Certain information and statistics set out in this section have been extracted from various official government publications, market data providers and an independent third party source, Frost & Sullivan. The report prepared by Frost & Sullivan in June 2010 and cited in this prospectus was commissioned by us. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by our Company, the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Managers, the Joint Sponsors, any of their respective directors, employees, agents or advisers or any other person or party involved in the Global Offering and no representation is given as to its accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside China.

ABOUT FROST & SULLIVAN

We commissioned Frost & Sullivan, an independent third party, to prepare a report on China's coronary stent market in June 2010 which is cited in this prospectus. The total fee we paid for the report prepared by Frost & Sullivan was RMB0.5 million. Frost & Sullivan is a market research and consulting company founded in 1961 that provides market research on a variety of industries including healthcare. In preparing the report, Frost & Sullivan collected and reviewed publicly available data such as government-derived information, annual reports and industry association statistics, as well as market data collected by conducting computer assisted telephone interviews with department directors with at least five years of work experience in catheter laboratories of 200 hospitals randomly selected from Frost & Sullivan's hospital database using a stratified sampling principle. Frost & Sullivan has exercised due care in collecting and reviewing the information so collected and believes that the basic assumptions are factual and correct and the interpretations are reasonable. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected.

CHINA'S HEALTHCARE AND MEDICAL DEVICE MARKET

The healthcare industry in China has experienced strong growth over the past decades, and its medical device market, as well as the medical device markets in several other developing countries, is projected to grow faster than the global medical device market. According to the World Medical Markets Fact Book 2009 published by Espicom Business Intelligence, China's medical device market is projected to grow from US$6.2 billion in 2009 to US$10.5 billion in 2014.

There are a number of factors contributing to this rapid growth in China. In particular, China's healthcare system is undergoing fundamental changes as a result of the PRC government's new healthcare reform initiative and concurrent significant expansion of financial support for the healthcare system. Under this initiative, the PRC government plans to inject RMB850 billion of incremental government spending by 2011 to improve accessibility and affordability of healthcare. The healthcare reform is designed to develop China's healthcare infrastructure, expand basic medical insurance programs, establish a national essential drug system to meet basic needs for treatment and prevention of diseases, and improve basic public health services such as routine health screening, national immunization programs, infectious disease control and chronic disease management.

For medical device manufacturers, the principal effect of the healthcare reform initiative is expected to be three-fold. First, it is anticipated that a major portion of the government spending will be spent on developing basic healthcare services, with the PRC government planning to build an additional 2,000 county hospitals and approximately 30,000 township hospitals by 2011 to ensure adequate healthcare in towns and rural areas. This massive expansion of healthcare infrastructure across China will boost patients' accessibility and affordability of

medical care, thereby increasing the rates of disease diagnoses, including for chronic conditions which patients may not otherwise be aware that they have such as cardiovascular and other vascular diseases and disorders, arrhythmia and diabetes. In combination with the expansion of the healthcare insurance programs as discussed below, we expect that increased rates of diagnosis will lead in the long-term to higher rates of treatment for a wide range of chronic ailments.

Second, the PRC government has been increasing the number of Tier III and Tier II hospitals in China from 1,045 and 5,151 in 2006, respectively, to 1,192 and 6,780 in 2008, respectively. It has also been upgrading the medical services provided in those hospitals in recent years. These hospitals are the primary providers of advanced medical procedures in China and, accordingly, are the principal customers for medical devices such as stents, stent grafts and EP devices. While a significant portion of the PRC government's healthcare reform initiative is directed at smaller hospitals and local clinics, we anticipate that the PRC government will continue to support the expansion and upgrading of China's larger hospitals.

Third, the PRC government plans to expand its basic medical insurance coverage to more than 90% of the Chinese population. The current medical insurance system was first implemented in 1998 with the national medical insurance program, a government-administered health insurance scheme and the largest medical insurance program of the PRC that generally provides coverage for more advanced and extensive healthcare services than were previously available. In addition, the PRC government has actively promoted the implementation of the new rural cooperative medical insurance scheme to provide expanded healthcare services to its rural citizens and to extend insurance coverage to the vast rural areas in China. According to a report citing a source from the PRC government, prior to the healthcare reform, over 200 million Chinese citizens had no medical insurance, and one of the main reasons for Chinese citizens to forego medical procedures was due to the lack of insurance coverage and inability to finance medical procedures privately. The increased availability of healthcare insurance means that a broader portion of the population will be able to afford advanced healthcare services.

