

# Investor Newsletter

Issue 08 2018





## MicroPort® Announced **Interim Results** with Significant Growth in Revenue Due to the Innovation-based Diversification and Globalization Strategy

On August 30, 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 June 30, 2018 ("reporting period"). Owing to the sustained promotion of the innovation-based diversification and globalization strategy, the Group has achieved significant growth in revenue for the reporting period as compared to the corresponding period of 2017.

During the reporting period, the Group successfully achieved a revenue of approximately US\$309.9 million, representing a growth of 35.3% (excluding the foreign exchange impact) as compared to the corresponding period of 2017. Following completion of the acquisition of Cardiac Rhythm Management ("CRM") business from LivaNova PLC ("LivaNova"), the financial results of the CRM business from April 30 to June 30 have been consolidated into the financial statements of the Group. Revenue of US\$43.8 million from CRM business was recorded for the period ended June 30, 2018. During the reporting period, the Group recorded a profit of US\$24.2 million (profit attributable to equity shareholders: US\$23.8 million), with an increase of 17.4% as compared with the corresponding period of 2017. The increase is principally attributable to a significant growth in revenue from the cardiovascular and endovascular segments in the PRC market, and a substantial reduction of net loss of the Orthopedics business due to the improvement in its revenue and cost control.





## MicroPort Firefighter™ PTCA Balloon Catheter Obtains Approval for Registration in Mexico

On July 30, Shanghai MicroPort Medical (Group) Co., Ltd. ("MicroPort®") received the approval for registration of the independently developed Firefighter™ PTCA Balloon Catheter ("Firefighter™") in Mexico from the Mexican authority of COFEPRIS on top of the CE certification and CFDA registration approval. It has also been granted marketing certificates in Brazil, Argentina, Korea and India successively.

Firefighter™ is a rapid exchange PTCA Balloon Catheter, which can be used for the dilatation of coronary artery stenosis lesions to improve myocardial perfusion, and for the pre-dilatation of the lesions prior to the implantation of stents. It can be used in combination with Firehawk® Rapamycin Target Eluting Coronary Stent System ("Firehawk®"), which was also independently developed by MicroPort®.

Previously, MicroPort® had gained the registration approvals for Firehawk®, Firebird2® Rapamycin-Eluting Coronary CoCr Stent System, FOXTROT™ PRO PTCA Balloon Catheter and FOXTROT™ NC PTCA Balloon Catheter in Mexico. MicroPort® International Business First Vice-President Dr. Linda Yingqing Lin said, "The registration approval for Firefighter™ has further widened the product line of MicroPort® in Mexico, tremendously driving the consolidation and growth of the market share of the company's cardiovascular products in South America. In future, MicroPort® will commit itself to introduce more high-end medical device products of good quality and high affordability to the local market, so as to benefit more patients."







## MicroPort® Sorin CRM Obtains Approval for Marketing of **CompassAnalyzer™** Pacing System Analyzer in China

MicroPort Sorin CRM (Shanghai) Co., Ltd. ("MicroPort® Sorin CRM"), a subsidiary of Shanghai MicroPort Medical (Group) Co., Ltd. ("MicroPort®"), has officially obtained domestic medical device registration certificate for the CompassAnalyzer™ Pacing System Analyzer ("CompassAnalyzer™ PSA"). The marketing of the product is expected to contribute to the effective implantations of pacemakers in clinical practice, especially at the grass-roots hospitals in China, which will further expedite the growth and diffusion of the pacing therapy amid the national drive for a tiered patient system and an advocated policy that the patients should have access to the treatment of serious diseases at county-level hospitals.

The "innovated and made-in-China" CompassAnalyzer™ PSA is independently developed by MicroPort® Sorin CRM, and has completed pre-registration clinical trials at Zhongshan Hospital, Ruijin Hospital and Shanghai East Hospital, with the results showing that the electrical parameters it delivered were highly consistent with those with its imported counterparts. The investigators engaged in the clinical trials, including Professor Yangang Su, Professor LiQun Wu and Professor Ying Li and their respective teams, agreed that the CompassAnalyzer™ PSA is capable of replacing their imported competitors.



## **FONTUS™ Single-branched Stent Graft System in Surgical Operation Enters “Green Path”, Making the 14th among the Products of MicroPort®**

FONTUS™ Single-branched Stent Graft System in Surgical Operation (“FONTUS™”), which is independently developed by Shanghai MicroPort Endovascular MedTech Co., Ltd. (“MicroPort® Endovascular”), a subsidiary of MicroPort®, has passed the review of China State Drug Administration (SDA) and entered the special review and approval procedure for innovative medical devices, which is also known as the Green Path. Thus far, a total of 14 products of MicroPort® or its related companies, including FONTUS™, have been granted entry into the Green Path.

