Xie Yuehui, Chairman, LifeTech Scientific, China

"Now that China is talking about 'Made in China', we need to remember that manufacturing is not just copying or processing, it is about creating and producing."

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Xie Yuehui, chairman and CEO of Lifetech Scientific, one of Shenzhen's leading medical devices companies, share the company's focus on developing innovative minimally invasive interventional medical devices to global standards, the company's strengths in commercialization, as well as his strategic plans for the future.

Mr. Xie, could you please first introduce Lifetech Scientific to our international readers?

Established in 1999, Lifetech is one of the first few companies in China to focus on interventional treatments for cardiovascular diseases. For the past two decades, we have made steady progress in this area. Ever since our establishment, we have decided to make innovation a strategic priority. This is reflected in our annual R&D investment, which has exceeded 20 percent for the past ten years or so. Today, Lifetech may not be one of the largest companies in Shenzhen but we are certainly one of the most innovative.

Many of our products are often first or best in class in China and even globally.

Our core value is to provide the most innovative and premium quality medical device products to patients globally, with LAmbre™ left atrial appendage (LAA) closure system as a prime example, the first and only LAA closure system from China with a CE Mark – an interventional way to prevent stroke in nonvalvular atrial fibrillation patients with thrombi originating in the LAA. The advantage of the device is quite clear and unique, including its adaptation to a variety of LAA anatomy, its ability to be fully retrievable and repositionable during the procedure, very stable device fixation, fast endothelializtion, etc. We have received impressive data from its pre-market clinical studies, and the post-market clinical study is in process.

Another example is our Iron-based Bioabsorbable Scaffold (IBS), which is the world first and the only bioabsorbable scaffold under clinical trial using iron as the raw material. We have invested heavily into its R&D in the past 12 years. We started from scratch, and the FIM study has now been approved by the CFDA and is going very smoothly. These 12 years have certainly not been easy – but it is a process that all innovative, research-driven companies must undergo.

As they say in China, the higher you climb, the longer the road below seems! As our company continues to develop rapidly and become more advanced, our strategy for further growth also becomes clearer. We are on the right path.

Therefore, within the Chinese medtech industry, I think Lifetech is definitely an innovation leader. For instance, we are the company with the most number of products in the CFDA’s Green Channel for priority approval: six in total.

Our company’s core philosophy is based on innovation, competition and internationalization. Without innovation, there is no internationalization! We set our sights on the global markets, not just China. I am confident that our investment into R&D over the past few decades has built a solid foundation for Lifetech’s future explosive growth and development as a highly competitive, international medtech company.

More recently, Lifetech entered a strategic collaboration with Ally Bridge Group? What is the strategic significance of your recent partnership with Ally Bridge Group?

To understand the background context, China is focusing on developing local industry as part of its Made in China 2025 national strategy. China is a huge healthcare market, expected to grow from the current seven-odd percent to between 15 and 20 percent of the global market.

Against this backdrop, our new collaboration with Ally Bridge Group makes sense. Firstly, we have been working with them for quite a few years now so there is a strong established relationship. They have a team focused on identifying the most innovative companies and products especially in Europe and the US. Such innovative companies typically find it difficult to enter China and other Asian markets. Through the collaboration, Ally Bridge will identify potential candidates for us to bring so that we can quickly commercialize their advanced technology into the Chinese and other Asian markets.

As for Lifetech, we are a rather globalized Chinese company. Not only are we listed on the Hong Kong Stock Exchange, with a highly successful strategic partnership with international medtech giant Medtronic since 2012, our brand is also very well established within the domestic and overseas market. Outside of China, we have a very developed network across Europe, Asia, MEA and Latin America, and our products covered over 100 countries, and we are particularly strong in densely populated countries like India and Indonesia, who themselves may grow to be huge healthcare markets in the future. This successful track record of commercialization capacity including market approval, government relations, production and facility, sales network, etc. reflects our capability to localize new technologies in China and market them globally.

At the same time, the collaboration will allow us to fill in the gaps within our own technology and portfolio offerings. After all, no organization is perfect and no one single company will be able to supply all the products that the market needs. We are aware of our limitations, and in some areas, we recognize that other market leaders have been producing the products for decades, if not even longer. It is not realistic for us to expect to catch up in a matter of a few years.

Lifetech values win-win partnerships. Trust between partners is critically important to us. When it comes to global collaboration and competition, our top priority is IP protection. We respect the IP rights of all our business partners. We want to operate from the basis of trust and respect with all our partners.

I am glad you mentioned the topic of IP protection. What do you think about the current tension between US and China, especially as US President Trump has been criticizing China over a lack of respect of IP rights?

