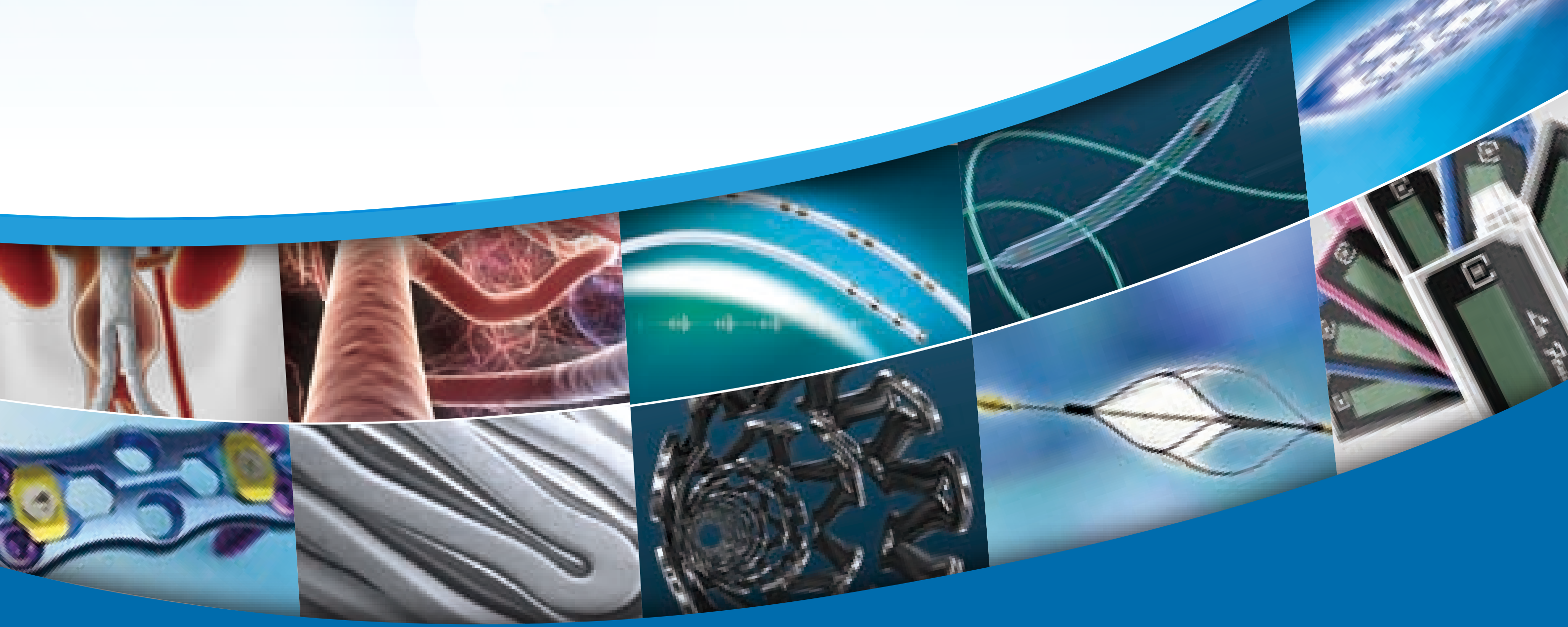


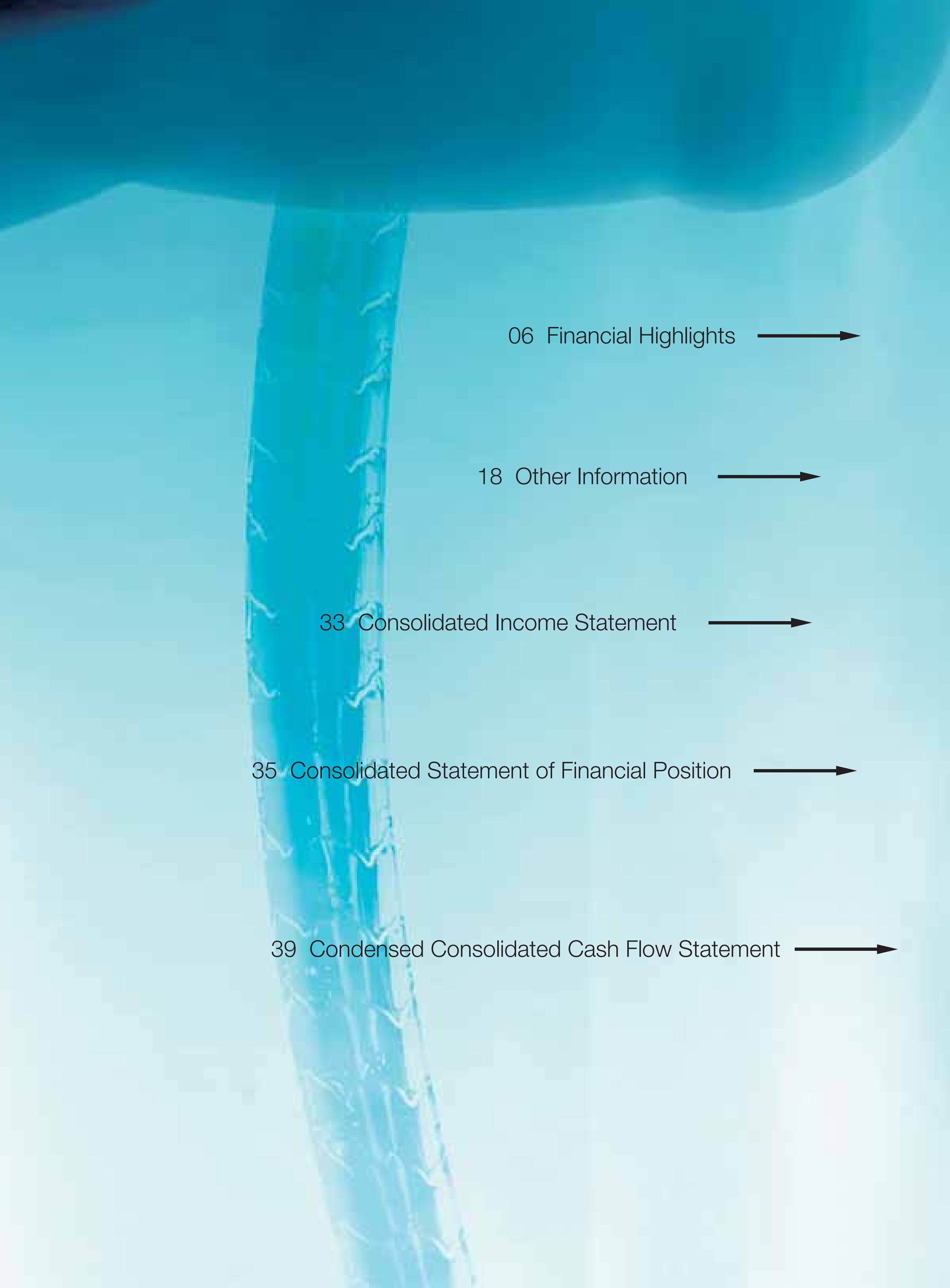
MicroPort Scientific Corporation

Interim Report 2012

微創醫療科學有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code:00853)



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Dr. Zhaohua Chang *(Chairman of the Board)*
Ms. Yan Zhang
Mr. Hongbin Sun
Mr. Qiyi Luo

Non-Executive Directors

Mr. Norihiro Ashida
Mr. Hiroshi Shirafuji
Mr. Lei Ding

Independent Non-Executive Directors

Mr. Zezhao Hua
Mr. Jonathan H. Chou
Dr. Guoen Liu

COMPANY SECRETAY

Ms. Yee Har Susan Lo, *FCS (PE), FCIS*

AUTHORIZED REPRESENTATIVES

Dr. Zhaohua Chang
Ms. Yee Har Susan Lo

AUDIT COMMITTEE

Mr. Jonathan H. Chou
(Chairman of the Audit Committee)
Mr. Norihiro Ashida
Mr. Zezhao Hua

REMUNERATION COMMITTEE

Dr. Guoen Liu
Dr. Zhaohua Chang
Mr. Jonanthan H. Chou

NOMINATION COMMITTEE

Mr. Zezhao Hua
Mr. Lei Ding
Dr. Guoen Liu

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

501 Newton Road
Zhangjiang Hi-Tech Park
Shanghai 201203
The PRC

PLACE OF BUSINESS IN HONG KONG

Level 28
Three Pacific Place
1 Queen's Road East
Hong Kong

AUDITORS

KPMG, *Certified Public Accountants*

COMPLIANCE ADVISOR

TC Capital Asia Limited

SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

COMPANY WEBSITE

www.microport.com.cn

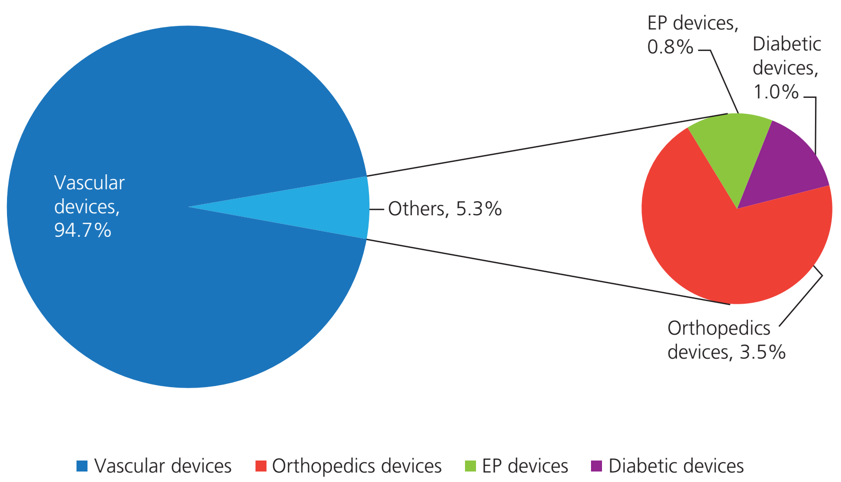
PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Construction Bank Corporation
Shanghai Pudong Branch
Bank of China Limited Shanghai Zhangjiang
Sub-Branch
China CITIC Bank Shanghai Zhangjiang Sub-Branch
Shanghai Pudong Development Bank
Zhangjiang Sub-Branch

