

Investor Newsletter

Issue 08 2017



MPSC Achieves Substantial Growth in 1H 2017 Net Profit Increases **272.4%** YOY

On August 24, MicroPort Scientific Corporation (HK: 853) ("MPSC" or the "Company"), announced the unaudited interim results of the Company and its subsidiaries ("Group") for the six months ended 30 June 2017 ("reporting period").

During the reporting period, the Group successfully achieved a revenue of approximately US\$217.3 million, representing a growth of 12.5% (excluding the foreign exchange impact) which is the fastest organic growth rate at MPSC for any six-month period in over five years. Meanwhile, the Group successfully recorded a profit of US\$20.6 million (profit attributable to equity shareholders: US\$21.4 million) for the six months ended 30 June 2017, with an increase of 272.4% as compared with the corresponding period of 2016. Such increase is principally attributable to a significant growth in revenue from the cardiovascular and endovascular segments in the China market, and in particular, a significant revenue growth of our third-generation drug-eluting stent Firehawk® Rapamycin Target Eluting Coronary Stent System ("Firehawk®"), and a substantial reduction of net loss of the orthopedics business due to the improvement in its revenue and gross margin.

"Faced with technical changes in the global medical device industry, in particular the challenges in the rapidly growing medical device industry from a highly competitive global market, we have successfully achieved substantial revenue and profit growth in the first half of 2017 and maintained our leading position in China. Looking forward, we will firmly continue to provide diversified products and continued our globalization strategy to further increase our earnings from domestic and overseas markets," Dr. Zhaohua Chang said. "We aim to continuously offer innovations, technologies and services to millions of global patients and become a patient oriented global enterprise in minimally invasive and other emerging medical market."



272.4%

First Domestically Made High Performance Pacemaker Device Gains CFDA Approval

MicroPort Sorin CRM (Shanghai) Co., Ltd. ("MSC") recently gained the regulatory approval from China Food and Drug Administration ("CFDA") for its Rega™ Family Implantable Pacemakers, making them the first domestically made pacemakers to gain market approval in China, which is expected to benefit more local patients with its high quality and affordable price.

Rega™ Family Implantable Pacemakers has three series (Orchidee™, Trefle™, and Rega™) with a total of eight models. "They are all automatic, physiologic pacing pacemaker devices that feature small size and long life span. Specifically, they are the smallest pacemakers available in market with only eight cubic centimeters in volume, and they have service life of 10 to 12 years, allowing them to meet the need of various patients," said Dr. Li Wang, Chief Executive Officer of MSC and Fellow of Heart Rhythm Society, "With world-class quality and affordable price, it is expected that these pacemaker devices can provide safe, efficacious and cost-effective solutions and service to physicians and patients in China."

Currently, implanting pacemakers is the only effective way to reduce mortality and improve life quality of patients with bradycardia. There are around one million patients suffering from bradycardia in China with an estimated 300,000 to 400,000 new cases annually. However, due to lack of core technologies and industrialization experience, China almost solely relies on imports for pacemaker devices, the high price of which has deterred most patients, and only 80,000 of them can be treated with pacemakers each year.



MicroPort® EP Obtains CFDA Approval for PathBuilder™ Transseptal Guiding Introducer and Needle



On August 11, Shanghai MicroPort EP MedTech Co., Ltd. ("MicroPort® EP") obtained the regulatory approval from China Food and Drug Administration ("CFDA") for its in-house developed PathBuilder™ Transseptal Guiding Introducer and Needle ("PathBuilder™").

PathBuilder™ is comprised of introducer (including a sheath, dilator and guide wire as its components) and needle (including needle body and stylet). The device is specially indicated for the RF ablation of cardiac arrhythmias. It is used to enter the femoral vein and establish a vascular access, and guide the diagnostic catheter or ablation catheter to enter each cardiac chamber, including introducing the guiding catheter to left atrium by the atrial septal puncture.

The CFDA approval of PathBuilder™ marks the official launch of MicroPort® EP's first passive appliance in the domestic market and signifies another solid step of MicroPort® EP in becoming the provider of "a complete solution platform combining active and nonactive, device and equipment."