Macroeconomic and demographic trends are also driving growth in China's healthcare industry. For example, China's rapid economic growth has spurred a significant rise in standards of living in China, and households in both urban and rural areas of the PRC have been spending an increasing proportion of their household expenditure on healthcare and medical services. According to the China Statistical Yearbook 2005 and 2009, from 2004 to 2008, average annual spending of middle income households on healthcare and medical services increased from RMB466.9 to RMB748.7, or 60.4%, for urban households, and from RMB117.4 to RMB224.2, or 91.0%, for rural households.

In addition, rising living standards have led to changes in lifestyle in China, resulting in less healthy diets and heightened rates of obesity for many people. These changes directly contribute to a number of chronic health issues, including cardiovascular disease and diabetes. Furthermore, China has a large and aging population, which will increase the demand for medical devices used in the treatment of illnesses commonly found among the elderly. According to the China Statistical Yearbook 2009, the proportion of population aged 65 or above in the PRC has been on the rise, making up approximately 8.1% and 8.3% of the total population in 2007 and 2008, respectively, while the national life expectancy had risen from approximately 68.6 years in 1990 to 71.4 years in 2000.

Despite the ongoing growth in China's healthcare industry, its government expenditures on healthcare lag many developed countries. According to the World Medical Markets Fact Book 2009 published by Espicom Business Intelligence, in 2009, the United States had healthcare expenditures representing 16.3% of its GDP, compared to 4.7% of GDP in China. We expect that the combination of the PRC government's focus on improved healthcare across the country, rising living standards and demographic changes in China will cause healthcare expenditure as a percentage of GDP to increase in the future.

MEDICAL DEVICE MANUFACTURERS IN CHINA

The medical device industry in China is mainly comprised of large multinational medical companies and domestic manufacturers. Historically, China-based medical device manufacturers primarily focused on producing basic medical supplies. Over the last ten years, however, many of these manufacturers have been moving into more advanced areas, such as minimally invasive medical devices, and improved the quality of their product designs and production processes so that they can increasingly compete directly with international competitors. These efforts are bolstered by the growing number of scientists, researchers and doctors in China as well as, in some cases, experienced managers who have previously worked at major multinational medical device companies.

Established domestic companies usually have developed relationships with the healthcare community in China, including hospital administrators and doctors. Close relationships with these parties is important for marketing and sales of products and in conducting pre- and post-launch clinical trials. This can create a re-enforcing cycle whereby hospitals and doctors are more willing to engage in clinical trials with companies with which they are familiar and have a proven record of successful trials and, in turn, to purchase such companies' products because they better understand and trust their products following such trials and company-sponsored training and education programs. Thus, domestic medical device companies which are able to build and maintain these relationships through, for example, sponsorships of scientific congresses and clinical trials, regular visits to hospitals by marketing staff, on-site demonstrations of products and seminars can enjoy a significant competitive advantage over newer entrants into the China market, whether domestic or foreign.

Established domestic companies' understanding of the regulatory system in China can also provide an advantage in obtaining SFDA approval for new products in a timely manner. Moreover, domestic medical device companies benefit from the fact that their lower cost base often allows them to price their products lower than international competitors' products. This price differential is particularly important given that one of the aims of the ongoing healthcare reforms in China is to reduce patients' out-of-pocket spending.

Hospitals in China purchase a majority of their medical devices and supplies through distributors. Medical device distribution is highly specialized and localized in China. Most medical device distributors operate within relatively small geographical areas, and few distributors are willing or able to cover the entire country. In addition, different provinces in China often have their own medical and insurance practices, purchasing policies and regulatory requirements which further increases the complexity of medical device distribution. As a result, most manufacturers need to appoint multiple distributors to effectively cover all of the geographic areas in China, which in some cases will work in conjunction with a company's own sales and marketing network to maximize the company's interaction with key opinion leaders within hospitals, such as senior physicians and hospital administrators. The ability to leverage local contacts and knowledge, combined with company-sponsored product training and related activities, is vital in creating an effective sales, marketing and distribution network in China, creating a significant barrier to entry for both smaller local companies and larger multinational competitors that lack a meaningful local presence.