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2012	2011	Change
	RMB'000	RMB'000	%
	(unaudited)	(unaudited)	
Turnover	**484,916**	448,824	8.0%
Gross Profit	**413,083**	379,597	8.8%
Profit for the period	**222,671**	203,598	9.4%
Earnings per share –			
Basic (RMB)	**0.16**	0.14	14.3%
Diluted (RMB)	**0.16**	0.14	14.3%

Revenue Analysis For The Six Months Ended 30 June 2012
By Product



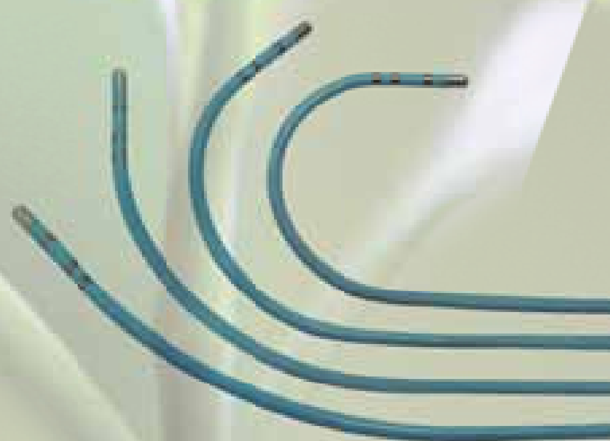
MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We are a leading medical technology company that develops, manufactures and sells high-end medical devices in the PRC. Our products include those used for vascular diseases and disorders, such as cardiovascular, neurovascular, aortic and peripheral vascular, as well as devices for cardiology, electrophysiology ("**EP**"), orthopedics and diabetes. We serve patients and physicians in more than 1,000 hospitals throughout the PRC and in approximately 16 countries in Asia Pacific region (excluding the PRC), South America and Europe.

OUR PRODUCTS

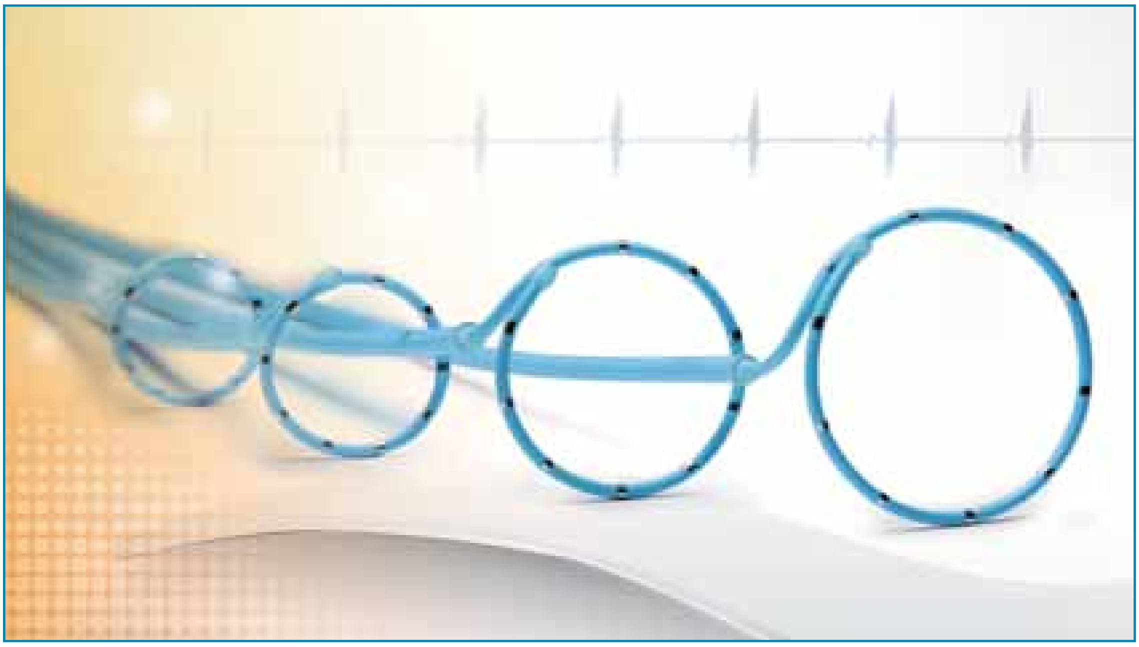
Faced with the uncertain and volatile global economic environment and ongoing market weakness, our business remained challenging during the period ended 30 June 2012. However, the impact was not severe as we have already built the momentum in the past years. During the period, we continued to invest in our research and development (the "**R&D**"). We have also launched 2 new products, namely the EasyLoop™ and La Fenice®, which have been contributing to the Group's pipeline progress.



EasyLoop™

On 6 April 2012, the State Food and Drug Administration (the "**SFDA**") has granted the approval for the launch of EasyLoop™, the circumferential pulmonary vein diagnostic catheter, which is indispensable in atrial fibrillation procedure. EasyLoop™ is used along with the 3D electrophysiological mapping system as well as the ablation catheter in order to complete the pulmonary vein isolation procedure.

The diagram below illustrates the circular portion of the EasyLoop™, which is delivered into each pulmonary vein to collect local electrical signals.



EasyLoop™ is the third certificated EP product following FireMagic™ and EasyFinder™. The launch of EasyLoop™ marks our first step into the market of complex arrhythmia treatment. The Columbus™ 3D electrophysiological mapping system, Voyager™ irrigated RF ablation catheter are in the clinical trial. This series of products will help MicroPort provide a comprehensive portfolio of EP devices to physicians and patients in the future.

La Fenice® GnRH Infusion Pump

On 23 March, 2012, the SFDA approved the launch of La Fenice® GnRH (gonadotropin-releasing hormone) pulse pump (the "**La Fenice®**") in the PRC. La Fenice® is the first micro-pulse GnRh infusion system used for the treatment of idiopathic hypogonadotropic hypogonadism ("**IHH**") and Kallmann Syndrome. This product was jointly developed by MicroPort Life Sciences Ltd. and Shanghai Ruijin Hospital (上海瑞金醫院). The innovative technology in La Fenice® works by bringing the benefits of home-based therapy to more patients in the PRC.

The hypothalamus within the brain governs the releasing of GnRH, which is in turn responsible for the release of Follicle-Stimulating Hormone (the "**FSH**") and Luteinizing Hormone (the "**LH**") from the pituitary gland. The release of GnRH is in pulse or short bursts, usually at 90- to 120-minute intervals, which stimulates the release of FSH and LH. The high and low frequencies of GnRH pulses lead to the release of LH and FSH. The LH and FSH then target the gonads, which induce the development and maturation of the egg cells of female, and the formation of sperms of male.

La Fenice® works through the continuous administration of GnRH which helps to "desensitize" the hypothalamus and pituitary gland. Accordingly, La Fenice® helps to mimic the hypothalamus in releasing GnRH in pulses, which is then able to stimulate the hypophysis to release FSH and LH in order to make patients recover from abnormally physiological regulated function.

La Fenice® is a battery-powered device similar to our diabetic product, the insulin pump. Its needle and syringe arrangement, designed using our advanced technology, helps supply the GnRH to the patient.

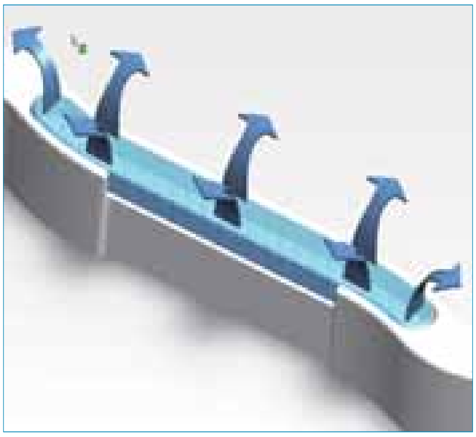
Clinical research have been held in different parts of the world since 1984, and the pulsatile GnRH therapy has been regarded as the best way for hypothalamic failure patients. The clinical results by Shanghai Ruijin Hospital also indicated that the levels of FSH and LH of the patients would rise significantly, after having treated by using pulsatile GnRH pump therapy for 3 days only. The onset of puberty of the patients would start after 12-week pulsatile GnRH pump therapy (with the LH/FSH ratio of 0.7). The secondary sexual characteristic would then appear after 24-week pulsatile GnRH pump therapy, and the testicular volume and sperm count would increase with the improvement of sexual desire.

We are pleased to announce that our four IHH patients or their wives have successful pregnancies and 2 babies were already born. This is a milestone for the IHH and Kallmann Syndrome-patients. La Fenice® is also known as "The Light of Life" because it is not only the first innovative product of MicroPort Lifesciences, but also it brings hope for those IHH and Kallmann Syndrome-patients. La Fenice® is now used by several top-tier hospitals in Beijing and Qingdao, as well as those in Hebei, Henan, Xinjiang, Shanxi, Guangdong and Guangxi provinces. We expect this will lead to benefits to the society, as well as to MicroPort.