FONTUS™ is independently developed with innovation by MicroPort® Endovascular as a next generation stent in surgical operation on the basis of CRONUS® Stent in Surgical Operation. Its single-branched stent structure avoids the deep freeing of the LSA, and leaves the anastomotic stoma of main body moved up, which lower the difficulty of the surgery and shorten the surgery time. The artificial vessels with collagen coating on the proximal part have been in use for years and can effectively prevent hemorrhage. The patent design of retrograde deployment, along with a prebent structure with adjustable branch, result in a more precise, smoother and safer release of the stent. The unique advantages will significantly boost the popularity of Sun's procedure in the treatment of aortic dissection cases, so as to save more lives of the patients suffering the disease.





## SOLACI 2018

From August 1st to 3rd, the Cardiology Annual Congress in Latin America 2018 (SOLACI 2018) took place in Mexican City, drawing an audience of over 2,000 experts in the field of cardiovascular intervention from the Latin American countries and other regions. Shanghai MicroPort Medical (Group) Co., Ltd. ("MicroPort") attended the congress with third-generation drug-eluting stent ("DES") Firehawk® Rapamycin Target Eluting Coronary Stent System ("Firehawk®"), and held a symposium to share Firehawk® cases during the congress.

The third-generation drug-eluting stent ("DES") Firehawk® is the result of eight years of independent research and development of MicroPort®, and it is the world's first successfully marketed drug-eluting stent featuring strut in-groove coating and precision target drug-releasing patent technology. As the world's lowest drug dosage stent, Firehawk® needs only one-third dosage versus similar products while achieving the same efficacy with tremendously higher safety level. It not only facilitates the fast endothelialization of the vessels with shortened period of post-operative dual antiplatelet therapy, but is also likely to significantly reduce late adverse events and later burdens of medical expenses. Since its entry into the Mexican market in January 2017, Firehawk® has been well received among local patients and doctors.





## Firehawk® Presented at the 15th Malaysian Cardiovascular Interventional Symposium with Live Transmission (MYLIVE2018)

From July 26 to July 28, the 15th Malaysian Cardiovascular Interventional Symposium with Live Transmission (MYLIVE2018) took place in Petaling Jaya, which is the biggest city in Selangor, Malaysia, and gathered more than 1,000 surgeons from Southeast Asia. The symposium was aimed to share the latest results of the researches on cardiovascular intervention, increase the understanding of cardiovascular diseases and promote the improvement in interventional techniques, with the help of exchanges between specialists and live streaming of surgeries. Shanghai MicroPort Medical (Group) Co., Ltd. ("MicroPort") attended the symposium and held a Firehawk® Rapamycin Target Eluting Coronary Stent System ("Firehawk®") satellite symposium to demonstrate in full extent the innovative technology and outstanding performance of Firehawk® to the specialists in attendance.



As a major country covered in China's Belt and Road Initiative, Malaysia has a strong demand for cardiovascular interventional products with a population of more than 30 million. Thus far, MicroPort® has obtained registration approvals from the Malaysian authorities for Firehawk®, FOXTROT™ Pro PTCA Balloon Catheter and FOXTROT™ NC PTCA Balloon Catheter. With an increasingly richer cardiovascular product line, MicroPort® has provided the local surgeries with more comprehensively therapeutic solutions, so as to benefit the local patients.



# MicroPort® Product Lines

## Attend China Heart Congress (CHC) 2018

From August 2nd to 5th, the China Heart Congress 2018 (CHC) 2018, the International Coronary Heart Disease Congress (ICC) and the 3rd Edition of the China Vessel Congress (CVC) were held at the China National Convention Center. Focused on the topic of “New Era, Heart Quest – Innovation•Transfer•Cooperation”, CHC 2018 attracted many an expert in the field of cardiovascular disease from home and abroad, discussing the development, innovation and application of modern science and technology in the field of cardiovascular diseases with various perspectives and angles. Shanghai MicroPort Medical (Group) Co., Ltd. (“MicroPort®”), along with its subsidiaries of Shanghai MicroPort EP MedTech Co., Ltd., MicroPort Sorin CRM (Shanghai) Co., Ltd. and D-Pulse Medical (Beijing) Co., Ltd., took part in the congress.





## MicroPort® Endovascular Attends the 14th Chinese Vascular Surgery Congress (CVS 2018)

On August 10-12, the 14th Chinese Vascular Surgery Congress (CVS 2018) of the Vascular Surgery Group under Chinese Society of Surgery was held in Shenyang, China. This year marked the 25th anniversary of the Vascular Surgery Group under Chinese Society of Surgery. Many a domestic top clinicians in the field of vascular surgery were invited to attend the congress to conduct in-depth discussions and exchanges on the key issues in the development of the modern vascular surgery. MicroPort® Endovascular also attended the congress.

During the congress, Professor Jianhua Huang from Xiangya Hospital, Central South University, Professor Weimin Zhou from the Second Affiliated Hospital of Nanchang University, Professor Xiangchen Dai from Tianjin Medical University General Hospital, and Professor Weihao Shi from Huashan Hospital Affiliated to Fudan University spoke of the experiences of the clinical application of MicroPort® Endovascular's products such as Castor® Branched Aortic Stent-Graft System and Aegis™ Bifurcated Stent-Graft System, and have discussions focused on the issues of key and challenging clinical operations.