VASCULAR DEVICE MARKET OVERVIEW

Cardiovascular

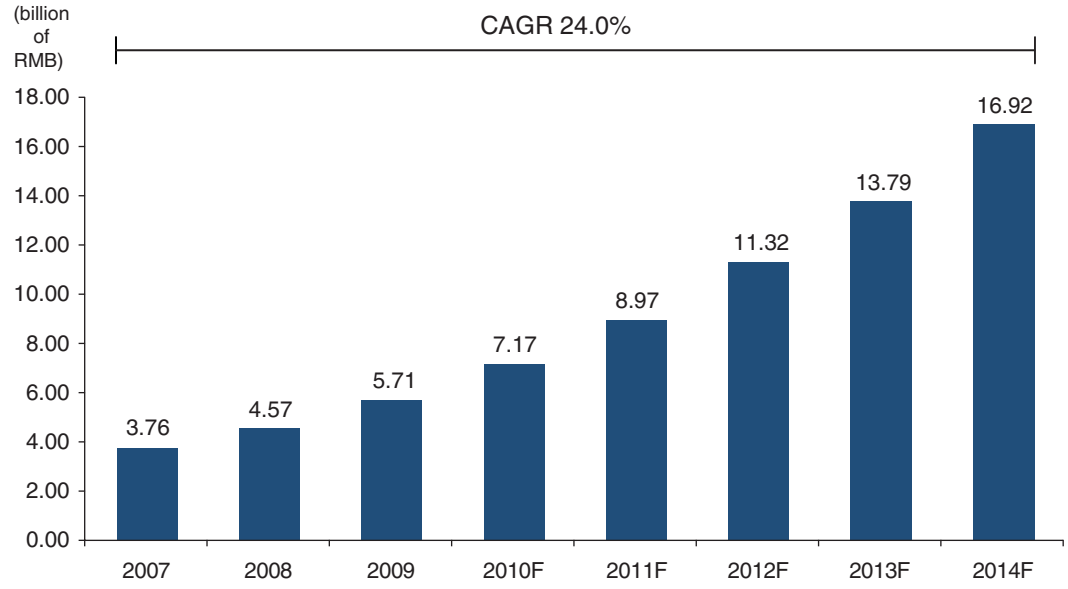
Treatment of coronary artery disease

Coronary artery disease is a progressive condition that leads to the obstruction of the blood vessels providing blood flow to the heart muscle. According to the National Bureau of Statistics of China, heart disease was one of the leading causes of death in China, accounting for approximately 19.7% of all deaths in 2008.

Current treatments for coronary artery disease include drug therapies and invasive techniques that help restore adequate blood flow to blocked areas of the heart. The effectiveness of drug therapies significantly decreases when calcium deposits and the hardening of the blood vessel walls cause coronary blood vessels to narrow. Invasive techniques include surgery, balloon angioplasty procedures and stenting procedures. Coronary artery surgery is an expensive surgical procedure that causes considerable trauma to the body and requires an extended hospital stay and a long recovery time. Balloon angioplasty procedures, also known as PTCA, are less expensive and less invasive than surgery. In a PTCA procedure, the physician inserts a balloon dilatation catheter into the patient's femoral artery and guides it to a blockage in a coronary artery. A balloon on the tip of the catheter is then inflated with pressure to compress the plaque against the wall of the artery and open up the artery to allow blood flow. The balloon is then deflated and the catheter is removed. With this treatment, however, patients experience high rates of restenosis, or a re-narrowing and re-establishment of the blockage of the treated artery over time. Stenting procedures utilize cardiovascular stents, which are small, expandable metal mesh tubes used in the treatment of coronary artery disease and implanted in patients to prop open arteries and facilitate blood flow from the heart. In a stenting procedure, after widening the artery using the PTCA procedure, a stent is placed inside the expanded section of the artery to provide permanent support for the artery. Stents have helped significantly reduce the rate of restenosis following a PTCA procedure.

In the early 2000s, cardiovascular stents experienced a revolutionary development with the advent of drug-eluting stents which gradually release the drugs to the affected tissue in the artery to minimize inflammation. Drug-eluting stents also reduce in-stent restenosis, with clinical trials demonstrating that drug-eluting stents reduce restenosis rates to less than 10.0%. Resulting from favorable clinical and practical findings that support the superior safety and efficacy of drug-eluting stents over bare-metal stents, market adoption of drug-eluting stents is expected to continue, particularly in China where drug-eluting stents have already achieved a high market penetration. According to Frost & Sullivan, drug-eluting stents were used in 95.7% of all coronary stent procedures in China in 2009 (with the remaining 4.3% using bare-metal stents), which is expected to continue to rise over the next five years.