Firebird 2

Our high quality stent products offering, with our Firebird 2 coronoary stent as the main product, has enabled us to be in the leading position of cardiovascular device market in the PRC. The Firebird 2, our second-generation coronary stent, remainded as the top selling product of the Group in the first half of 2012.

Firehawk



Our remarkable third generation bio-absorbable polymer sirolimus-eluting stent, Firehwawk, has been undergoing extensive clinical studies (i.e. the pre-marketing clinical investigation study). The first 2 phases, namely the First-In-Man ("**FIM**") and the TARGET I, have been completed, and the results of TARGET I will be published in the Transcatheter Cardiovascular Therapeutics (TCT) 2012, which is the world's largest educational meeting specializing in interventional cardiovascular medicine. The third phase, the TARGET II, is already undergoing clinical follow-up and data-processing stages.

The Firehawk's pre-marketing clinical investigation, which involved a total of 1,261 patients, is the largest pre-marketing clinical study on the drug-eluting coronary stent systems conducted in the PRC. This pre-marketing clinical study is a milestone in the PRC, as it is the first-ever trail in compliance with the SFDA's guidance on Drug-Eluting Coronary Stents Systems: Clinical Studies (Draft).

On 17 March 2012, during the workshop of "Latest Clinical Trials' Announcements and First Report on Feature Research" at China Interventional Therapeutics (CIT) 2012, Dr. Run-Lin Gao from Fu Wai Hospital (阜外心血管病醫院) and the National Center for Cardiovascular Diseases of China (中國衛生部心血管病防治研究中心), presented the updated primary endpoint results of randomized controlled clinical trial of Firehawk TARGET I Long Stent Group Research Study. TARGET I Long Stent Group Research Study was performed among 50 eligible patients with average lesion length over 35 mm. Among the 77 implantations, the success rate was 100%. The late loss was 0.16±0.16mm at 9-month angiographic follow-ups (the follow-up rate was 92%). Throughout the 1-year clinical follow-up period, there were no death cases, and neither myocardial infarction nor target vessel revascularization was observed. Furthermore, the latest data indicates that the efficacy and safety of Firehawk are excellent in the treatment of ultra-long coronary lesions.

Certification and Branding

We are continuing to expand our brand internationally. In April, "Mustang" and the JIVE PTCA Ballon Catheter have been successfully registered in Vietnam. The U.S. Food and Drug Adimisitration has approved the 510k application for our Reindeer in March 2012. As aforesaid, our La Fenice® and Easyloop™ have been approved by SFDA in March 2012 and April 2012, respectively.

OUR GROWTH

We are continuing our growth through merger and acquisition. As disclosed in the announcement dated on 25 June 2012, we made one strategic acquisition of Dongguan Kewei Medical Instrument Company Limited ("**Dongguan Kewei**"), which is dedicated to reasearching and developing, as well as manufacturing of cardiac surgery device oxygenators in extra-corporal circulation and occluders for minimally invasive intervention devices for structural heart diseases. As of 30 June 2012, the acquisition has not completed. This acquisition is able to fill the gap of product lines for cardiac surgery and structural heart diseases of MicroPort. The acquisition of Suzhou Best in November 2011 helped to expand our orthopedic devices segment, and Suzhou Best started to make profit for the six months ended 30 June 2012.

Despite a challenging and tough environment with many competitions, we have concluded the period ended for the first half of this year with 8% comparable revenue growth. We aim at bringing our innovations, technologies and services to our customers in different markets, and maintaining our leading position among the competitors in the PRC.

The following discussion is based on, and should be read in conjunction with, the financial information and the notes thereto included elsewhere in this interim report.

FINANCIAL OVERVIEW

Turnover

The following turnover discussion is based on our four segments as they were structured during the period ended 30 June 2012. During the six months ended 30 June 2012, we have the turnover of approximately RMB484.9 million, with basic earnings per share of RMB0.16, and on increase compared to the turnover of approximately RMB448.8 million for the same period in 2011. Such increment was primarily attributable to the growth of the sales of non-vascular devices segments, especially the orthopedics segment and the diabetic segment.

– **Vascular Devices Segment**

Our vascular devices segment is composed of the drug-eluting stents, TAA/AAA Stent Grafts and other stents. The net revenue of the vascular devices segment for the six months ended 30 June 2012 was approximately RMB459.4 million, compared to approximately RMB444.7 million in the prior fiscal period.

Our drug-eluting stents generated revenue of approximately RMB401.9 million in the six months ended 30 June 2012, as compared to approximately RMB398.4 million over the same period in prior year. Such moderate revenue growth was due to the slowdown of the market growth of the dug-eluting stents as well as the keen competition in the PRC. Nevertheless, we are still among the domestic leading suppliers of the drug-eluting stents.

Our TAA/AAA stent grafts generated revenue of approximately RMB25.6 million in the six months ended 30 June 2012, where the sales remains stable while we maintain our market position.

The other stents generated revenue of approximately RMB31.9 million in the six months ended 30 June 2012, as compared to approximately RMB20.7 million over the same period in prior year. This was primarily due to the revenue generated from intracranial stents system increases by approximately 53.3% from approximately RMB6.7 million in the six month ended 30 June 2011 to approximately RMB10.2 million in the six months ended 30 June 2012, and the increased sales of the new consigned products.

– **EP Devices Segment**

Our EP devices segment generated revenue of approximately RMB3.6 million in the six months ended 30 June 2012, as compared to approximately RMB2.5 million over the same period in prior year. While there is still significant room for growth for our EP devices, we are pleased with the financial performance of our EP devices. This result is an indication of the increased acceptance of our EP devices by the market. It also reflects the efforts that our sales and marketing team has put into these products thus getting them off the ground.

– **Orthopedic Devices Segment**

Our orthopedic devices segment generated revenue of approximately RMB16.9 million in the six months ended 30 June 2012, while it did not generate any revenue over the same period in prior year. After the completion of acquisition of Suzhou Best in November 2011, Suzhou Best has started to contribute profit to our orthopedic devices segment.

– **Diabetic Devices Segment**

Our diabetic business has completed its restructuring process in order to optimize our product offering in this market, our organizational effectiveness, and also enhanced our market competitiveness, especially with the new launching of our La Fenice®. Our diabetic devices segment generated revenue of approximately RMB5.0 million in the six months ended 30 June 2012, as compared to approximately RMB1.6 million over the same period in prior year.

Cost of Sales

During the six months ended 30 June 2012, our cost of sales was approximately RMB71.8 million, representing approximately 3.8% increase as compared to the same period in 2011. Such slightly increase was primarily attritubable to the increased sales.

Gross Profit and Gross Profit Margin

As a result of the foregoing factors, our gross profit increased by approximately 8.8% from approximately RMB379.6 million for the six months ended 30 June 2011 to approximately RMB413.1 million in the same period as of 2012. Gross profit margin is calculated as gross profit divided by turnover. Consequently, our gross profit margin increased slightly to approximately 85.2% as compared to approximately 84.6% ended 30 June 2011. The increment in gross profit margin in the first half of 2012 was mainly attributable to the declining manufacturing costs of the drug-eluting stents, which was caused by the improvement in the production technology.

Other Revenue and Other Net Income

We had other revenue of approximately RMB24.7 million and other net income of approximately RMB1.1 million in the six months ended 30 June 2012, while other revenue and other net income were approximately RMB15.4 million and approximately RMB22.5 million, respectively, in the same period of 2011. The increase of other revenue was caused by more subsidies granted by the Government, while the significant decrease of other net income was primarily attributable to the decrease of the foreign exchange gain on overseas deposits placed in the form of RMB.

Research and Development Costs

Our research and development costs decreased by approximately 10.9% from approximately RMB70.5 million for the six months ended 30 June 2011 to approximately RMB62.8 million for the six months ended 30 June 2012. The decrease was primarily due to the decreasing employee option costs engaged in R&D.

Distribution Costs

Distribution costs increased by approximately 5.5%, from approximately RMB61.5 million for the six months ended 30 June 2011 to approximately RMB64.9 million for the six months ended 30 June 2012, which was primarily driven by the increase of marketing expenses of our attendance at conference and seminars for our products promotion.

Administrative Expenses

Administrative expenses increased by approximately 13.7% from approximately RMB41.0 million in the six months ended 30 June 2011 to approximately RMB46.6 million in the six months ended 30 June 2012. The increase was primarily driven by the provision of doubtful debts based on our evaluation on the recoverability of trade debtors.

Finance Costs

Finance costs decreased from approximately RMB0.9 million in the six months ended 30 June 2011 to approximately RMB0.3 million in the six months ended 30 June 2012. The decrease was mainly due to the reduction of the interest payments as the result of loan repayment.

Profit before Taxation

Profit before taxation increased from approximately RMB238.5 million for the six months ended 30 June 2011 to approximately RMB263.9 million for the six months ended 30 June 2012. The increase was primarily attributable to the increase in total revenue.

Income Tax

Income tax increased from approximately RMB34.9 million in the six months ended 30 June 2011 to approximately RMB41.2 million in the six months ended 30 June 2012. The increase of our effective tax rate from approximately 14.6% for the six months ended 30 June 2011 to approximately 15.6% for the six months ended 30 June 2012 was attritubale to the decrease in other net income of our Company, which is not subject to tax on income of our Company, which is not subject to tax on income.

