REDACTED**] allocated to the development and commercialization of our pipeline products as follows, and the allocation and expected timeline for using such [**REDACTED**] will depend on the timing, progress and size of our respective R&D projects, as well as our projected R&D and clinical trial related expenses taking into account the continued expansion of our product portfolio:

  (i) [**REDACTED**]% of net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for the ongoing R&D activities, clinical trial and product registration of drug eluting balloon products. We expect to commence animal studies in respect of our drug eluting balloon products in 2022, conduct clinical trials and product registration for such products in 2023 and 2024, and commercialize them in the PRC, Japan, Europe and the U.S. markets in 2025 and 2026, respectively;

  (ii) [**REDACTED**]% of net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for the product registration and commercialization of new generation of COMBO dual therapy stent products primarily in the PRC, Japan and Europe markets. We plan to commence animal studies in respect of the new generation of COMBO dual therapy stent products in 2022 and 2023, conduct clinical trial and product registration for such products in 2024 and 2025, and commercialize them in 2026 in the PRC, Japan, Europe and Asia Pacific markets, respectively;

  (iii) [**REDACTED**]% of net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for the ongoing R&D activities, clinical trial and product registration of our new coronary and peripheral balloon and catheter-based products. We plan to conduct clinical trials and product registration in respect of such products in the next six years for various coronary and peripheral balloon and catheter-based products and commercialize such products primarily in the PRC, Japan, the U.S., Europe and Asia Pacific markets;

(iv) [**REDACTED**]% of net [**REDACTED**], or approximately HK$[**REDACTED**], will be used for the ongoing R&D activities for new generation of neuro interventional products. We plan to conduct animal studies and prototyping in respect of such products in 2022 and 2023, respectively, with a primary focus on the PRC market; and

(v) [**REDACTED**]% of net [**REDACTED**], or approximately HK$[**REDACTED**], to support the expansion of our R&D team in our Shenzhen facility. We plan to gradually expand the team to approximately 90 employees by the end of 2026;

- [**REDACTED**]%, or approximately HK$[**REDACTED**] allocated to the expansion of our production capacities. The amount required for the planned expansion is estimated based on the preliminary design of our new manufacturing site and our internal estimates, which take into consideration the size of our Netherlands and PRC production sites, materials to be used and estimated construction time, as well as types and quantities of equipment to be purchased. We intend to complete the acquisition of a new land parcel with a land area of approximately 20,000 sq.m by June 2023 and it will require approximately 3.5 years to construct, renovate and obtain the required licenses to commence operations in early 2027.

  Our expected production capacity expansion are based on the following factors:

  - First, both the coronary and peripheral interventional instrument markets are expected to continue growing rapidly across the globe. The coronary interventional instruments market in the PRC, the U.S. and Europe is expected to grow from 2021 to 2025 at a CAGR of 14.0%, 13.1% and 10.0%, respectively, while the peripheral interventional instruments market in the PRC, the U.S. and Europe is expected to grow from 2021 to 2025 at a CAGR of 14.6%, 11.9% and 9.2%, respectively, according to the Industry Consultant. For more details, please refer to the paragraphs headed "Industry Overview – Overview of Percutaneous Coronary Intervention Procedural Instrument Market – PCI market overview" and "Industry Overview – Overview of Percutaneous Transluminal Angioplasty Procedural Instrument Market – Market overview" in this document.

  - Second, our Group has been growing rapidly. Our revenue increased by 31.6% from US$88.5 million in 2020 to US$116.5 million in 2021, and increased by 20.2% from US$57.3 million in the first six months of 2021 to US$68.9 million in the first six months of 2022.

- Third, we have been actively developing and expanding our pipeline products. For example, we intend to expand our product offerings to cover structural heart disease intervention products and neuro intervention products. For more details, please refer to the paragraphs headed "Business – Our Strategies – Further enrich product offerings both vertically and horizontally" and "Business – Our Products and Product Pipeline" in this document.

- Fourth, we expect to extend our sales network and hospital coverage and deepen our market penetration. For example, we are looking to have immediate or better access to new geographic markets such as Latin America or certain provinces in the PRC in which we have relatively less presence.

We project that we will maintain a strong growth due to growing market demand, primarily based on (i) the overall increase in the size of the PCI/PTA interventional instrument market as set forth in the CIC Report, (ii) the estimated increase in sales volume of our existing products in connection with our expansion into new markets or further penetration in existing markets and (iii) the estimated increase in sales volume in connection with our pipeline products upon their respective approval and commercial launch. We expect the newly increased capacity will be used to manufacture our pipeline products currently under development, such as Sapphire X NC Balloon Catheter, Sapphire X Balloon Catheter and Neuro Balloon Catheter as well as coronary and peripheral products that are sold in China. The expected allocation for using such [**REDACTED**] is as follows:

(i) [**REDACTED**]% of net [**REDACTED**], or approximately HK$[**REDACTED**] on acquiring a new land parcel with a land area of approximately 20,000 sq.m. The land premium is estimated with reference to the average price of industrial land of certain second-tier cities in the Pearl River Delta and Yangtze River Delta areas. We are in contact with several local governments in the Pearl River Delta and Yangtze River Delta areas to explore the opportunities to acquire the land parcel but has yet to confirm the location. To the best knowledge of our Directors, as of the date of this document, we are not aware of any material legal or regulatory obstacles to acquire the land and/or to obtain the relevant licenses/permits to commence construction of the production facilities;

(ii) [**REDACTED**]% of net [**REDACTED**], or approximately HK$[**REDACTED**] on constructing and renovating new facilities to be built on the above-mentioned newly acquired land with a gross floor area of 50,000 sq.m., applying an estimated plot ratio of 2.5. A floor area of 40,000 sq.m. is expected to be constructed for manufacturing and R&D purposes, and a floor area of 10,000 sq.m. is expected to be constructed for staff accommodation and recreational purposes;

(iii) [**REDACTED**]% of net [**REDACTED**], or approximately HK$[**REDACTED**] on purchasing new machinery and equipment for the new manufacturing site. The new machinery and equipment mainly include but not limited to balloon forming machine, balloon pleating and folding machine, extrusion machine, welding and soldering systems, coating machine, swaging machine, heat treatment systems, body fusing machine, crimping machine which can be generally used across different coronary, peripheral and neuro balloon products. Upon completion of our planned expansion, it is expected that our production capacity for balloons will increase from 1,352,000 units per year to approximately 3,700,000 units per year by the end of 2027, production capacity for stents will increase from 56,400 units per year to approximately 85,000 units per year by the end of 2027. For details, see "Business – Our Strategies – Expand production capacity and continuously improve operational efficiencies";

- [**REDACTED**]% of net [**REDACTED**], or approximately HK$[**REDACTED**], to fund potential strategic acquisitions, entering into strategic partnerships, and other business development, with an aim to expand our product portfolio, strengthen our R&D capabilities, broaden our hospital coverage and increase our market penetration. We intend to identify opportunities for acquisition of or entering into strategic partnerships with companies, typically medical device manufacturers and/or distributors, that:

  (i) offer innovative and potentially breakthrough products and technology complementary to our current vascular disease treatment product lines, technology offerings and sales network, which may potentially include but not limited to products and/or technology relating to electrophysiology products, diagnostic or mapping products, electrode or laser ablation products, lithotripsy technology, light signal processing and vascular imaging products or technology and technology that will enhance our development of active medical device products used for vascular disease treatment;

  (ii) has reasonable length of operations which is not less than three years, a hospital coverage rate of over 25% in our target markets, sound track record with no material legal or regulatory proceedings or non-compliance and will enable us to consolidate and expand our market share in key geographic markets such as the U.S. and Europe, or provide us with immediate or better access to new geographic markets such as Latin America or certain provinces in the PRC in which we have relatively less presence; and

  The estimated amount of [**REDACTED**] to be used for potential acquisitions is based on our internal assessment and projection in accordance with the criteria set forth above. As of the Latest Practicable Date, we have not identified any specific acquisition targets, formed any specific acquisition plans or entered into any agreements with potential targets. We will seek potential acquisition targets through

internal market research and/or recommendations from industry consultants and our business partners. In evaluating acquisition targets, we will consider various factors including the level of synergy, the degree of innovation of the underlying technology, time and cost required to integrate the target operation or technology into our Group, the target's current customer base, as well as the potential growth and profitability of the business. As advised by the Industry Consultant, there are more than 1,000 medical device manufacturers and/or distributors that meet the above criteria; and

- [**REDACTED**]% of net [**REDACTED**], or approximately HK$[**REDACTED**], for working capital and other general corporate purposes.

If the [**REDACTED**] is determined at the highest point of the stated range, the net [**REDACTED**] to our Company would be increased by approximately HK$[**REDACTED**]. If the [**REDACTED**] is determined at the lowest point of the stated range, the net [**REDACTED**] to our Company would be decreased by approximately HK$[**REDACTED**]. The above allocation of the net [**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.

To the extent that our net [**REDACTED**] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations and equity financing, bank loans and other borrowings and other funds raised from capital markets from time to time, when necessary. For instance, additional funds available to fund the purposes set out above include (i) existing bank deposit (including cash and cash equivalents, bank deposit and Commodity Linked Fixed Rate Note) amounting to US$185.6 million as of July 31, 2022 and (ii) unused banking facility amounted to US$45.0 million as of July 31, 2022. For more information about our capital resources, please refer to the paragraph headed "Financial Information – Liquidity and Capital Resources – Overview" in this document.

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we will only hold such funds in short-term deposits at licensed commercial banks and/or other authorized financial institutions (as defined under the [Securities and Futures Ordinance]) so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules. We will issue an appropriate announcement if there is any material change to the above proposed [**REDACTED**].