The following chart sets forth the estimated growth (in terms of revenues based on retail prices charged by hospitals) in China's coronary stent market.



Source: Frost & Sullivan

Components of a drug-eluting stent

A drug-eluting stent system is composed of the stent, the stent delivery catheter, the drug carrier, usually a polymer or a mixture of polymer, and the drug. The quality of each of these components can affect the overall performance of the drug-eluting stent.

Most stents were originally made of stainless steel or nitinol, a nickel-titanium alloy. Over the last several years, many manufacturers have also begun to use cobalt-chromium and other metal alloys. A stent provides a certain combination of radial strength, axial stability, radiopacity and coverage of the vessel wall depending upon its design and scaffolding pattern, each of which is an important factor that contributes to the effectiveness of the stent. Radial strength refers to the resistance of the stent against the vessel wall that prevents the stent from collapsing after its implantation into a blood vessel. Axial stability refers to the degree to which the stent provides uniform support against the vessel wall along its length which prevents the stent from springing back following its implantation. Radiopacity refers to the visibility of the stent under fluoroscopy or X-ray for proper placement of the stent and post-procedure assessment by physicians. Coverage of the vessel wall refers to how well the shape of the stent conforms to the shape of the inside of the blood vessel to provide maximum surface area contact with the vessel wall.

The deliverability of a stent refers to how easy it is for a physician to guide the stent through blood vessels, including narrowed vessels, to reach the target site where it is to be placed. The deliverability of a stent is primarily determined by the flexibility of the stent. The stent must be flexible enough and narrow enough to navigate the vascular curves and tight bends to be able to reach the target site and, at the same time, must be strong and sturdy enough to prop open the blocked artery at the target site when it is expanded.

The polymer is designed to act as a mechanism for the drug to adhere to the surface of the drug-eluting stent during its delivery to the target site and as a matrix that controls the release rate of the drug after its implantation. The polymer forms a layer of coating over the surface of the bare-metal stent, which is where the drug is stored and from where it is eventually released. Polymers can be classified as biodegradable and biostable. Biodegradable polymers dissolve as the drug is released, leaving only the bare-metal stent in place. Biostable polymers remain on the stent after the drug is completely released.

Drugs used with drug-eluting stents can be classified into two groups: cytostatic drugs such as sirolimus and cytotoxic drugs. Cytostatic drugs prevent inflammation by stopping cells from growing, but the cells eventually regain their ability to reproduce as the drug concentration decreases over time. Cytotoxic drugs are toxic when present in high concentrations; they inhibit inflammation by causing cell death. Currently, many of the drug-eluting stent manufacturers use cytostatic drugs, including Johnson & Johnson (through its Cordis subsidiary), Medtronic, Inc., Abbott Laboratories and Sorin Biomedical. Boston Scientific Corporation uses paclitaxel, a cytotoxic drug.

Competitive environment

According to Frost & Sullivan, our Company had a market share, in terms of the number of stents implanted, of approximately 26.6%, 28.7% and 28.9% of all coronary stents implanted in China in 2007, 2008 and 2009, respectively, which was the largest market share among all companies (domestic and international) manufacturing and/or selling drug-eluting stents in China in each of those years. We also had the leading market share, in terms of revenue based on retail prices charged by hospitals, of approximately 25.1% of all coronary stents implanted in China in 2009. The following tables set forth the market shares of our Company and our leading competitors in the coronary stent market in China in 2009.

Market Shares of our Company and our Leading Competitors in the Coronary Stent Market in China in 2009
(in terms of the number of stents implanted)

Company	Percentage (%) in the coronary stent market in China
MicroPort Scientific Corporation	28.9
Beijing Lepu Medical Device, Inc.(1)	23.5
Shandong JW Medical Systems Limited(2)	22.0
Johnson and Johnson (through its Cordis subsidiary)(3)	11.6
Medtronic, Inc.(4)	7.7
Dalian Yinyi Biomaterials Development Co., Ltd.(5)	3.2
Boston Scientific Corporation(6)	2.9
Others	0.3

Notes:

(1) Beijing Lepu Medical Device, Inc., a PRC-based Shenzhen-listed developer and manufacturer of interventional medical devices.