MicroPort® Firesorb® FUTURE II Trial Completes Enrolling the First Patient

On August 24, Shanghai MicroPort Medical (Group) Co., Ltd. ("MicroPort®") announced that Firesorb®'s pivotal clinical study FUTURE II trial successfully enrolled the first patient in Fuwai Hospital of Chinese Academy of Medical Sciences. Firesorb® Bioresorbable Rapamycin Target Eluting Coronary Scaffold System ("Firesorb®") is the world's first second-generation fully bioresorbable scaffold. The clinical trial will enroll 430 patients in 22 hospitals in China. The primary endpoint of the clinical trial is 12-month in-segment late loss, and the patients enrolled in FUTURE II trial will continue follow-up to five years. The principal investigator of the trial is Academician Runlin GAO of Fuwai Hospital of Chinese Academy of Medical Sciences.



MicroPort® CardioFlow Brings in Strategic Investors: China Renaissance, CICC and Huatai Securities

On August 22, MicroPort Shanghai CardioFlow Medtech Co., Ltd. ("MicroPort® CardioFlow"), a wholly owned subsidiary of MicroPort®, entered into financing agreements at a consideration of RMB430million and achieved a valuation of RMB2.1 billion after this round of financing. MicroPort®, MicroPort® CardioFlow and other related original shareholders of MicroPort® CardioFlow signed the Share Transfer and Capital Increase Agreement and Shareholders' Agreement with Huajie (Tianjin) Medical Investment Partnership (Limited Partnership) ("Huajie Tianjin"), CICC Pucheng Investment Corporation Limited ("CICC Pucheng"), and Beijing Huatai Ruihe Medical Industry Investment Center (Limited Partnership) ("Huatai Ruihe"). The Investors subscribed for approximately 25% interest to be newly issued in the enlarged share capital of MicroPort® CardioFlow upon completion of the transactions at an aggregate consideration of RMB430million. Upon the completion of the transactions, MicroPort Scientific Corporation holds the controlling 66% stake in MicroPort® CardioFlow.

"This is our first project to attract investment and win high recognition around noted investors while still at clinical trial stage. This transaction fully demonstrated the recognition of high-profile investors in the future development of MicroPort® CardioFlow as well as the confidence of the capital market in the promising prospect of its cardiac valve intervention medical device and the cardiac valve intervention market," said Dr. Qiyi Luo, Chief Technology Officer of MicroPort® and the Chairman of MicroPort® CardioFlow. "At the same time, this transaction will bring in several well-known strategic investors and rich market resources for MicroPort® CardioFlow to fund its product R&D, manufacturing and market expansion, and thereby to promote its overall development and enhance its competitiveness."

華興資本
CHINA RENAISSANCE



MicroPort® EP Quoted on NEEQ

On August 15, MicroPort® EP was officially quoted on the National Equities Exchange and Quotations ("NEEQ"). The stock short name is 电生理 and the stock code is 871960, transferred by agreement.

MicroPort® EP primarily focuses on developing, manufacturing and marketing of minimally invasive medical devices and instruments for the interventional treatment of cardiac electrophysiological diseases, such as 3D cardiac mapping system, ablation catheter and diagnosis catheter. It is the only domestic company that provides the comprehensive 3D cardiac electrophysiological solutions. The quotation of MicroPort® EP on the NEEQ will enhance its corporate profile, enable it to have a better fund-raising platform, and increase its ability to attract strategic investors.



MicroPort® Orthopedics Announces Launch of its Procotyl® Prime Acetabular Cup System for Total Hip Replacement Surgery in US

On August 18, MicroPort® Orthopedics, announced the launch of its Procotyl® Prime Acetabular Cup System in the US. The Procotyl® Prime Acetabular Cup System, which is the next step in the evolution of the successful Dynasty® Acetabular Cup System, received 510k Clearance from the U.S. Food & Drug Administration in late June. "Procotyl® Prime Acetabular Cup System 's design is a culmination of over 20 years of market experience coupled with intelligent design and engineering," said Dr. James Chow, Director of Orthopedics Hip & Joint at Phoenix St. Luke's Medical Center. "We set out to design an implant optimized for highly-crosslinked polyethylene and modern 3D fixation surfaces, allowing us to eliminate compromises. The result is a shell that is strong and flexible, has maximized poly thickness and robust pull-out strength, all while allowing the versatility of large head options in the smallest sizes." In addition to the benefits of the implant, the Procotyl® Prime Acetabular Cup System is the first on the market designed with simple, versatile instrumentation to support a variety of surgical approaches, including all of MicroPort's soft-tissue sparing philosophies.

