INTERIM REPORT 2014

MicroPort

MicroPort Scientific Corporation
微創醫療科學有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code：00853)

CONTENTS

CORPORATE INFORMATION

DIRECTORS

EXECUTIVE DIRECTOR

Dr. Zhaohua Chang *(Chairman of the Board and Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

Mr. Norihiro Ashida

Mr. Hiroshi Shirafuji

Ms. Weiwei Chen *(Appointed on 30 June 2014)*

Mr. Ganjin Chen *(Resigned on 11 June 2014)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jonathan H. Chou

Dr. Guoen Liu

Mr. Zezhao Hua

COMPANY SECRETARY

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

AUTHORIZED REPRESENTATIVES

Dr. Zhaohua Chang

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

AUDIT COMMITTEE

Mr. Jonathan H. Chou *(Chairman)*

Mr. Norihiro Ashida

Mr. Zezhao Hua

REMUNERATION COMMITTEE

Dr. Guoen Liu *(Chairman)*

Dr. Zhaohua Chang

Mr. Jonathan H. Chou

NOMINATION COMMITTEE

Mr. Zezhao Hua *(Chairman)*

Ms. Weiwei Chen *(Appointed on 30 June 2014)*

Dr. Guoen Liu

Mr. Ganjin Chen *(Resigned on 11 June 2014)*

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")

1601 Zhangdong Road

Zhangjiang Hi-Tech Park

Shanghai 201203

The PRC

PLACE OF BUSINESS IN HONG KONG

Level 54

Hopewell Centre

183 Queen's Road East

Hong Kong

AUDITOR

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

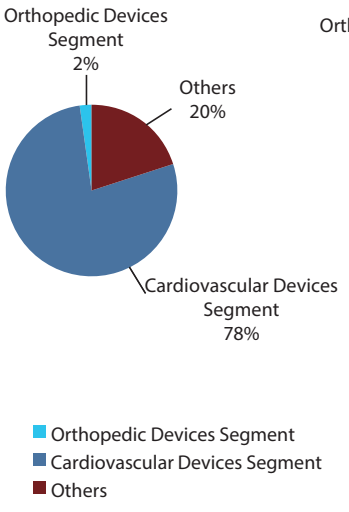
China CITIC Bank Shanghai Zhangjiang Sub-Branch

Shanghai Pudong Development Bank Zhangjiang Sub-Branch

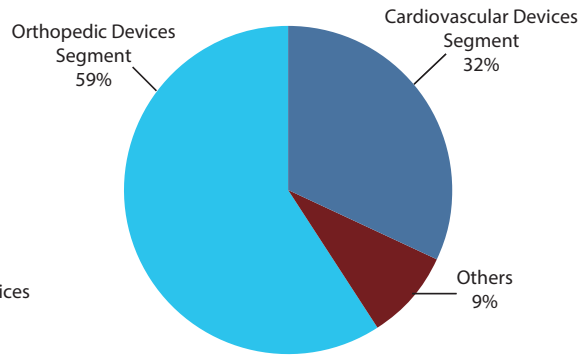
FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2014 US$'000 (unaudited)	2013 US$'000 (unaudited)	Change %
Turnover	183,795	67,678	172%
Gross Profit	128,597	54,925	134%
(Loss)/Profit for the period	(9,943)	14,774	(167%)
(Loss)/Earnings per share –			
Basic (in cents)	(0.71)	1.05	(168%)
Diluted (in cents)	(0.75)	1.03	(173%)

Revenue Mix For The Six Months Ended 30 June 2013



Revenue Mix For The Six Months Ended 30 June 2014



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

MicroPort Scientific Corporation (HK: 00853) ("the Company") is a leading medical technology company with business focusing on innovation, manufacturing and marketing high-end medical devices globally. With a diversified product portfolio now being used at an average rate of one for every 20 seconds in thousands of major hospitals around the world, the Company maintains world-wide operations in a broad range of business segments including orthopedic, cardiovascular, endovascular, neurovascular, electrophysiology ("EP"), surgical, diabetes care and endocrinal management. The Company is dedicated to becoming a patient-oriented global enterprise which improves and reshapes patient lives through application of innovative science and technology. We serve patients and physicians in thousands of hospitals throughout the PRC and over 60 countries globally.