(2) Shandong JW Medical Systems Limited, a PRC-based joint venture owned equally by Shandong Weigao Group Medical Polymer Company Limited, a PRC-based, publicly listed developer and manufacturer of a range of medical devices and equipment, and Biosensors International Group, Ltd., a Singapore-based, publicly listed developer and manufacturer of medical devices for interventional cardiology and critical care procedures.

(3) Johnson and Johnson (through its Cordis subsidiary), a large U.S.-based, publicly listed multinational corporation which offers a wide range of pharmaceutical, medical device and consumer products.

(4) Medtronic, Inc., a U.S.-based, publicly listed multinational corporation which offers a wide range of medical devices and therapies.

(5) Dalian Yinyi Biomaterials Development Co., Ltd., a PRC-based developer and manufacturer of international cardiology devices and medical equipment.

(6) Boston Scientific Corporation, a U.S.-based, publicly listed multinational corporation which offers a wide range of medical devices.

Market Shares of our Company and our Leading Competitors in the Coronary Stent Market in China in 2009
(in terms of revenues based on retail prices charged by hospitals)

Company	Percentage (%) in the coronary stent market in China
MicroPort Scientific Corporation	25.1
Beijing Lepu Medical Device, Inc.(1)	20.5
Shandong JW Medical Systems Limited(2)	18.5
Johnson and Johnson (through its Cordis subsidiary)(3)	18.0
Medtronic, Inc.(4)	11.0
Boston Scientific Corporation(5)	4.0
Dalian Yinyi Biomaterials Development Co., Ltd.(6)	2.6
Others	0.3

Notes:

(1) Beijing Lepu Medical Device, Inc., a PRC-based Shenzhen-listed developer and manufacturer of interventional medical devices.

(2) Shandong JW Medical Systems Limited, a PRC-based joint venture owned equally by Shandong Weigao Group Medical Polymer Company Limited, a PRC-based, publicly listed developer and manufacturer of a range of medical devices and equipment, and Biosensors International Group, Ltd., a Singapore-based, publicly listed developer and manufacturer of medical devices for interventional cardiology and critical care procedures.

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(5) Boston Scientific Corporation, a U.S.-based, publicly listed multinational corporation which offers a wide range of medical devices.

(6) Dalian Yinyi Biomaterials Development Co., Ltd., a PRC-based developer and manufacturer of international cardiology devices and medical equipment.

Other vascular

Other vascular interventional devices include peripheral devices that are designed to treat aortic aneurysms and other peripheral vascular diseases and disorders, and intracranial stents that are used to open narrowed arteries in the brain.

Treatment of aortic aneurysm

An aneurysm is a balloon-shaped structure which forms at a weak point in a vessel wall and fills with blood. Aneurysms typically grow over time and, due to pressure placed on the wall of the aneurysm, are prone to rupture. Ruptured aneurysms frequently lead to death due to massive internal bleeding. Driven by rapid advances in device technology, the treatment of aneurysms has been shifting from open surgical techniques to minimally invasive vascular techniques. Stent graft procedure is one of the primary vascular procedures for treating aneurysms. A stent graft is a metal stent covered with non-porous, waterproof film or fiber, which creates an artificial vessel wall over the aneurysm to support the blood flow and relieve pressure on the aneurysm.

Treatment of peripheral vascular disease

Peripheral vascular disease is most common in the arteries of the pelvis and legs. The legs receive their supply of blood through the iliac and femoral arteries, which are major arteries in the pelvis and thigh area. Plaque build-up in the leg arteries reduces blood flow to the surrounding tissue, causing pain, numbness or

weakness in the leg and, in severe cases, burning or aching pain in the foot. If untreated, peripheral vascular disease may lead to critical limb ischemia, a condition where there is not enough oxygenated blood being delivered to the limb to keep the tissue alive, which in turn often leads to large non-healing ulcers, infections, gangrene and eventually limb amputation or death. Traditionally, doctors relied on drug therapies and vascular surgical procedures to treat peripheral vascular disease. In recent years, peripheral stent procedure has become a widely accepted minimally invasive alternative treatment because it is more effective than drug therapies and much less traumatic than surgery.