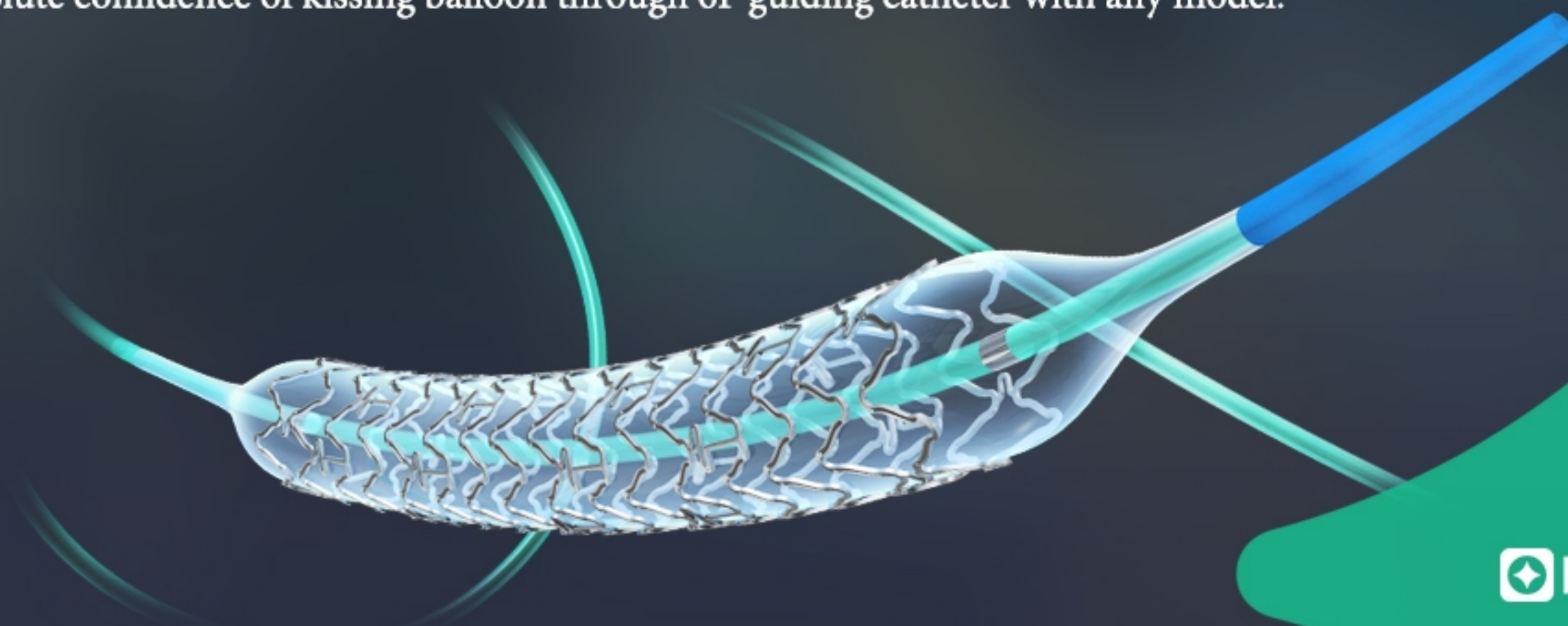


Firehawk® and Foxtrot Pro® Obtain Regulatory Approval in Malaysia

MicroPort® recently received approval from Malaysia's Medical Device Authority ("MDA") for its in-house developed Foxtrot Pro® Balloon Dilatation Catheter ("Foxtrot Pro®") and Firehawk®. This is the first time MicroPort's products obtained approval from Malaysia's authority after local medical device law came into effect.

The revolutionary third-generation drug-eluting stent ("DES") Firehawk® is the result of eight years of research and development of MicroPort® and it is the world's first and only target eluting stent. As the world's lowest drug dosage stent, Firehawk® combines the merits of the bare metal stent and DES. It adopts unique in-groove abluminal coating design and target-eluting technique, which allow Firehawk® to achieve the same clinical efficacy with significantly low drug loading, benefiting vascular early healing.