During the congress, MicroPort® Endovascular also set a booth to show the Castor® Branched Aortic Stent-Graft System, Aegis™ Bifurcated Stent-Graft System, Hercules® Low Profile Thoracic Stent Graft System and Talos™ Thoracic Stent Graft System, in addition to the features and operational skills of the aortic products of MicroPort® Endovascular through simulators, discussions and product brochures.





## **MicroPort® NeuroTech** **Named as the Pilot Patent-focused Corporation of Shanghai in 2018**

MicroPort® NeuroTech (Shanghai) Co., Ltd. (“MicroPort® NeuroTech”) was recently named as the Pilot Patent-focused Corporation of Shanghai in 2018 by Shanghai Intellectual Property Administration, and will be granted earmarked financial support by the local governments.

Since its establishment, Shanghai MicroPort Medical (Group) Co., Ltd. (“MicroPort®”) has built a company-wide intellectual property management system by revolving the operational strategy. MicroPort® also owns a global presence of intellectual properties and all-dimensional risk control and aversion against intellectual property infringement, and strategy-based application and management of intellectual properties. MicroPort® NeuroTech always adheres to the group’s strategic targets to achieve technological innovation and build its brand. Thus far, MicroPort® NeuroTech has filed a total of 107 patent applications in China (81), Patent Cooperation Treaty (PCT) International Filing (5) and overseas (21), with above 70% of the filings for invention patents and a steady rise in the number of such filings. The awarded patents amount to 55, including 37 invention patents. The revenue generated by the patented products accounts for as many as 99% of total revenue. The naming as the Pilot Patent-focused Corporation of Shanghai was not only an endorsement for the comprehensive capacity of MicroPort® NeuroTech with respect to innovation, patent management and business competitiveness, but will also provide an opportunity and new beginning for the company to further reinforce and lift the level of intellectual property management.

Prior to MicroPort® NeuroTech, Shanghai MicroPort EP MedTech Co., Ltd. and Shanghai MicroPort Endovascular MedTech Co., Ltd. under Shanghai MicroPort Medical (Group) Co., Ltd. (MicroPort®) had been named as the Pilot Patent-focused Corporation of Shanghai in 2015 and 2017 respectively. In the future, MicroPort® and its subsidiaries will improve the intellectual property management system and building of patent database platform, elevate the commercialization of patented technologies, lift the levels of its creation, application, protection and management of patents, and build up competitive edge in intellectual properties.





## **Firehawk® of China Soars over the Continent of Africa: the Latest Target Drug-eluting Stent Produced by MicroPort® Delivers Health to Local Patients**

In an active response to the national program of international healthcare cooperation included in China's Belt and Road Initiative, the Africa Aid Work Group of MicroPort® has teamed up with several famous Chinese cardiologists in a Chinese Africa Aid Goodwill Medical Mission to Republic of Ghana and provided short-term medical aids in the African country.

On August 1st afternoon local time, the medical mission provided the local cardiovascular specialists with clinical instructions and performed two surgeries after arriving at Korle-Bu Teaching Hospital in the capital city of Accra, which is the biggest healthcare facility in Ghana. In the surgery where the patient had been diagnosed with diffuse stenosis in distal LAD, a Firehawk® Rapamycin Target Eluting Coronary Stent System ("Firehawk®") was implanted, achieving the first ever implantation of "made-in-China" and "Shanghai Brand" Firehawk® of MicroPort® in the continent of Africa.



## **MicroPort® CRM Announces Change in Strategic Direction for Japan CRM Market and End of Distribution Agreement with JLL in One Year's Time**

Shanghai, China – August 30, 2018. MicroPort® CRM announces today a change in strategic direction for the CRM market in Japan. With its Japan distributor Japan Lifeline Co., Ltd. ("JLL"), the parties have agreed to end its distribution agreement for the Japan market in one year's time on August 31, 2019. This strategic decision impacts patients, clinicians, hospital customers and employees. As such, both MicroPort® CRM and JLL are committed to working with its key stakeholders to minimize any potential disruptions.

Both MicroPort® CRM and JLL commit to current and prospective patients, clinicians and hospitals that there will be uninterrupted service and products available to all patients and hospitals. As it has for the previous 11 years, JLL will continue to service MicroPort® CRM patients until August 31, 2019. After August 31, 2019, MicroPort® CRM will take over commercializing the MicroPort® CRM portfolio of products in Japan. Importantly, all patients implanted with MicroPort® CRM pacemaker and ICD devices (formerly LivaNova and previous to that Sorin) will be able to continue their follow-up with MicroPort® CRM after August 31, 2019.

On April 30, 2018, MicroPort® CRM formally closed its acquisition of the CRM business from LivaNova PLC.



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