Profit for the Period and Net Profit Margin

As a result of the foregoing factors, profit for the period increased by approximately 9.4% from approximately RMB203.6 million in the six months ended 30 June 2011 to approximately RMB222.7 million in the six months ended 30 June 2012, and net profit margin increased slightly from approximately 45.4% in the six months ended 30 June 2011 to approximately 45.9% in the six months ended 30 June 2012.

Liquidity and Financial Resources

As at 30 June 2012, we had approximately RMB289.9 million of cash and cash equivalents on hand, as compared to approximately RMB1,095.2 million as at 31 December 2011. The Board's approach to manage liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities to avoid any unacceptable losses or damage to the Group's reputation.

Borrowing and Gearing Ratio

Total borrowing of the Group as at 30 June 2012 was approximately RMB3.7 million, as compared to approximately RMB5.7 million as at 31 December 2011. As at 30 June 2012, the gearing ratio (calculated by dividing total loans and bank borrowings by total equity) of the Group remained at a low level of 0.0017, as compared to 0.0027 as at 31 December 2011.

Working Capital

Our working capital as at 30 June 2012 was approximately RMB1,629.6 million, as compared to approximately RMB1,621.1 million as at 31 December 2011.

Capital Structure

The capital of the Group comprises of only ordinary shares. As at 30 June 2012, the total number of the ordinary shares of the Group in issue was 1,421,518,500 shares (31 December 2011: 1,420,482,860), within which, 5,848,000 shares were purchased back in the six months ended 30 June 2012 through trustee under the share award scheme and ungranted (31 December 2011: nil). The total equity attributable to the owners of the Company was approximately RMB2,255.1 million (31 December 2011: approximately RMB2,115.2 million).

Foreign Exchange Exposure

The Group is exposed to currency risk primarily from (i) sales and purchases which give rises to receivables and payables that are denominated in a foreign currency (mainly in USD); and (ii) a significant portion of the IPO proceeds received by the Company were mostly exchanged into RMB. Given the Company has adopted the USD as its functional currency, the fluctuation of exchange rates between RMB and USD exposes the Group to currency risk. During the period under review, the Group recorded a net exchange gain of approximately RMB1.4 million, as compared to approximately RMB22.5 million for the six months ended 30 June 2011. The Group does not employ any financial instruments for hedging the foreign exchange exposure.

Capital Expenditure

During the period under review, the Group's total capital expenditure amounted to approximately RMB114.2 million (30 June 2011: approximately RMB44.9 million), which was used in (i) the construction and purchase of buildings, (ii) the acquisition of equipment and machinery; and (iii) the capitalization of the R&D expenditure for Firehawk.

Charge on Assets

As at 30 June 2012, the Group had pledged its building held for own use with a net book value of approximately RMB26.0 million (31 December 2011: approximately RMB26.4 million) for the purpose of securing a long-term loan with a carrying value of approximately RMB3.7 million (31 December 2011: approximately RMB3.7 million).

Contingent Liabilities

As at 30 June 2012, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 30 June 2012, the Group employed 1,420 employees, as compared to 1,164 employees as at 30 June 2011. The Group offered competitive salary package, as well as discretionary bonuses and contribution to social insurance to its employees. A share option scheme and a share award scheme have also been adopted for employees of the Group. In order to ensure that the Group's employees remain competitive in the industry, the Group has provided training courses to its employees which are managed by its human resources department.

PROSPECTS

Given the current unstable and uncertain global economic conditions resulting for the soverign debt crisis in the Eurozone, the weak economic growth of some developed countries, we are expecting continuous challenges in the second half of 2012.

- **Innovation Focus:**

  Building on our unqiue experiences of our R&D team, we will continue to improve, enrich and diversify our existing products and our products portfolios. Our development pipeline is full of innovations that we expect will satisfy our customers, and most important, help patients in the PRC and around the world live healthier and longer lives.

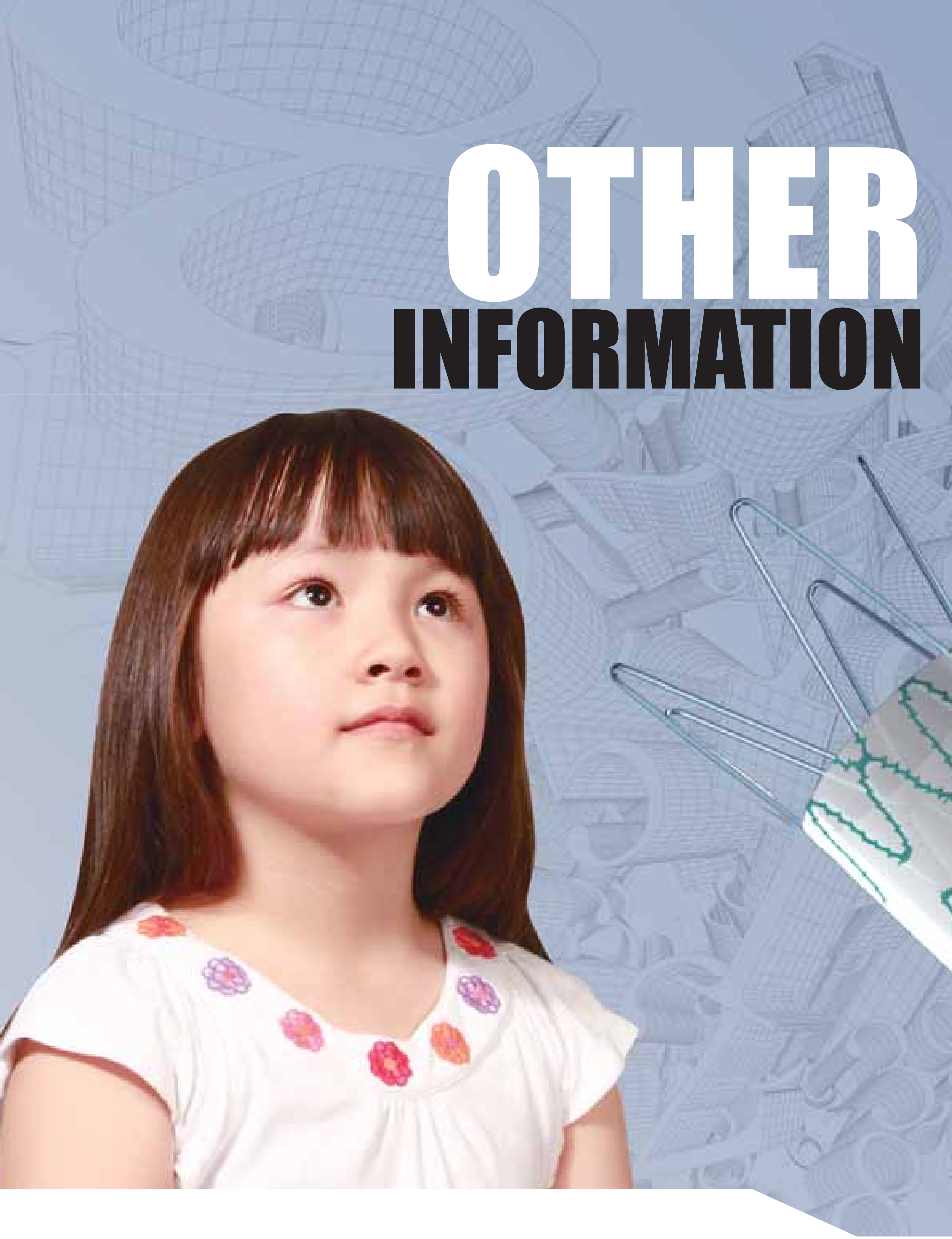
- **Opportunities Focus:**

  Our another key driver for growth and success is the continuation of the strengthening our fundementals in different product segments as well as new businesses. We intend to continue to look for additional strategic acquisitions of businesses or technologies, which are complemnetary to our existing businesses. Our acquisition of Suzhou Best in 2011 has made profit in the first half of 2012 and has proved it as a successful acquisition. The acquisition of Dongguan Kewei is ongoing, and we are confident in our chosen strategic direction.

  Global economic conditions remained challenging in the second half of 2012, with low consumer confidence. This trend may particularly affect our performance in the overseas markets.

  Looking ahead, while we are concerned about the economic environment, we are not waiting for broader economic conditions to improve to deliver increased value to our shareholders. All of us at MicroPort are fully committed to deliver consistent above market growth in each of our geographic segments and product categories. To succeed, we will maintain a rigorous focus on our strategic priorities, including products innovation, an ongoing emphasis on developing in overseas markets and strategic acquisitions.

OTHER INFORMATION



INTERESTS AND SHORT POSITIONS OF THE DIRECTORS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2012, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

1. **Interests and short position in the shares (the "Shares") of the Company**

Name of Director/ Chief Executive	No. of Shares	Notes	Capacity	Nature of interest	Approximate percentage of total number of Shares in issue (%)
Chang Zhaohua	217,110,000	1	Deemed interest	Long position	15.27%
Luo Qiyi	10,919,550		Beneficial owner	Long position	0.76%
Zhang Yan	3,200,000	2	Beneficial owner	Long position	0.22%

2. **Interests and short position in the underlying Shares**

Name of Director/ Chief Executive	No. of Shares	Notes	Capacity	Nature of interest	Approximate percentage of total number of Shares in issue (%)
Chang Zhaohua	10,000,000	3	Beneficial owner	Long position	0.70%
Zhang Yan	4,500,000	3	Beneficial owner	Long position	0.31%
Sun Hongbin	4,000,000	3	Beneficial owner	Long position	0.28%
Luo Qiyi	2,780,450	3	Beneficial owner	Long position	0.19%

Notes:

(1) Chang Zhaohua, our founder, Director and chairman of our Company, owns 49% equity interest in Shanghai We'Tron Capital Corp. which in turn owns 94.19% equity interest in We'Tron Capital China Limited. Chang Zhaohua is therefore deemed to be interested in the number of Shares held by We'Tron Capital China Limited.

