2014 Business Highlights

Orthopedics
- Closing of the Acquisition of Wright Medical’s OrthoRecon Business.
- 100 Day Plan Executed without significant issues.
- China OrthoRecon business outperformed.

Interventional Cardiology
- Firehawk approved by CFDA in China and commercially launched in April 2014.
- Firehawk obtained CE mark in Jan 2015.
- TAVR: Succeeded in first-in-man clinical trial.

Electrophysiology

CRM
- JV with Sorin started to operate since May 2014.
- First commercial sale in Sep 2014.
Significantly diversified our current product offering and revenue sources with the result of revenue dramatically increased by 134% in year 2014 compared with year 2013.
Greatly expanded our geographic coverage and enhances our presence outside China with the result of Non-China sales contribution increased from 4% in 2013 to 60% in 2014.
Financial Summary 2014

**Highlights**

- **Revenue: 355.3m, Y/Y ↑134%**
  - Non-Ortho business flat
  - Newly acquired OrthoRecon business contribute 209m (closing date of Jan 10, 2014)

- **Gross Margin, 68%**
  - Non-Ortho business Gross Margin: 77%
  - Offset by newly acquired OrthoRecon business, lower than Non-Ortho business

- **Net Loss: (59.6m)**
  - Net gain from Non-other business, 30.9m.
  - Offset by:
    - Newly acquired OrthoRecon business loss (43.8m)
    - Non recurring transition expenses (10.4m)
    - Interest expenses from M&A loans (13.0m)
    - One-time Goodwill impairment (23.3m)

**Key Financial Summary**

<table>
<thead>
<tr>
<th>USD: million</th>
<th>2014</th>
<th>2013</th>
<th>Flux</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>355.3</td>
<td>151.7</td>
<td>134%</td>
</tr>
<tr>
<td>Cost</td>
<td>(112.0)</td>
<td>(28.8)</td>
<td>289%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>243.3</td>
<td>122.9</td>
<td>98%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>68%</td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(259.0)</td>
<td>(74.1)</td>
<td>250%</td>
</tr>
<tr>
<td>Recurring operating profit</td>
<td>(15.7)</td>
<td>48.8</td>
<td>-132%</td>
</tr>
<tr>
<td>Other Operating Expense</td>
<td>(35.7)</td>
<td>(21.9)</td>
<td>63%</td>
</tr>
<tr>
<td>Net Gain</td>
<td>12.0</td>
<td>7.3</td>
<td>64%</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>(13.0)</td>
<td>(1.1)</td>
<td>1128%</td>
</tr>
<tr>
<td>Share of losses of JV</td>
<td>(1.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Loss)/Profit before taxation</td>
<td>(53.5)</td>
<td>33.2</td>
<td></td>
</tr>
<tr>
<td>Net (Loss)/Profit</td>
<td>(59.6)</td>
<td>24.0</td>
<td></td>
</tr>
</tbody>
</table>
Business Update by Segment

1. Orthopedics Business
2. Vascular Business
3. Electrophysiology and CRM Business
4. Surgical Devices
Stabilizing the MPO Business in 2014

Overview

- The Business owns the brands PATH®, SUPERPATH™, PROFEMUR®, ADVANCE®, EVOLUTION®, etc.
- US sales: sales force of ~ 150 people
- International sales: combination of ~ 100 direct sales force and distributors in non-US markets.

Highlights

- 100 Day Plan Executed without significant issues.
- Secured Global Distribution Network
- China outperformed and Latin America & EMEA performed
- KOL Recruitment to MPO

Note: 2014 revenue is annualized to includes stub period of Jan 1-9, 2014 before acquisition.
3 Year Strategic Objectives

**2014: US & Japan stabilization, EMEA & ROW growing**

- Complete transition and infrastructure investments

**2015: US Return to Growth, China & Latin America cont.**

- Return to profitability, drive cash-flow to fund capital needs
- Targeted M&A: Orthopedic adjacencies

**2016: Achieve self-funding operations**

- Leverage fixed administrative costs

**Organic Business Performance Goals**
2014 Global Orthopedics Strategic Objectives by Region

2014 = Global Revenue Drivers:

- 40% Sales
  - North America
  - Stabilized

- 20% Sales
  - Japan
  - Stabilized

- 30% Sales
  - Europe

Global Infrastructure Investments:

- China
- Latin America
Orthopedic Business - China Market Coverage

Current MPO China Business:
- 26 cities, regions, and provinces tenders
- Operate in 16 Provinces
- Business in 520 hospitals
- 55 distributors, 3 distribution platform, 8 warehouse

Prior to MP Ownership:
- 3 distributors
- No distribution platform
- No warehouses
**FAST RECOVERY HIP SOLUTIONS**
“Out Patient THR”

**PATIENT PREFERRED KNEE SOLUTIONS**
“Stability in Motion”
Global Leverages

- Leveraging our clinical history and proprietary technology.
  