Treatment of ischemic stroke

Stroke is the third most common cause of death in developed countries, exceeded only by coronary heart disease and cancer. According to the World Health Organization, stroke accounted for approximately 5.7 million deaths worldwide in 2005. Strokes are caused by either ruptures, known as hemorrhagic stroke, or blockages, known as ischemic stroke, of vessels within or leading to the brain, which cause brain cells to stop working and eventually die unless treated immediately. Intracranial stents, which are much smaller and more flexible than other types of stents, are used in minimally invasive procedures to open up blocked or narrowed vessels in the brain to treat ischemic strokes.

ELECTROPHYSIOLOGY DEVICES

An irregular heartbeat or abnormal heart rhythm is an arrhythmia. Ablation catheters are devices made to treat arrhythmias. During an ablation, high-frequency electrical energy is delivered through a small tube, known as a catheter, to a small area of tissue inside the heart that causes the abnormal heart rhythm to neutralize the tissue generating the irregular signals and thereby reestablish normal heart rhythm. An electrophysiology study is a test that records the electrical activity and pathways of the heart and is used to help determine the cause of and best treatment method for an abnormal heart rhythm.

Generally, the costs of diagnosis and treatment of arrhythmia are relatively high. We expect, however, that the treatment of arrhythmia will expand in China and become increasingly more sophisticated as China's expenditure on healthcare increases, leading to increased diagnosis of this condition and more expenditure for advanced EP tests and ablation catheters.

Atrial fibrillation

Atrial fibrillation is an electrical disorder in the upper chambers of the heart that causes irregular heart rhythms. This disorder does not allow the upper heart chambers to completely empty blood which can stagnate and clot. The clot may then travel into the brain and cause a stroke. Patients who have permanent AF usually have shorter life expectancies and may develop other symptoms such as shortness of breath. According to articles published in various Chinese periodicals in 2006, it was estimated that approximately 0.7% of China's population have AF.

Supraventricular tachycardia

Supraventricular tachycardia is a fast heart rate that begins in the upper part of the heart, atria, above the ventricles. In this condition, abnormal electrical connections cause an increase in electrical activity and lead the heart to beat too fast.

DIABETES DEVICES

Diabetes is a chronic disorder of metabolism, a condition in which a person has a high blood sugar (glucose) level as a result of the body either not producing enough insulin, or because body cells do not properly

respond to the insulin that is produced. There are two types of diabetes: Type 1 and Type 2. Type 1 diabetes is an autoimmune disease that occurs when the insulin-producing cells within the pancreas are gradually destroyed and eventually fail to produce insulin and is most frequently diagnosed in children and young adults. Type 2 diabetes is much more common than Type 1, and most patients with this condition are still able to produce insulin at diagnosis. However, the insulin they produce is unable to perform its primary function, which is helping the body's cells use glucose for energy. Usually this is due to a problem with the body's insulin receptors, the location on cells where insulin binds so that glucose can enter. Insulin pumps are used for the administration of insulin into the body in the treatment of diabetes, using a minimally invasive method to inject the insulin such as a very small needle attached to a patch which is applied to the skin.

According to the World Health Organization, at least 220 million people worldwide as of November 2009 had diabetes. In 2005, an estimated 1.1 million people died from diabetes and this is likely to double by 2030. The World Health Organization also notes that an increase in the incidence of diabetes is expected in developing countries due to such factors as population growth, ageing, unhealthy diets, obesity and sedentary lifestyles. In particular, China's changing living standards and aging population have led to, and are expected to continue to cause, a significant increase in the incidence of diabetes. According to an article published in the March 2010 issue of the New England Journal of Medicine, the prevalence of diabetes is high and is increasing in China, with 9.7% of the population in China having diabetes.

ORTHOPEDIC DEVICES

Orthopedic devices can be used to treat a range of skeletal disorders caused by an injury or as a result of aging. Orthopedic devices include titanium braces and brackets in various shapes to immobilize and/or stabilize vertebrae in the spine. In China, implanted orthopedic devices, such as spinal brackets and braces, are classified as Class III devices and are subject to extensive regulations by SFDA to ensure product safety and efficacy. According to the World Medical Markets Fact Book 2009 published by Espicom Business Intelligence, China's orthopedic device market is projected to grow from US$781 million in 2009 to US$1.6 billion in 2014.