(2) Some or all of the relevant Shares are held through special purpose vehicles.

(3) These Directors are interested in the underlying Shares of the Company by virtue of the options granted to them under the share option scheme of the Company. For further details, please refer to the below section headed "Share Option Scheme".

Save as disclosed above, as at 30 June 2012, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2012, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests and short position in the Shares

Name of Substantial Shareholder	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%)
Otsuka Holdings Co. Ltd.	468,994,120	1	Interest of controlled corporation	Long position	32.99
Otsuka Medical Devices Co., Ltd.	468,994,120	1	Beneficial owner	Long position	32.99
Shanghai Zhangjiang Science and Technology Investment Co.	285,748,050	2	Interest of controlled corporation	Long position	20.10
Shanghai Zhangjiang (Group) Co., Ltd.	285,748,050	2	Interest of controlled corporation	Long position	20.10
Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd.	285,748,050	2	Interest of controlled corporation	Long position	20.10
Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd.	285,748,050	2	Interest of controlled corporation	Long position	20.10
Shanghai Zhangjiang Science and Technology Investment (Hong Kong) Co., Ltd.	285,748,050	2	Interest of controlled corporation	Long position	20.10
Shanghai ZJ Hi-Tech Investment Corporation	285,748,050	2	Interest of controlled corporation/Beneficial owner	Long position	20.10
Shanghai ZJ Holdings Ltd.	285,748,050	2	Interest of controlled corporation	Long position	20.10
Shanghai Zhangjiang Health Solution Holdings Limited	215,883,620	2	Beneficial owner	Long position	15.18
Shanghai We'Tron Capital Corp.	217,110,000	3	Interest of controlled corporation	Long position	15.27
We'Tron Capital China Ltd.	217,110,000	3	Beneficial owner	Long position	15.27
Gao Yang Investment Corp.	75,233,720	4	Interest of controlled corporation/Beneficial owner	Long position	5.29
Shen Yao Fang	75,233,720	4	Interest of controlled corporation	Long position	5.29

Notes:

(1) Otsuka Holdings Co. Ltd. holds the entire issued share capital of Otsuka Medical Devices Co., Ltd. and therefore, is deemed to be interested in the same number of Shares held by Otsuka Medical Devices Co., Ltd..

(2) Shanghai Zhangjiang (Group) Co., Ltd. is wholly-owned by the State-owned Assets Supervision and Administration Commission of the Shanghai Pudong New Area People's Government. Shanghai Zhangjiang (Group) Co., Ltd. holds 100% interest in Shanghai Zhangjiang Science and Technology Investment Co., which in turn holds 100% interest in Shanghai Zhangjiang Science and Technology Investment (Hong Kong) Company Limited, which in turn holds 50% interest in Shanghai ZJ Hi-Tech Investment Corporation. Shanghai Zhangjiang (Group) Co., Ltd. also holds 53.58% interest in Shanghai Zhangjiang Hi-Tech Park Development Co. Ltd., which in turn holds 100% interest in Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd., which in turn holds 100% interest in Shanghai ZJ Holdings Limited, which in turn holds 50% in Shanghai ZJ Hi-Tech Investment Corporation. Shanghai ZJ Hi-Tech Investment Corporation holds 100% interest in each of Shanghai Zhangjiang Health Solution Holdings Limited, Shanghai Zhangjiang Health Solution Investment Limited and Shanghai Zhangjiang Health Solution Industry Limited. The interest in 285,748,050 Shares by these companies relates to the same block of Shares by virtue of the long position in the Shares held by the following companies:

Name of Controlled Corporation	No. of Shares	Percentage of total number of Shares in issue (%)
Shanghai ZJ Hi-Tech Investment Corporation	7,042,580	0.49
Shanghai Zhangjiang Health Solution Holdings Limited	215,883,620	15.18
Shanghai Zhangjiang Health Solution Investment Limited	53,398,570	3.75
Shanghai Zhangjiang Health Solution Industry Limited	9,423,280	0.66
Total	285,748,050	20.10

(3) Chang Zhaohua, our founder, Director and chairman of our Company, owns 49% equity interest in Shanghai We'Tron Capital Corp. which in turn owns 94.19% equity interest in We'Tron Capital China Limited. Chang Zhaohua is therefore deemed to be interested in the number of Shares held by We'Tron Capital China Limited.

(4) Shen Yao Fang holds the entire issued share capital of Gao Yang Investment Corp., which in turns holds 52,750,000 Shares. Gao Yang Investment Corp. is also interested in the entire issued share capital of Q1 Capital Corporation, which in turns holds 22,483,720 Shares. Shen Yao Fang and Gao Yang Investment Corp. is therefore deemed to be interested in the same 75,233,720 Shares held by Gao Yang Investment Corp. and Q1 Capital Corporation.

Save as disclosed above, and as at 30 June 2012, the Directors of the Company were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save for those disclosed in the announcement dated on 25 June 2012 regarding the entering into of the equity transfer agreement between MicroPort Medical (Shanghai) Co., Ltd, a wholly-owned subsidiary of the Company, and Mr. Wang Anqin, for the purchase of 100% equity interest in Dongguan Kewei, there were no significant investment held, material acquisition or disposal of subsidiaries for the six months ended 30 June 2012. Dongguan Kewei is a PRC research and development manufacturer of cardiac surgery device oxygenators in extra-corporal circulation and occluders for minimally invasive intervention devices for structural heart diseases.

Details of the acquisition of Dongguan Kewei were disclosed in the announcement dated on 25 June 2012, and the acquisition of Dongguan Kewei has not completed yet as of 30 June 2012.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the six months ended 30 June 2012, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2012.

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

In order to attract and retain eligible persons, and to provide an additional incentive for them to promote the success of the Group, the Company had adopted a share option scheme in 2004 (the "**2004 Option Plan**") and 2006 (the "**2006 Incentive Plan**") (collectively the "Pre-IPO Share Option Scheme). The 2004 Option Plan, authorized to grant up to 10,261,030 share options, was modified when the Company agreed to assume the obligation of all outstanding and unvested share options of MicroPort Medical (Cayman) Corporation, while the 2006 Incentive Plan was modified prior to IPO by increasing the maximum aggregate number of shares which may be issued to 6,509,157.

As part of the restructuring of the Company due to the IPO, the Company approved a 10-for-1 share split, which as a result adjusted all share options issued prior to the share split by a 10-for-1 ratio accordingly. As such, total number of securities available for issue under the Pre-IPO Share Option Scheme are 102,610,300 and 65,091,570 for the 2004 Option Plan and the 2006 Incentive Plan, respectively. As at 30 June 2012, the total aggregate share options that may be granted under the Pre-IPO Share Option Scheme is 167,701,870, which represent 11.8% of the issued share capital of the Company. However, no additional options have been issued under the Pre-IPO Share Option Scheme since the listing of the Company on the Stock Exchange, and the total outstanding options that has been issued under the Pre-IPO Share Option Scheme is 58,572,880.

The administrator of the Pre-IPO Share Option Scheme may at its discretion select the employees, directors and consultants to whom awards may be granted from time to time. The Pre-IPO Share Option Scheme shall be no more than ten (10) years from the date of grant, and five (5) years if the grantee who owns shares representing more than ten percent (10%) of the voting power of all classes of shares in the Company. The exercise price of the Pre-IPO Share Option Scheme shall be based on one hundred percent (100%) of the fair market value per share on the date of grant, and one hundred ten percent (110%) if the grantee who owns shares representing more than ten percent (10%) of the voting power of all classes of shares in the Company. The administrator shall determine the provisions, terms, and conditions of each award including, but not limited to, the award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, shares, or other consideration) upon settlement of the award, payment contingencies, and satisfaction of any performance criteria.

Share Option Scheme

A share option scheme (the "**Share Option Scheme**") was approved and adopted pursuant to a written resolution of all the Shareholders of the Company on 3 September 2010 (the "**Adoption Date**").

The purpose of the Share Option Scheme is to provide the Company with a means of incentivizing Directors, employees of business associates and retaining employees, and to encourage employees to work towards enhancing the value of our Company and promote the long-term growth of the Company. The Share Option Scheme will link the value of the Company with the interests of participants, enabling participants and the Company to develop together and promoting the Company's corporate culture.

The Directors of the Company may, at their discretion, invite any directors (including executive Directors, non-executive Directors and independent non-executive Directors), employees and officers of any member of the Group and any advisors, consultants, distributors, contractors, contract manufacturers, agents, customers, business partners, joint venture business partners and service providers of any member of our Group who our Board considers, in its sole discretion, have contributed or will contribute to the Group to participate in the Share Option Scheme.

The Company shall be entitled to issue options, provided that the total number of Shares which may be allotted and issued upon exercise of all outstanding options to be granted under the Share Option Scheme of the Company shall not exceed 10% of the aggregate Shares in issue at the date when the Shares were first listed on the Stock Exchange, which is 1,404,112,340 Shares. As of 30 June 2012, 1,250,000 Shares were available for issue under the Share Option Scheme, which represented 0.09% of the issued share capital. The Company may at any time refresh this 10% limit, subject to compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-months period shall not exceed 1% of the issued share capital of the Company for the time being.

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option. The amount payable by each grantee of option to the Company on acceptance of the offer for the grant of option is US$1.00.