  The SuperPath® hip technique is a *tissue-sparing* approach where *no muscles* or *tendons* are cut. The SuperPath® *approach requires none of the typical postoperative hip restrictions.*

- Leveraging China Facility to establish a Global Instrument Supply Center (GISC) in Shanghai by Q3 of 2015 and have it fully functioning by Q1 of 2016.

  GISC focus on *instrument supply & distribution* and leverage both Arlington and Shanghai resources to achieve the better cost & EBITDA effect.
Orthopedics Business – Marketing/Branding

- AAOS Annual Meeting - New Orleans
- The 15th Annual Meeting of Asia-Pacific Arthroplasty Society - Chengdu
- Current Concepts in Joint Replacement 2014 Spring Course – Las Vegas
- Annual Meeting of Japanese Orthopedic Association - Japan
- EFORT Congress - UK
- American Association of Hip and Knee Surgeons - Dallas
- China Orthopedic Association – Beijing
- Current Concepts in Joint Replacement 2014 Winter Course - Orlando
“Integrity In Motion” Educational Program

- Surgery Observation Centers
- Joint Replacement Master Classes
- Hands-on Wet Labs
- International Fellowships
Vascular Business - Cardiovascular Stent Graft

China DES Market Share 2014

- Leading Position in China DES Market

<table>
<thead>
<tr>
<th>MicroPort</th>
<th>Lepu</th>
<th>Jiwei</th>
<th>Overseas Products</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>25%</td>
<td>20%</td>
<td>20%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Firehawk Update

- CFDA approved in Jan, 2014
- CE Mark obtained in Jan, 2015
- Premium MNC Price Achieved
- Third generation DES
- The World's First and Only target-eluting stent
- The largest pre-market clinical study in China ensures high credibility of safety and efficacy
- The lowest dosage of drug amongst all DES's maintains excellent efficacy
- Solid evidence-based medical data paves the way for world-wide introduction

Conor Assets purchase agreement on Jan 2014, acquired:
- DES manufacturing related equipment and machinery;
- DES-related patents & IP

Secure the position of global leader for target-eluting stent technology and take another step forward to strengthen the competitive and intellectual property position for DES franchise.

*Source from China Cardiovascular stents Industry Development Report
Cardio Vascular Business - Firehawk

The World's **First** and **Only** Target Eluting Stent (TES)

- With the lowest drug dosage
- Targeted unidirectional eluting technology with fully biodegradable polymers
- Unique position identification/ recognition & state-of-the art 3D printing technologies
- The largest pre-market clinical study following the most stringent protocol in China
- Solid evidence-based medical data
Interventional Cardiology Product Pipeline

- Ryfle™ PTCA Balloon
- Foxtrot™ Pro CE
- Foxtrot™ NC CFDA
- Firehawk™ (Extreme sizes) CFDA
- Firehawk™ CE
- Ryfle™ PTCA Balloon Catheter
- TAVR CFDA/CE
- Firefalcon™ Bioresorbable CFDA/CE

Years: 2015, 2016, 2017, 2018, 2019
TAA/AAA 2014 Market Share

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medtronic</td>
<td>35%</td>
</tr>
<tr>
<td>MicroPort</td>
<td>30%</td>
</tr>
<tr>
<td>COOK</td>
<td>22%</td>
</tr>
<tr>
<td>Others</td>
<td>13%</td>
</tr>
</tbody>
</table>

*Source from GBI Research’s Proprietary Database (Accessed July 12, 2012)*

**Hercules T**
- Branched Aortic Stent-Graft and Delivery System
- Successful Clinical Trial closing report announced on Jan 2015

**Castor**
- Complete share restructure to employee motivation scheme
2 Vascular Business - Neurovascular

Dramatic Growth of Neurovascular in Revenue

USD: million

- 2009: 1.4
- 2010: 2.2
- 2011: 2.8
- 2012: 3.4
- 2013: 4.6
- 2014: 6.3

37% growth from 2009 to 2014

Products Already Received SFDA Approval

**WILLIS** - hemorrhagic
- Intracranial Stent Graft System
- Received CFDA approval in 2013
- Launched the business in 2014
- The Only product in Chinese market
- WILLIS has already entered 58 hospitals in China.