Foxtrot Pro® is a rapid exchange balloon catheter with excellent crossability and trackability, which offers multiple solutions for complex lesions. The device features seamless connection by laser welding technique, and advanced "stripe" hydrophilic coating which leads to excellent lubricity during tracking and enhanced stability during inflation. In addition, the special soft-tip makes the balloon catheter tip more pliable. The product offers absolute confidence of kissing balloon through 6F guiding catheter with any model.



Firefighter™ PTCA Balloon Catheter Receives Regulatory Approval in **South Korea** and **Argentina**

Firefighter™ PTCA Balloon Catheter ("Firefighter™"), in-house developed by MicroPort®, received the regulatory approval from the ANMAT, Argentina's National Administration of Drugs, Foods and Medical Devices, as well as the Ministry of Food and Drug Safety ("MFDS") of South Korea.

Firefighter™ is a rapid exchange catheter, indicated for dilating the stenotic atherosclerotic lesions of coronary artery disease to improve myocardial perfusion in patient. It can be used in combination with MicroPort®'s in-house developed Firehawk® Rapamycin Target Eluting Coronary Stent System ("Firehawk®"). As the new generation of high-end balloon catheter MicroPort® elaborately designed after JIVE™ and FOXTROT™ PRO PTCA Balloon Dilatation Catheters, Firefighter™ adopts the most advanced material and structure design. It also features much smaller balloon crossing profile and softer material compared to competitors' products, leading to excellent crossability through stenotic and tortuous lesions, which makes it suitable for challenging chronic total occlusion ("CTO") lesions. Its ultra low profile allows two balloon catheters to be accommodated in a 5F (1.0-2.0mm) guiding catheter, which facilitates physicians to go kissing balloon strategy, and could benefit main and side branches of bifurcation lesion at the same time. Meanwhile, its balloon properties such as dilatation force and pressure are also industry leading.





The Patient Always Comes First

MicroPort® and MicroPort® Endovascular Attend CHC 2017

From August 10 to August 13, MicroPort® and MicroPort Endovascular (Shanghai) Co., Ltd. ("MicroPort® Endovascular") attended the 2017 China Heart Congress ("CHC 2017") & the Second China Vascular Congress ("CVC") held in China National Convention Center of Beijing and hosted a satellite meeting. The meeting was co-chaired by Professor Chang Shu of Fuwai Hospital of Chinese Academy of Medical Sciences, and many other noted professors, the meeting focused on the treatment strategies of aortic arch in terms of endovascular treatment and surgical treatment.

The CHC 2017 displayed new achievements in clinical prevention and basic research of cardiovascular diseases, aortic diseases, peripheral vessel diseases and other related diseases, introduced new developments in translational medical research, explored the future trend of integrated medicine and individualized treatment, prevention and research, so as to further promote the development of cardiology in China. MicroPort® is dedicated to providing patients with safe, effective and affordable cardiac interventional solutions through constant innovation and by integrating cutting-edge techniques and scientific achievements in various fields.

MicroPort® Hosted the Investigator Meeting for Firehawk® TARGET CTO Trial in Beijing