At the time of the grant of the options, the Company will specify the minimum period for which an option must be held before it can be exercised. The Share Option Scheme does not contain any such minimum period. The period within which the option must be exercised will be specified by the Company at the time of grant. Such period must expire no later than 10 years from the relevant date of grant (being the date of which the Board resolves to make an offer of options to the relevant grantee).

The Board will determine the price per Share upon the exercise of an option according to the terms of the Share Option Scheme, provided that it shall be at the highest of: (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Hong Kong Stock Exchange on the date of the offer of a grant; (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Hong Kong Stock Exchange for the five business days immediately preceding the date of the offer of a grant; and (iii) the nominal value of a share on the date of grant.

The Share Option Scheme will remain in force for a period of 10 years after the Adoption Date.

The status of the share options granted up to 30 June 2012 is as follows:

Category of participants	As at 1 January 2012	Granted during the period	Exercised during the period	Withdrawn during the period	As at 30 June 2012	Date of grant of share options	Vesting period	Exercise period of share options	Exercise price of share options	Share price of the Company as at the date of grant of share options
Directors										
Zhaohua Chang	10,000,000	–	–	–	10,000,000	9 Jul. 2010	9 Jul. 2011 – 8 Jul. 2014	9 Jul. 2011 – 8 Jul. 2020	USD0.3062	NA
In aggregate	10,000,000	–	–	–	10,000,000					
Yan Zhang	1,000,000	–	–	–	1,000,000	25 Jul. 2008	25 Jul. 2008 – 27 Apr. 2010	25 Jul. 2008 – 24 Jul. 2018	USD0.3062	NA
	2,500,000	–	–	–	2,500,000	9 Jul. 2010	9 Jul. 2010 – 8 Jul. 2014	9 Jul. 2011 – 8 Jul. 2020	USD0.3062	NA
	1,000,000	–	–	–	1,000,000	9 Aug. 2010	9 Aug. 2010 – 8 Aug. 2014	28 Apr. 2011 – 8 Aug. 2020	USD0.3062	NA
In aggregate	4,500,000	–	–	–	4,500,000					
Qiyi Luo	280,450	–	–	–	280,450	2 Mar. 2007	2 Mar. 2007 – 14 Feb. 2011	15 Feb. 2008 – 24 Jan. 2017	USD0.275	NA
	2,500,000	–	–	–	2,500,000	9 Jul. 2010	9 Jul. 2010 – 8 Jul. 2014	9 Jul. 2011 – 8 Jul. 2020	USD0.3062	NA
In aggregate	2,780,450	–	–	–	2,780,450					
Hongbin Sun	4,000,000	–	–	–	4,000,000	9 Aug. 2010	9 Aug. 2010 – 8 Aug. 2014	1 Sep. 2011 – 8 Aug. 2020	USD0.3062	NA
In aggregate	4,000,000	–	–	–	4,000,000					
Directors in aggregate	**21,280,450**	**-**	**-**	**-**	**21,280,450**					
Consultants										
	4,212,080	–	601,630	–	3,610,450	20 Feb. 2004	24 Sep. 2010 – 23 Sep. 2011	24 Sep. 2011 – 19 Feb. 2014	USD0.025	NA
	1,774,080	–	–	–	1,774,080	20 Feb. 2004	24 Sep. 2010 – 23 Sep. 2011	24 Sep. 2011 – 19 Feb. 2014	HKD0.05498	NA
	818,680	–	–	–	818,680	20 Feb. 2004	24 Sep. 2010 – 23 Sep. 2011	24 Sep. 2011 – 19 Feb. 2014	HKD0.05827	NA
	1,774,080	–	–	–	1,774,080	20 Feb. 2004	24 Sep. 2010 – 23 Sep. 2011	24 Sep. 2011 – 19 Feb. 2014	HKD0.07046	NA
	1,000,000	–	–	–	1,000,000	17 May 2007	17 May 2007 – 16 May 2011	17 May 2008 – 16 May 2017	USD0.3062	NA
	500,000	–	–	–	500,000	14 Jun. 2007	24 Sep. 2010 – 23 Sep. 2014	24 Sep. 2010 – 23 Sep. 2020	USD0.3062	NA

Category of participants	As at 1 January 2012	Granted during the period	Exercised during the period	Withdrawn during the period	As at 30 June 2012	Date of grant of share options	Vesting period	Exercise period of share options	Exercise price of share options	Share price of the Company as at the date of grant of share options
Consultants in aggregate	**10,078,920**	**-**	**601,630**	**-**	**9,477,290**					
Employees										
	818,680	–	–	–	818,680	20 Feb. 2004	24 Sep. 2010 – 23 Sep. 2011	24 Sep. 2011 – 19 Feb. 2014	HKD0.05637	NA
	2,987,890	–	25,690	–	2,962,200	2 Mar. 2007	2 Mar. 2007 – 14 Feb. 2011	15 Feb. 2008 – 24 Jan. 2017	USD0.275	NA
	2,549,000	–	136,320	19,650	2,393,030	23 Apr. 2007	23 Apr. 2007 – 1 Mar. 2013	23 Apr. 2007 – 22 Apr. 2017	USD0.275	NA
	500,000	–	–	–	500,000	14 Jun. 2007	23 Sep. 2007 – 22 Sep. 2012	23 Sep. 2008 – 22 Sep. 2017	USD0.3062	NA
	925,000	–	–	–	925,000	25 Jul. 2008	25 Jul. 2008 – 24 Jul. 2012	25 Jul. 2009 – 24 Jul. 2018	USD0.3062	NA
	200,000	–	–	–	200,000	1 Dec. 2008	24 Jun. 2008 – 23 Jun. 2012	24 Jun. 2009 – 23 Jun. 2018	USD0.3062	NA
	1,500,000	–	–	–	1,500,000	1 Dec. 2008	1 Jan. 2009 – 31 Dec. 2012	1 Jan. 2010 – 31 Dec. 2018	USD0.3062	NA
	250,000	–	–	–	250,000	6 Feb. 2009	6 Feb. 2009 – 5 Feb. 2014	6 Feb. 2010 – 5 Feb. 2019	USD0.425	NA
	4,000,000	–	–	–	4,000,000	21 Oct. 2009	9 Oct. 2009 – 8 Oct. 2014	9 Oct. 2010 – 20 Oct. 2019	USD0.3062	NA
	1,500,000	–	–	–	1,500,000	21 Oct. 2009	15 Oct. 2009 – 14 Oct. 2014	15 Oct. 2010 – 20 Oct. 2019	USD0.3062	NA
	500,000	–	–	–	500,000	21 Oct. 2009	1 Jan. 2010 – 31 Dec. 2014	1 Jan. 2011 – 20 Oct. 2019	USD0.3062	NA
	700,000	–	–	–	700,000	8 Jul. 2010	1 Aug. 2010 – 31 Jul. 2014	1 Aug. 2011 – 7 Jul. 2020	USD0.3062	NA
	314,500	–	22,000	–	292,500	8 Jul. 2010	8 Jul. 2010 – 7 Jul. 2014	8 Jul. 2011 – 7 Jul. 2020	USD0.3062	NA
	11,523,730	–	250,000	–	11,273,730	9 Jul. 2010	9 Jul. 2010 – 8 Jul. 2014	9 Jul. 2011 – 8 Jul. 2020	USD0.3062	NA
	500,000	–	–	–	500,000	17 Oct. 2011	17 Oct. 2012 – 17 Dec. 2018	17 Oct 2012 – 16 Oct. 2021	HKD4.790	HKD4.790
	750,000	–	–	–	750,000	1 Nov. 2011	1 Nov. 2012 – 1 Nov. 2017	1 Nov. 2012 – 31 Oct. 2021	HKD4.470	HKD4.470
Employees in aggregate	**29,518,800**	**-**	**434,010**	**19,650**	**29,065,140**	**25 Jul. 2008**				
Total	**60,878,170**	**-**	**1,035,640**	**19,650**	**59,822,880**	**25 Jul. 2008**				

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2012, the Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") in accordance with the corporate governance requirements of listed companies of the Stock Exchange. The purpose of this Nomination Committee is to identify and nominate suitable candidates for the appointment of the Directors and making recommendations to the Board on succession planning for the Directors.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "**Remuneration Committee**") in accordance with the corporate governance requirements of listed companies of the Stock Exchange. The purposes of this Remuneration Committee is to review and determine the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and to make recommendation to our Board on our Group's policy and structure for all remuneration of our Directors and senior management.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has adopted the terms of reference which are in line with the CG Code. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditors of the Company. The Audit Committee has reviewed the interim results for the six months ended 30 June 2012 with the management of the Company.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make the informed investment decisions.

CHANGED TO INFORMATION IN RESPECT OF DIRECTORS

In the six months ended 30 June 2012 and up to the date of this interim report, there were no changes to the information required to be disclosed by the directors of the Company pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Rule Governing the Listing of Securities on the Stock Exchange of the Hong Kong Limited where applicable.

As at the date of this report, the executive Directors are Dr. Zhaohua Chang, Ms. Yan Zhang, Mr. Hongbin Sun and Mr. Qiyi Luo; the non-executive Directors are Mr. Norihiro Ashida, Mr. Hiroshi Shirafuji and Mr. Lei Ding; and the independent non-executive Directors are Mr. Zezhao Hua, Mr. Jonathan H. Chou and Dr. Guoen Liu.

GENERAL INFORMATION

The Group's consolidated financial statements for the six months ended 30 June 2012 have been reviewed by the Company's auditors, KPMG, in accordance with Hong Kong Standards on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

DISCLOSURE OF INFORMATION

This interim report of the Group will be duly despatched to shareholders and published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (www.microport.com.cn) in due course.