**APOLLO** - Ischemic
- Vascular Reconstruction Device
- Finished Clinical Trial
Electrophysiology Business

Dramatic Growth of Electrophysiology in Revenue

USD: million

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>0.2</td>
</tr>
<tr>
<td>2011</td>
<td>0.9</td>
</tr>
<tr>
<td>2012</td>
<td>1.6</td>
</tr>
<tr>
<td>2013</td>
<td>3.0</td>
</tr>
<tr>
<td>2014</td>
<td>4.8</td>
</tr>
</tbody>
</table>

Products on the China Market

- The Only Chinese company to have full EP product line
- Launched in CE & China market
- Achieved overseas sales of 3-D mapping systems in Dominican Republic, Turkey and Greece in 2014

Products with CE Certifications

- FireMagic
  - Radiofrequency Ablation Catheter
  - Circumferential Pulmonary Vein Mapping Catheter

- EasyFinder
  - Fixed or adjustable Curved Mapping Catheter

- EasyLoop
  - 3D EP Navigation System
  - External Reference Patch

- FireMagic 3D
  - Saline Infusion Radiofrequency Ablation Catheter

- Columbus
  - 3D EP Navigation System
MicroPort Sorin CRM (MSC)

Our Vision
Helping patients live better and longer through our quality pacing products and services innovated and made in China, for China and the world

Our Goal
To strive for the #1 position in local pacing segment in China

Imported Sorin Products on the China Market
- Smallest
- Physiologic
- Dual Sensor
- Made 1st sell in Sep, 2014

Innovated in China, for China
- IPGs
- Leads
- Programmer
- Biz Models
- Others
- Building a manufacturing line in Shanghai
- Animal study on going
- Aiming to initiate human trial in 2015
- Leveraging MP & Sorin capabilities
4 Surgical Device Business

Key Factors

- Products launched in China and overseas market
- 43 patents in China
- Products currently used in more than 180 hospitals

Products in Pipeline

- Artificial Blood Vessel
- Hernia Patch
- Others

Products Launched

- Oxygenator
- Blood Storage Filter
- Disposable Cardiotomy Irrigator
- Amender™ PDA Occluder
- Amender™ ASD Occluder
Key R&D Pipeline

Cardiac Intervention

- Successfully completed the first human implantation on Sep 2014.
- In the stage of clinical

Surgical Robert

- Set up the project on May, 2014
- The core team has been set up, including 10 R&D engineers
- In the stage of animal experiment

Advantages

- Be implanted using a revolutionary interventional procedure that doesn’t need to open the patient’s chest
- With less pain
- Faster recovery

The 1st successfully implantation of the aortic heart valve and Surgical Robert R&D mark that MicroPort’s research and development ability has reached a new level.
Social Responsibility

Education to Advance Expertise and Care
- MP Foundation in University of Shanghai for Science and Technology
- Medical Device Library and Information Center in USST

Care Goes Beyond the Office
- Shangdong MP Hope Primary School
- Zunyi MP Hope Primary School
## Appendix I
- **Consolidated Income Statement**

<table>
<thead>
<tr>
<th>(USD '000)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>355,284</td>
<td>151,655</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(111,999)</td>
<td>(28,777)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>243,285</td>
<td>122,878</td>
</tr>
<tr>
<td><strong>Other revenue &amp; net income</strong></td>
<td>12,025</td>
<td>7,320</td>
</tr>
<tr>
<td><strong>Research and development costs</strong></td>
<td>(54,564)</td>
<td>(29,195)</td>
</tr>
<tr>
<td><strong>Distribution costs</strong></td>
<td>(133,629)</td>
<td>(25,630)</td>
</tr>
<tr>
<td><strong>Administrative expenses</strong></td>
<td>(70,773)</td>
<td>(19,259)</td>
</tr>
<tr>
<td><strong>Other operating costs</strong></td>
<td>(35,710)</td>
<td>(21,897)</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>(39,366)</td>
<td>34,217</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>(12,956)</td>
<td>(1,055)</td>
</tr>
<tr>
<td><strong>Share of losses of a joint venture</strong></td>
<td>(1,192)</td>
<td></td>
</tr>
<tr>
<td><strong>(Loss)/profit before taxation</strong></td>
<td>(53,514)</td>
<td>33,162</td>
</tr>
<tr>
<td><strong>Income tax</strong></td>
<td>(6,057)</td>
<td>(9,165)</td>
</tr>
<tr>
<td><strong>Net (loss)/profit</strong></td>
<td>(59,571)</td>
<td>23,997</td>
</tr>
</tbody>
</table>
## Appendix II
- Consolidated Balance Sheet