First and foremost, I would like to comment about Lifetech specifically. We have successfully collaborated with Medtronic for over six years at a global level. We are a Hong Kong-listed company, and Hong Kong is a global business hub with international regulations and laws, so if we do not respect IP rights, we would not be able to enter into the global market. Secondly, as you mentioned, the trade war has already affected IP rights and issues, and I am sure this will continue to be an issue in the future.

Lifetech has already advanced so far in front of our peers, we have strong innovation capacity and high R&D expenditure, so we are of course not interested in copying other people’s products. We have the ability to create our own novel products. Furthermore, with potential partners, we are confident that we are able to protect their IP as well as ours, and we are only interested in working with partners with genuinely innovative products.

As for China as a country, I think we are increasingly realizing that to become the innovative, high-tech, advanced country we aspire to be, we need to strengthen our IP regime. People will only share their technology with us if we can reassure them that their IP will be safe. The attractiveness of our market is already a sufficient incentive for companies to come to China, so it makes sense for us to encourage this further. Now that China is talking about 'Made in China', we need to remember that manufacturing is not just copying or processing, it is about creating and producing.

The Chinese government has made tightening IP regulations a priority. For instance, the CFDA plans to look at IP protection in its market registration and approval process, such as designating a window where a product under approval cannot be sued for IP infringement, or it will be rejected. I would therefore like to reassure our global partners and tell them: do not worry!

As you mentioned, Lifetech Scientific invests over 20 percent of its revenues into R&D each year. How do you ensure that this investment is maximized?

I like to say that we work in a very special industry, because our products really capture the spirit of the medical profession. Whenever doctors face a difficult medical situation with a patient, they will approach us to share. Our R&D is therefore very targeted, based directly on market needs. Our researchers and engineers do not create products out of their own imaginations but respond to true unmet medical needs and the real situations that real doctors face daily. For this reason, our products, once launched, will have market demand.

We have developed very strong relationships with doctors and medical professionals over the past ten-odd years, not only in China but also globally, including Europe and the US. At the beginning, we built it by attending conferences and exhibitions annually. Gradually, as doctors realized that they could trust us to reliably deliver the products and innovations they needed, they grew to trust us. In fact, in some areas, even when the products are too niche or exploratory to necessarily be commercially viable, we will still invest in them for our doctors' sake.

We are like a craftsman: if the doctors tell us the kind of product they need, we can respond quickly and try our best to make it come true.

Lifetech is already present in Asian, European and some Latin American markets. What is your strategy for further international expansion, especially the US?

Our dream is to enter the US, as it is the largest healthcare market in the world.

We recognize that the barriers to entry for the US market are very high. Firstly, our products need to be better than others. Secondly, our quality needs to be top-notch. Thirdly, our products should be easy to operate so that doctors do not need a lot of extra effort to learn how to use them. IP protection is also very important.

Furthermore, for cardiovascular medical devices, price is not the doctors or patients' main consideration. In this respect, Chinese companies cannot just rely on being more cost-effective! We need to demonstrate scientifically through clinical trials data and peer reviewed papers that our products are better than the existing ones on the market. This is what the medical profession trusts globally.

In addition, it costs maybe ten times as much for a product to obtain FDA approval in the US compared to a product obtaining CFDA approval in China.

Even after successful market entry, after sales service is critically important. Without being able to provide this, companies will not succeed in the US market.

With all these considerations in mind, I am nevertheless confident that Lifetech's products are ready to enter the US market, in particular our most recent product, LAmbre™, because we are able to meet all these conditions.

As I tell my employees, in our industry, there are two extremes: either you save lives or you end lives.

With such a great story already, what are your hopes for Lifetech Scientific over the next five years?

Our strategy is very clear. Over the past 20 years, we have invested in building a strong R&D foundation to build up our company's innovation capacity. I believe we now have a lot of forward momentum for the next five years.

There are three strategic priorities for the company. The first is our passive medical devices segment. This business we have accumulated experiences and resources around two decades, and we will continue to expand our sales channel and deepen market penetration, as well as facilitate new products launching in the global market, including the US market. We most certainly should enter the US with our strongest and the most innovative products. Already we have proven that we are able to grow from small markets to big markets, from pediatrics to adult care, and from China to over 100 countries. The US is next.

Secondly, through our collaboration with Medtronic, we have made a strong headway into the active medical devices segment. The pacemakers we collaborate with Medtronic have paved a way for our active medical device business, and we hope to expand into this area with our own products and core technology in future.

Finally, strategic acquisition leading to high-end technology transfer and fast localization in China through our new healthcare investment fund. We hope to not only fund innovative start-ups and companies but establish joint ventures with them to commercialize the products in China and the rest of the Asian market, to maximize the profits with our partners, and reach a long-term steady win-win partnership.

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