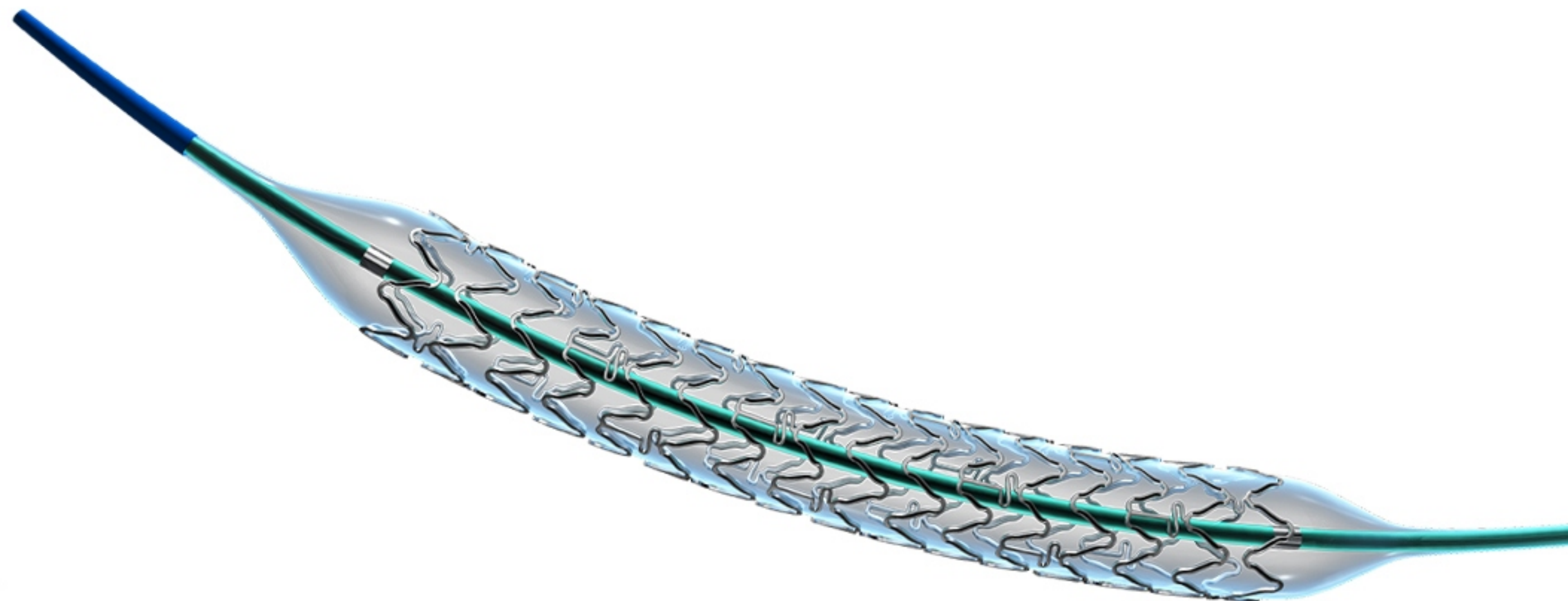
On August 10, during the China Heart Congress, MicroPort® hosted the First Investigator Meeting for the pivotal clinical study TARGET CTO Trial of Firehawk® in the complex lesion. Around 20 investigators from 10 sites attended the meeting. The Principal Investigator Professor Yaling Han of the General Hospital of Shenyang Military, who is also the academician of Chinese Academy of Engineering, delivered speeches on behalf of investigators.

Since the launch of TARGET FIM in 2009 following the first patient enrollment, the TARGET series studies enlarged its coverage from China to Europe, Southeast Asia, North America, and South America with nearly 16,000 patients enrolled in this large-scale global clinical studies. The latest clinical outcome released include the five-year follow-up data of TARGET I RCT which showed the stent thrombus rate is zero, and the data of the OCT substudy clinical of TARGET AC involving 21 hospitals in 10 European countries which showed the three-month stent strut cover rate was of 99.9%, demonstrating early vessel healing and excellent long-term safety and efficacy of Firehawk®.

MicroPort® Broadcasts a High-risk Live Case of Firehawk® in SOLACI 2017

From August 2 to August 4, MicroPort® attended the Society of Latin American Cardiology Intervention 2017 ("SOLACI 2017") with thousands of cardiovascular interventional experts from South America and other regions in attendance. MicroPort® displayed its third-generation drug-eluting stent Firehawk® and broadcasted a high-risk live case in which Firehawk® was used to treat bifurcation lesion.

On August 3, a live case of using Firehawk® to treat bifurcation lesion in left main coronary artery was broadcasted during the congress. The case was performed by a renowned UK expert Dr. Andreas Baumbach with the assistance of two experts from Instituto Cardiovascular de Buenos Aires. During the SOLACI 2017, Dr. Ricardo Lluveras, Chairman of SOLACI, and Dr. Jose Luis Leiva Pons, Chairman-elect of SOLACI, also visited MicroPort® booth and exchanged ideas with Jonathan Chen, MicroPort® Executive Vice President of International Operations and Investor Relations, and Dr. Linda Lin, First Vice President of MicroPort® International Business. The SOLACI 2017 provided a platform for attendees to gain deeper understanding in Firehawk®'s excellent performance and growth potential, paving the way for MicroPort® to further expand the South American market.