FIRST-HALF PERFORMANCES

Faced with the uncertain and volatile global economic environment, industrial wide continuous pricing pressure and on-going market weakness, our business remained challenging during the six months ended 30 June 2014. We have recorded a material decrease in our net profit for the six months ended 30 June 2014 as compared with that for the six months ended 30 June 2013. The decrease in net profit was principally attributable to the acquisition of the OrthoRecon business from Wright Medical Group, Inc. (NASDAQ: WMGI) ("Wright Medical"). Excluding the net loss of US$26.5 million reported by the OrthoRecon business, the remaining business of the Group recorded a net profit of US$16.6 million for the six months ended 30 June 2014, representing an increase of 12% from US$14.8 million for the six months ended 30 June 2013. Our distribution costs, administrative expenses and research and development (the "R&D") costs in aggregate increased by 270% from US$32.2 million for the six months ended 30 June 2013 to US$119.1 million for the six month ended 30 June 2014. The significant increases were due to the acquisition of the OrthoRecon business, which recorded distribution costs, administrative expenses and R&D costs of US$52.1 million, US$23.0 million and US$8.4 million respectively, during the six months ended 30 June 2014. The significant increase in other operating costs from US$7.0 million for the six months ended 30 June 2013 to US$15.2 million for the six months ended 30 June 2014 was primarily due to the transitional expenses and transaction cost for acquisition of the OrthoRecon business, which totalled US$10.0 million.

Nevertheless, all the segments realized rapid revenue growth during this period, except for surgical management for Dongguan Kewei which reformed its sales model and thus resulted in a decrease of 22%.

NEW MICROPORT ORTHOPEDICS

Following this year's acquisition of OrthoRecon business from Wright Medical announced on 10 January 2014, the Company has become a truly global player in the orthopedic sector. The first six months of this year have helped shape the new MicroPort Orthopedics division ("MicroPort Orthopedics"), which currently offers hip and knee products that focus on reducing pain and restoring motion from damage caused by injury or disease, into a focused, fast growing and customer-centric company. Despite the understandable regulatory restrictions across different geographies related to implantable devices, the integration of this business into the Company has been exemplary so far, with no major disruption of continuing operations and an on-schedule transition to the new image and brand.

I. MANUFACTURING FACILITY AND QUALITY

The headquarters of MicroPort Orthopedics and its manufacturing facilities are situated in Arlington, Tennessee, United States of America ("U.S."). At this facility, orthopedic implants and some related surgical instruments are designed and manufactured. Additional surgical instrumentation manufacturing needs of MicroPort Orthopedics are outsourced. MicroPort Orthopedics maintains a comprehensive quality system that is certified to the European standards ISO 9001 and ISO 13485 and to the Canadian Medical Devices Conformity Assessment System. MicroPort Orthopedics, as a medical device manufacturer, has registrations and certifications with the Food and Drug Administration which requires periodic audits and routine inspections to determine if MicroPort Orthopedics has sufficient systems in place to ensure product safety and efficacy.

II. PROCUREMENT AND SUPPLIERS

The primary raw materials for the production of reconstructive joint devices include various surgical grades of titanium, cobalt chrome, stainless steel, various grades of high density polyethylene and ceramics. MicroPort Orthopedics has relied on a limited number of suppliers for the raw materials used in the production of its products. MicroPort Orthopedics has entered into certain strategic supply agreements with key raw materials and inventory suppliers. The hip and knee business has a full-time procurement team that is responsible for sourcing all of the operation's raw materials, performing market research on the respective selling prices and maintaining adequate stock from these suppliers to meet the market demand.

III. SALES, MARKETING AND MEDICAL EDUCATION

The sales and marketing efforts of MicroPort Orthopedics are primarily focused on orthopedic surgeons and healthcare professionals, who are typically the primary decision-makers in orthopedic device purchases.

MicroPort Orthopedics has contractual relationships with surgeons, who help to train other surgeons in the safe and effective use of its products and to work in surgeon design teams to perfect new surgical techniques and implants. MicroPort Orthopedics also has working relationships with healthcare suppliers including group purchasing organizations, healthcare organizations, and integrated distribution networks for sale of its implant products. MicroPort Orthopedics offers clinical symposia and seminars, published advertisements and the results of clinical studies in industry publications. It also offers surgeon-to-surgeon education on its products using its surgeon advisors in an instructional capacity. In Europe, Middle East & Africa ("EMEA") region alone, the number of hip and knee surgeons trained in the first half of 2014 grew by over 300% as compared to the same period in 2013, and similarly in the U.S., surgeon training rates are on a track for growth of 300% for 2014 when compared to 2013.

In the U.S., products of MicroPort Orthopedics are sold through a sales force of approximately 150 people. Its sales force consists primarily of independent, commission-based sales representatives and distributors or sales agents engaged principally in the business of supplying orthopedic products to hospitals in their geographic areas.