By Order of the Board
MicroPort Scientific Corporation
Dr. Zhaohua Chang
Chairman

Shanghai, The PRC
27 August 2012

KPMG

Review report to the board of directors of MicroPort Scientific Corporation

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 33 to 48 which comprises the consolidated statement of financial position of MicroPort Scientific Corporation (the "Company") as at 30 June 2012 and the related consolidated income statement, statement of comprehensive income, statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2012 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 August 2012

Consolidated Income Statement

for the six months ended 30 June 2012 (unaudited) (Expressed in Renminbi unless otherwise indicated)

		Six months ended 30 June	
		2012	2011
	Note	**RMB'000**	RMB'000
Turnover	*3*	**484,916**	448,824
Cost of sales		**(71,833)**	(69,227)
Gross profit		**413,083**	379,597
Other revenue	*4*	**24,716**	15,395
Other net income	*4*	**1,095**	22,459
Research and development costs		**(62,824)**	(70,454)
Distribution costs		**(64,886)**	(61,524)
Administrative expenses		**(46,637)**	(40,993)
Other operating costs		**(313)**	(5,083)
Profit from operations		**264,234**	239,397
Finance costs	*5(a)*	**(327)**	(880)
Profit before taxation	*5*	**263,907**	238,517
Income tax	*6*	**(41,236)**	(34,919)
Profit for the period		**222,671**	203,598
Earnings per share	*7*		
– Basic (RMB)		**0.16**	0.14
– Diluted (RMB)		**0.16**	0.14

The notes on pages 40 to 48 form part of this unaudited interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 17.

		Six months ended 30 June	
		2012	2011
	Note	**RMB'000**	RMB'000
Profit for the period		**222,671**	203,598
Other comprehensive income for the period			
Exchange difference on translation of financial statements of entities outside the PRC, net of nil tax		**4,010**	(30,374)
Total comprehensive income for the period		**226,681**	173,224

The notes on pages 40 to 48 form part of this unaudited interim financial report.

Consolidated Statement of Financial Position

at 30 June 2012 (unaudited) (Expressed in Renminbi unless otherwise indicated)

	Note	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	*8*	**417,913**	322,113
– Land use rights		**37,798**	38,269
		455,711	360,382
Intangible assets		**96,368**	85,632
Prepayments for fixed assets		**24,245**	46,978
Prepayments for investments	*9*	**41,355**	–
Goodwill	*10*	**66,466**	64,466
Deferred tax assets		**9,980**	11,674
		694,125	569,132
Current assets			
Inventories	*11*	**70,097**	73,962
Trade and other receivables	*12*	**356,487**	286,617
Deposits with banks	*13*	**1,100,129**	319,279
Cash and cash equivalents	*14*	**289,888**	1,095,209
		1,816,601	1,775,067
Current liabilities			
Trade and other payables	*15*	**165,660**	141,284
Short term loan		**–**	2,000
Long term loan (current portion)		**483**	476
Income tax payable		**20,780**	10,059
Deferred income		**107**	114
		187,030	153,933
Net current assets		**1,629,571**	1,621,134
Total assets less current liabilities		**2,323,696**	2,190,266
Non-current liabilities			
Long term loan		**3,243**	3,193
Deferred income	*16*	**40,410**	46,628
Deferred tax liabilities		**24,981**	25,290
		68,634	75,111
Net assets		**2,255,062**	2,115,155

The notes on pages 40 to 48 form part of this unaudited interim financial report.

	Note	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Capital and reserves	*17*		
Share capital		**109**	109
Reserves		**2,254,953**	2,115,046
Total equity		**2,255,062**	2,115,155

Approved and authorised for issue by the board of directors on 27 August 2012.

Zhaohua Chang
Chairman

Hongbin Sun
Chief Financial Officer

The notes on pages 40 to 48 form part of this unaudited interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2012 (unaudited) (Expressed in Renminbi unless otherwise indicated)

		Attributable to equity shareholders of the Company							
	Note	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Statutory general reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2011		110	1,532,435	–	(4,111)	24,505	13,828	403,912	1,970,679
Changes in equity for the six months ended 30 June 2011:									
Profit for the period		–	–	–	–	–	–	203,598	203,598
Other comprehensive income		–	–	–	(30,374)	–	–	–	(30,374)
Total comprehensive income		–	–	–	(30,374)	–	–	203,598	173,224
Dividends approved in respect of the previous year	*17(a)*	–	–	–	–	–	–	(60,042)	(60,042)
Equity-settled share-based transactions		–	–	–	–	18,531	–	–	18,531
Share issued under the share option plans	*17(b)*	–	1,428	–	–	(446)	–	–	982
Balance at 30 June 2011 and 1 July 2011		110	1,533,863	–	(34,485)	42,590	13,828	547,468	2,103,374
Changes in equity for the six months ended 31 December 2011:									
Profit for the period		–	–	–	–	–	–	117,257	117,257
Other comprehensive income		–	–	–	(31,948)	–	–	–	(31,948)
Total comprehensive income		–	–	–	(31,948)	–	–	117,257	85,309
Equity-settled share-based transactions		–	–	–	–	8,164	–	–	8,164
Share issued under the share option plans		–	7,057	–	–	(2,672)	–	–	4,385
Repurchase of own shares									
– par value paid		(1)	–	–	–	–	–	–	(1)
– premium paid		–	–	–	–	–	–	(86,576)	(86,576)
– transfer between reserves		–	–	1	–	–	–	(1)	–
Appropriation of statutory general reserve		–	–	–	–	–	30,107	(30,107)	–
Share purchased under share award scheme		–	–	–	–	(14,925)	–	–	(14,925)
Share granted under share award scheme		–	–	–	–	15,425	–	–	15,425
Balance at 31 December 2011		109	1,540,920	1	(66,433)	48,582	43,935	548,041	2,115,155

The notes on pages 40 to 48 form part of this unaudited interim financial report.

		Attributable to equity shareholders of the Company							
	Note	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Statutory general reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2012		109	1,540,920	1	(66,433)	48,582	43,935	548,041	2,115,155
Changes in equity for the six months ended 30 June 2012:									
Profit for the period		–	–	–	–	–	–	222,671	222,671
Other comprehensive income		–	–	–	4,010	–	–	–	4,010
Total comprehensive income		–	–	–	4,010	–	–	222,671	226,681
Dividends approved in respect of the previous year	*17(a)*	–	–	–	–	–	–	(80,969)	(80,969)
Equity settled share-based transactions		–	–	–	–	10,053	–	–	10,053
Shares issued under share option scheme	*17(b)*	–	1,597	–	–	(700)	–	–	897
Shares purchased under share award scheme	*17(c)*	–	–	–	–	(16,755)	–	–	(16,755)
Balance at 30 June 2012		109	1,542,517	1	(62,423)	41,180	43,935	689,743	2,255,062

The notes on pages 40 to 48 form part of this unaudited interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2012 (unaudited) *(Expressed in Renminbi unless otherwise indicated)*

		Six months ended 30 June	
		2012	2011
	Note	**RMB'000**	RMB'000
Cash generated from operations		**196,529**	166,027
Income tax paid		**(29,131)**	(33,743)
Net cash generated from operating activities		**167,398**	132,284
Net cash used in investing activities		**(945,785)**	(213,334)
Net cash used in financing activities		**(25,962)**	(119,629)
Net decrease in cash and cash equivalents		**(804,349)**	(200,679)
Cash and cash equivalents at 1 January	*14*	**1,095,209**	928,053
Effect of foreign exchange rate changes		**(972)**	210
Cash and cash equivalents at 30 June	*14*	**289,888**	727,584

The notes on pages 40 to 48 form part of this unaudited interim financial report.

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 27 August 2012.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of MicroPort Scientific Corporation (the "Company") and its subsidiaries (the "Group") since the 2011 annual financial statements. The condensed consolidated interim financial statements and notes do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 32.

The financial information relating to the financial year ended 31 December 2011 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 19 March 2012.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. None of these developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both lines of businesses and geographic locations. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments.

3. SEGMENT REPORTING (CONTINUED)

- Vascular devices business: manufacture, research and development of drug eluting stents, TAA/AAA stent grafts, bare metal stents and medical stent related products, and sell to appointed sales distributors.
- Diabetes devices business: sales, manufacture, research and development of devices related to diabetes mellitus.
- Orthopedics devices business: sales, manufacture, research and development of orthopedics devices.
- Electrophysiology devices business: sales, manufacture, research and development of electrophysiology devices.

(a) Segment result and assets

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results and assets attributable to each reportable segment on the following basis:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment profit/(loss) is "segment net profit/(loss)". Items that are not specifically attributed to individual segments, such as unallocated corporate income and expenses, equity-settled share-based payment expenses and PRC dividend withholding tax are excluded from segment profit/(loss).

Segment assets include all tangible assets, intangible assets and current assets with the exception of corporate assets.