Firehawk® Displayed in 14th ICSM Annual Conference

From July 27 to July 29, MicroPort® attended the 14th Interventional Cardiovascular Society of Malaysia ("ICSM") Annual Conference - MYLIVE. With around 1,000 professionals and physicians in attendance, the congress aims to improve their understanding in cardiovascular diseases by academic exchange, and share the latest advancement of cardiovascular interventional treatment.

On July 28, a complex live case of Firehawk® was broadcasted during the congress. The case was performed by Dr. Mathew Samuel Kalarickal from India to treat a 70-year-old patient suffering from double vessels disease with calcified LCX and CTO at distal LAD. Dr. Mathew decided to adopt rotational atherectomy to treat the calcified lesion at first, and then implanted four Firehawk® stents (3.0*18mm, 2.25*29mm, 2.5*33mm, 3.0*13mm) in the LCX and LAD lesions. The operation achieved successful outcome, which was well recognized by experts in attendance. Dr. Mathew spoke highly of the excellent crossability of Firehawk® and shared the three-month Optical Computerized Tomography ("OCT") data from the TARGET All Comer trial, the first post-market large-scale, randomized trial in Europe for Firehawk®.

MicroPort® Endovascular Attends 2017 Vascular Intervention of Peking University

From August 17 to August 20, MicroPort® Endovascular attended the 2017 Vascular Intervention of Peking University and hosted an academic salon themed on "Ahead of the Arch' — a Discussion of the Endovascular Treatment Strategy for the Arch Disease." The conference provided an academic platform for clinicians to exchange ideas, solve puzzles and share knowledge. From August 17 to August 20, MicroPort Endovascular (Shanghai) Co., Ltd. ("MicroPort® Endovascular") attended the 2017 Vascular Intervention of Peking University and hosted an academic salon themed on "Ahead of the Arch' — a Discussion of the Endovascular Treatment Strategy for the Arch Disease." The conference provided an academic platform for clinicians to exchange ideas, solve puzzles and share knowledge. In the end of the salon, MicroPort® Endovascular displayed Castor® and its simulator, and several experts in attendance expressed their expectation on Castor®'s clinical performance after using its simulator.



MicroPort & U&i Corporation

18 Aug 2017, Shanghai



MicroPort® and U&I Corporation Signs Cooperation Agreement

On August 18, MicroPort® entered into a cooperation agreement with a South Korean company U&I Corporation. The signing ceremony took place in MicroPort® Shanghai headquarters. Dr. Linda Lin, First Vice President of MicroPort® International Business, and Koo Ja-Kyo, Chief Executive Officer ("CEO") of U&I Corporation, attended the ceremony and signed the agreement on behalf of the two companies.

Founded in 1993, U&I Corporation is a technology-oriented company focused on developing and manufacturing high-tech products such as degradable new material and pain management devices. In 2015, U&I Corporation was listed in South Korea's KOSDAQ (stock code: 056090). Currently, U&I Corporation's products are approved for use in around 30 countries of the world with high market recognition. This partnership will further diversity the product portfolio of U&I Corporation, and will facilitate MicroPort® to introduce its latest technology and products to the South Korea market.

MicroPort® Orthopedics Signs Strategic Agreement with Wiltrom Medical

Shanghai MicroPort Orthopedics Co., Ltd. ("MicroPort® Orthopedics") signed a strategic agreement with Taiwan-based Wiltrom Medical Device Co., Ltd. ("Wiltrom Medical"), which provides MicroPort® Orthopedics with the exclusive marketing rights for Wiltrom Medical's products Bone Graft Substitute and Spinal Fixation System in the Chinese mainland.

Wiltrom Medical is a spin-off of Industrial Technology Research Institute. It is dedicated in the research and production of a wide range of various high-end, implantable, Class II and III medical devices. The development of products is strongly focused on innovation and to create a highly competitive private brand on the market internationally. This partnership aims to introduce two of Wiltrom Medical's primary products into the Chinese mainland market: Bone Graft Substitute and Spinal Fixation System. Bone Graft Substitute is in-house developed by Wiltrom Medical and has obtained approval from US Food and Drug Administration. It features high porosity, interconnected pores, and excellent biocompatibility and osteoconductivity. Spinal Fixation System with its matching instruments is jointly developed by Wiltrom Medical and US clinicians. It has high recognition in the Taiwan market as it fits clinical needs and effectively improves the surgical success rate.

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