The products offered by MicroPort Orthopedics are marketed internationally through a combination of direct sales offices in key international markets and distributors in other markets. MicroPort Orthopedics has over 11 international subsidiaries located across the following countries, including Italy, the United Kingdom, France, Germany, the Netherlands, Japan, Canada, Brazil and Costa Rica. The opening of an office in Brazil to serve the growing Latin American market, or the expansion of its presence in Russia or the Middle East, fast growing territories within the EMEA region, are just examples of MicroPort Orthopedics' focused geographical development. Its subsidiaries sell directly to end customers – hospitals, clinics, purchasing groups – through a combination of full-time sales employees and independent sales representatives; stocking distributors purchase products directly from MicroPort Orthopedics for resale to their local customers, with product ownership generally passing to the distributor upon shipment.

In the PRC, MicroPort Orthopedics has been investing in strengthening its marketing and supply chain teams to promote sales of hip and knee products in the PRC market. Specifically, MicroPort Orthopedics is building a distribution network for the hip and knee business in the PRC by integrating Wright Medical's former Chinese distributors and recruiting more secondary distributors into the channel. Also, MicroPort Orthopedics is speeding up the process of gaining approvals for hip and knee products. Currently, several products approval applications are being reviewed by the China Food and Drug Administration ("CFDA").

MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCT PIPELINE

This year we have achieved the realization of a fantastic product pipeline, with which the Company have made solid steps toward reaching out to new consumers and markets.

On 28 January 2014, Firehawk® Rapamycin Target Eluting Coronary Stent ("Firehawk®") has been approved for market launch by the CFDA. Firehawk® is the world's first and only Target Eluting Stent ("TES") that can achieve the same clinical efficacy as the traditional Drug Eluting Stent ("DES") with the least drug dosage. For the Company, Firehawk® represents a major leap forward, transforming our DES offering from a market follower to a leader in this segment. We are committed to bringing Firehawk® to the international markets and expect to get the CE approval in late November 2014.

On 21 February 2014, WALTZ CoCr Coronary Stent System ("WALTZ") gained CE certificate, which provides preconditions for WALTZ to penetrate most international markets. On 1 March 2014, the Reindeer™ Metal Locking Plates System ("Reindeer™") has been approved for market launch by the CFDA, an important complement to our existing trauma product portfolio.

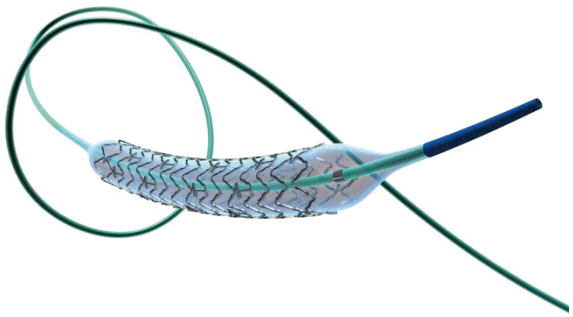
OUR PRODUCTS

FIREHAWK® RAPAMYCIN TARGET ELUTING CORONARY STENT

On 28 January 2014, Firehawk® has been approved for market launch by the CFDA. The in-house developed device is the world's first and only TES, used for the treatment of coronary artery stenosis and occlusion.

The applied targeted eluting technology allows Firehawk® to achieve the same clinical efficacy as other traditional DES with only 1/3 dosage of the drug, and therefore greatly improves the safety of Firehawk® while maintaining its excellent efficacy. We have spent almost eight years on research and development to make Firehawk® the lowest drug dosage DES in the world. For the Company, it represents a major leap forward, transforming our DES offering from a market follower to a leader in this segment.

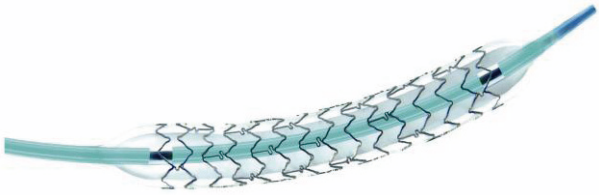
In the PRC market, Firebird™ Rapamycin-Eluting Coronary Stent ("Firebird™") and Firebird2™ Rapamycin-Eluting Coronary CoCr Stent ("Firebird2™") have held the leading position for nine consecutive years and we believe the launch of Firehawk® will strengthen our leading position in the field of coronary intervention. We are committed to bringing Firehawk® to the international markets and expect to get the CE approval in late November 2014.