	Six months ended 30 June 2012				
	Vascular devices business RMB'000	Diabetes devices business RMB'000	Orthopedics devices business RMB'000	Electrophysiology devices business RMB'000	Total RMB'000
Revenue from external customers	459,358	4,983	16,931	3,644	484,916
Reportable segment profit/(loss)	243,960	(5,232)	(3,990)	(11,728)	223,010

	At 30 June 2012				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment assets	1,298,163	24,449	392,429	50,525	1,765,566

3. SEGMENT REPORTING (CONTINUED)

(a) Segment result and assets (continued)

	Six months ended 30 June 2011				
	Vascular devices business RMB'000	Diabetes devices business RMB'000	Orthopedics devices business RMB'000	Electrophysiology devices business RMB'000	Total RMB'000
Revenue from external customers	444,723	1,578	–	2,523	448,824
Reportable segment profit/(loss)	212,748	(4,979)	(6,958)	(7,700)	193,111
	At 31 December 2011				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment assets	1,066,008	28,006	208,382	50,217	1,352,613

(b) Reconciliations of reportable segment results

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Profit		
Reportable segment net profit	**223,010**	193,111
Equity-settled share-based payment expenses	**(10,053)**	(18,531)
Unallocated exchange (loss)/gain	**(1,096)**	23,602
Unallocated income /(expenses), net	**10,810**	5,416
Consolidated profit for the period	**222,671**	203,598

4. OTHER REVENUE AND NET INCOME

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Other revenue		
Government grants	**8,122**	778
Interest income on bank deposits	**16,594**	14,617
	24,716	15,395
Other net income		
Net foreign exchange gain	**1,404**	22,469
Other net losses	**(309)**	(10)
	1,095	22,459

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
(a) Finance costs		
Interest on borrowings	**156**	715
Others	**171**	165
Total finance costs	**327**	880
(b) Other items		
Amortisation of intangible assets	**1,918**	368
Depreciation	**16,571**	15,970
Research and development costs	**62,824**	70,454
Inventories write-down (note 11)	**1,356**	5,571

The research and development costs include amortisation of intangible assets of RMB142,000 (six months ended 30 June 2011: RMB172,000) and depreciation of RMB4,839,000 (six months ended 30 June 2011: RMB4,636,000).

6. INCOME TAX

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Current tax – PRC corporate income tax	**39,846**	32,754
Current tax – others	**5**	–
Deferred taxation	**1,385**	2,165
	41,236	34,919

MicroPort Medical (Shanghai) Co., Ltd. ("MP Shanghai"), a major subsidiary of the Group, has obtained the renewed certificate of "advanced and new technology enterprise" dated 17 August 2011 with an effective period of three years. According to Guoshuihan 2009 No.203, if an entity is certified as an "advanced and new technology enterprise", it is entitled to a preferential income tax rate of 15%. The provision for PRC corporate income tax for MP Shanghai is calculated by applying the income tax rate of 15% (six months ended 30 June 2011: 15%) to the six months ended 30 June 2012. All of the other PRC subsidiaries of the Group are subject to income tax at 25% (six months ended 30 June 2011: 25%). Taxation for other entities of the Group is similarly calculated using the applicable income tax rates of the respective countries or jurisdictions.

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB222,671,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB203,598,000) and the weighted average of 1,418,379,000 ordinary shares in issue during the six months ended 30 June 2012 after adjusting for the effects of the shares purchased under share award scheme (see note 17(c)) (six months ended 30 June 2011: 1,442,221,000 ordinary shares).

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB222,671,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB203,598,000) and the weighted average of 1,430,720,000 ordinary shares for the six months ended 30 June 2012 (six months ended 30 June 2011: 1,468,962,000 ordinary shares) in issue after adjusting for the effects of dilutive potential ordinary shares under the Company's share option scheme (see note 7(c)).

(c) Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2012	2011
	Number of shares	Number of shares
	'000	'000
Weighted average number of ordinary shares during the period	**1,418,379**	1,442,221
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**12,341**	26,741
Weighted average number of ordinary shares (diluted) during the period	**1,430,720**	1,468,962

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group acquired items of property and equipment with a cost of RMB62,251,000 (six months ended 30 June 2011: RMB10,658,000), and incurred construction costs for buildings of RMB49,366,000 (six months ended 30 June 2011: RMB40,068,000).

9. PREPAYMENTS FOR INVESTMENTS

Pursuant to an equity transfer agreement dated 27 April 2012, the Group has agreed to acquire and the sellers have agreed to sell certain medical device manufacture and distribution business ("Target Companies") in the PRC ("Proposed Acquisition"). As at 30 June 2012, the Group made prepayments of RMB11,355,000 for the Proposed Acquisition. The completion of the Proposed Acquisition is subject to certain closing conditions ("Closing Conditions") including: i) various governmental approvals relating to the acquisition; ii) no significant unfavourable changes of the Target Companies prior to the completion date of the Proposed Acquisition; iii) updated licenses/registration documents reflecting the Group as the shareholders of the Target Companies; iv) the sellers of the Target Companies handing over all the assets on the agreed assets transfer list to the Group; v) the Group's completion of legal due diligence with satisfactory results; and vi) other Closing Conditions as specified in the equity transfer agreement. Although various governmental approvals have been obtained and updated licenses/registration documents reflecting the Group as the shareholders of the Target Companies have been obtained, the Company's directors determine that the Proposed Acquisition has not been consummated yet as other Closing Conditions have not been met.

Pursuant to an equity transfer agreement dated 25 June 2012, subject to the satisfaction of certain closing conditions as defined in that agreement, the Group has agreed to purchase 100% equity interest of a medical device manufacture and distribution business ("Target Business") in the PRC ("Proposed Transaction"). As at 30 June 2012, the Group made prepayments of RMB30,000,000 for this Proposed Transaction. The acquisition of the Target Business has not been consummated yet as certain closing conditions have not been met.

10. GOODWILL

On 29 November 2011, the Group completed an acquisition of 100% equity interest in Suzhou Best Medical Instruments Co., Ltd. ("Suzhou Best"). Goodwill of RMB64,466,000 was recognised at the date of acquisition in prior year's financial statements. Pursuant to an agreement dated 15 January 2012, the Group agreed to make an incremental payment of RMB2,000,000 to a former shareholder of Suzhou Best, which is considered as additional consideration to the acquisition and has been recognised as an adjustment to the goodwill previously recognised for the acquisition.

11. INVENTORIES

During the six months ended 30 June 2012, an additional provision for obsolete stock of RMB1,356,000 (six months ended 30 June 2011: RMB5,571,000) has been recognised as an expense in the cost of sales.

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Current	**312,386**	255,387
Less than 1 month past due	**11,073**	14,207
1 to 3 months past due	**4,285**	351
More than 3 months past due	**1,563**	2,655
Trade receivables net of allowance for doubtful debts	**329,307**	272,600
Other debtors	**17,366**	7,021
Prepayments	**9,814**	6,996
	356,487	286,617

All of the trade and other receivables are expected to be recovered within one year.

13. DEPOSITS WITH BANKS

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Time deposits with original maturities over three months	**1,095,850**	315,000
Pledged deposits	**4,279**	4,279
	1,100,129	319,279

14. CASH AND CASH EQUIVALENTS

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Cash at bank and on hand	**224,888**	1,095,209
Time deposits with banks	**65,000**	–
	289,888	1,095,209

Time deposits with banks as at 30 June 2012 are all within three months of maturity at acquisition.

15. TRADE AND OTHER PAYABLES

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Due within 1 month or on demand	**11,286**	32,009
Due after 1 month but within 3 months	**2,492**	6,583
Due after 3 months but within 6 months	**1,724**	886
Due after 6 months but within 1 year	**4,427**	–
Trade payables	**19,929**	39,478
Advances received	**1,046**	2,590
Other payables and accrued charges	**63,234**	98,355
Dividends payable to ordinary equity shareholders of the Company	**81,451**	861
	165,660	141,284

16. DEFERRED INCOME

Deferred income represents government grant received for supporting the Group's expenditures in respect of certain research and development projects.

17. CAPITAL, REVERSES AND DIVIDENDS

(a) Dividends

(i) No interim dividend attributable to the interim period has been declared.

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved in the interim period:

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HKD7 cents (equivalent to RMB5.70 cents) per share (six months ended 30 June 2011: HKD5 cents (equivalent to RMB4.16 cents) per share)	**80,969**	60,042

(b) Equity settled share-based transactions

1,035,640 share options were exercised during the six months ended 30 June 2012 (six months ended 30 June 2011: 547,590) with a weighted average exercise price of RMB0.86 (six months ended 30 June 2011: RMB1.79) and the total number of ordinary shares increased by 1,035,640 for the six months ended 30 June 2012 (six months ended 30 June 2011: 547,590 ordinary shares).

17. CAPITAL, REVERSES AND DIVIDENDS (CONTINUED)

(c) Share award scheme

In 2011, the Board approved a share award scheme. Under this share award scheme, the Company may purchase its own shares and grant such shares to certain employees of the Group at nil consideration. The consideration paid for the purchase of the Company's shares is reflected as a decrease in the capital reserve of the Company. The fair value of the employee services received in exchange for the grant of shares is recognised as staff costs in profit or loss with a corresponding increase in capital reserve, which is measured based on the grant date share price of the Company. For the six months ended 30 June 2012, the Company purchased 5,848,000 shares at cash consideration of RMB16,755,000, which have not yet been granted under this share award scheme (six months ended 30 June 2011: nil).

18. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Contracted for	**130,476**	90,160
Authorised but not contracted for	**84,494**	–
	214,970	90,160

19. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with ultimate shareholder

The Group has recurring transactions with the companies controlled by the ultimate shareholder ("Ultimate shareholder's companies"). The following is a summary of principal related party transactions carried out by the Group with the above related parties for the periods presented.

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Sales of goods to:		
Ultimate shareholder's companies	**11,538**	15,562

(b) Transactions with other related parties

During the six months ended 30 June 2012, the Group entered into agreements to acquire properties from a company related to Shanghai Zhangjiang (Group) Co., Ltd., a substantial shareholder of the Group. As at 30 June 2012, the Group made prepayment of RMB15,734,000 for the above mentioned property acquisitions.