<table>
<thead>
<tr>
<th>USD’000</th>
<th>31 Dec 2014</th>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>286,666</td>
<td>154,897</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>60,506</td>
<td>34,280</td>
</tr>
<tr>
<td>Prepayments for fix assets</td>
<td>1,678</td>
<td>1,092</td>
</tr>
<tr>
<td>Goodwill</td>
<td>56,529</td>
<td>25,577</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>4,124</td>
<td>3,197</td>
</tr>
<tr>
<td>Interest in a joint venture</td>
<td>3,866</td>
<td>-</td>
</tr>
<tr>
<td>Deposits with banks</td>
<td>11,440</td>
<td>-</td>
</tr>
<tr>
<td>Other non-current receivables</td>
<td>6,813</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>431,622</strong></td>
<td><strong>219,043</strong></td>
</tr>
<tr>
<td>Inventories</td>
<td>109,901</td>
<td>20,314</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>121,930</td>
<td>63,264</td>
</tr>
<tr>
<td>Deposits with banks</td>
<td>60,679</td>
<td>56,322</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>215,602</td>
<td>159,903</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>508,112</strong></td>
<td><strong>299,803</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>939,734</strong></td>
<td><strong>518,846</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>USD’000</th>
<th>31 Dec 2014</th>
<th>31 Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>(108,649)</td>
<td>(45,506)</td>
</tr>
<tr>
<td>Interest-bearing borrowings</td>
<td>(215,897)</td>
<td>(29,629)</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>(1,016)</td>
<td>(2,848)</td>
</tr>
<tr>
<td>Deferred income</td>
<td>(10)</td>
<td>(14)</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>(592)</td>
<td>-</td>
</tr>
<tr>
<td>Obligation under finance leases</td>
<td>(1,868)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>(328,032)</strong></td>
<td><strong>(77,997)</strong></td>
</tr>
<tr>
<td>Interest-bearing borrowings</td>
<td>(132,817)</td>
<td>(21,964)</td>
</tr>
<tr>
<td>Convertible bond</td>
<td>(91,573)</td>
<td>-</td>
</tr>
<tr>
<td>Obligation under finance leases</td>
<td>(1,894)</td>
<td>-</td>
</tr>
<tr>
<td>Deferred income</td>
<td>(28,989)</td>
<td>(16,982)</td>
</tr>
<tr>
<td>Other payables</td>
<td>(1,793)</td>
<td>-</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>(7,335)</td>
<td>(7,053)</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(3,558)</td>
<td>(4,417)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>(595,991)</strong></td>
<td><strong>(128,413)</strong></td>
</tr>
<tr>
<td>Share capital</td>
<td>(14)</td>
<td>(14)</td>
</tr>
<tr>
<td>Capital reserve</td>
<td>(342,239)</td>
<td>(390,419)</td>
</tr>
<tr>
<td>Non controlling interest</td>
<td>(1,490)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>(343,743)</strong></td>
<td><strong>(390,433)</strong></td>
</tr>
</tbody>
</table>
## Appendix III

- **Condensed Consolidated Cash Flow Statement - Adjusted**

<table>
<thead>
<tr>
<th>(USD '000)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generate from operations</td>
<td>26,242</td>
<td>66,487</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(8,436)</td>
<td>(8,734)</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td>17,806</td>
<td>57,753</td>
</tr>
<tr>
<td>Net cash (used in)/from investing activities*</td>
<td>(338,155)</td>
<td>(43,575)</td>
</tr>
<tr>
<td>Net cash generated in financing activities</td>
<td>394,008</td>
<td>27,691</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalent</td>
<td>73,659</td>
<td>41,869</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>216,225</td>
<td>171,731</td>
</tr>
<tr>
<td>Effect of foreign exchange rate changes</td>
<td>(2,163)</td>
<td>2,625</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at 31 December</strong></td>
<td>287,721</td>
<td>216,225</td>
</tr>
</tbody>
</table>

* Adjusted net uplift 16 million of time deposits with bank over 3 month (2013: 50 million net placement) into cash and cash equivalents.
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The Patient Always Comes First

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