FIREHAWK® RAPAMYCIN TARGET ELUTING CORONARY STENT

WALTZ COCR CORONARY STENT SYSTEM

On 21 February 2014, WALTZ gained CE certificate. WALTZ is the platform for Firebird2™ system and is designed for the treatment of ischemic heart disease. It consists of an L605 cobalt-based alloy stent and a delivery system. We believe, with competitive operational performance, WALTZ will be an excellent option for patients who are suitable for bare metal stent. The CE approval provides preconditions for WALTZ to penetrate most international markets.



WALTZ COCR CORONARY STENT SYSTEM

MANAGEMENT DISCUSSION AND ANALYSIS

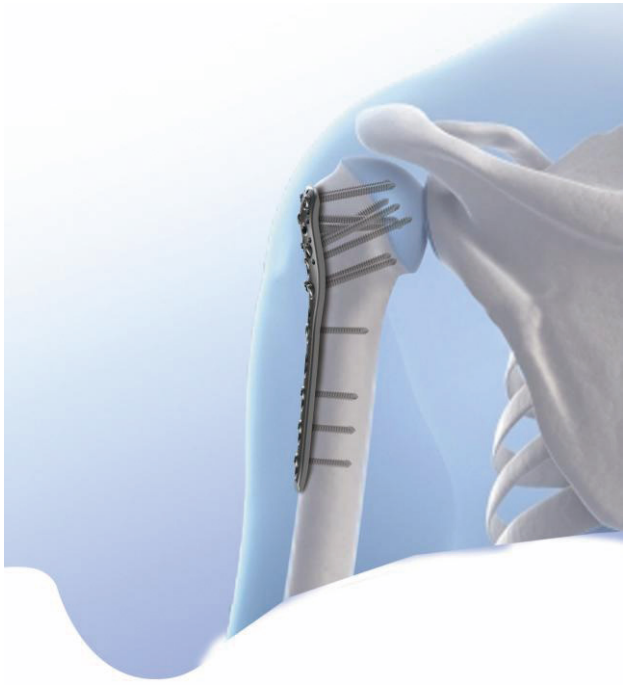
REINDEER™ METAL LOCKING PLATE SYSTEM

On 1 March 2014, Reindeer™, which is in-house developed by SuZhou Health Medical Appliance Co., Ltd., (a subsidiary of Shanghai MicroPort Orthopedics Co., Ltd.), has been approved for market launch by the CFDA.

Locking Plate System is the latest trauma product for limb fracture fixation and it has the largest market share among the trauma products. The main feature of the Locking Plate System is the combination hole consisting of a dynamic compression unit and a locking hole unit. The plates do not require pre-bending, resulting in less bone exposure during operation, reducing the damage to soft tissue and significantly reducing implantation failure rates. The surgical instruments required are consistent for different types of fixations and the choice of international fixation technique is based on the type of fracture, bone quality, existing technologies, and the condition of the surrounding soft tissues. To a large extent, this facilitates surgeons in their operations, improves surgical quality, and reduces recovery time.

Prior to the launch of Reindeer™, clinical studies were performed, consisting of multicentre, randomised, and parallel-group clinical trials. The results of the six-month clinical follow-up showed that Reindeer™ achieved the standard of safety and effectiveness as that of the control product.

The launch of Reindeer™ is an important complement to our existing trauma product portfolio. We are confident that Reindeer™ meets the demands of surgeons and patients for higher quality orthopedic products.



REINDEER™ METAL LOCKING PLATE SYSTEM

MICROPORT ORTHOPEDICS PRODUCTS

KNEE RECONSTRUCTION

The knee reconstruction portfolio of MicroPort Orthopedics provides surgeon treatment options for total and revision knee reconstruction as well as limb preservation. Details of the key products offered under the knee reconstruction portfolio of MicroPort Orthopedics are listed below:

I. EVOLUTION®

The EVOLUTION® Medial-Pivot Knee system ("EVOLUTION®") is differentiated through anatomic features that reproduce natural movement and stability, resulting in function more like a normal healthy knee.

EVOLUTION® MEDIAL-PIVOT KNEE

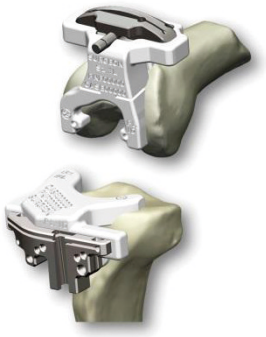
The EVOLUTION® launched in 2010, is manufactured based on the ADVANCE® Medial-Pivot Knee ("ADVANCE®"). The medial-pivot knee is designed to replicate the movement and stability of a normal, healthy knee by incorporating a patented ball-in-socket feature on the medial side. The EVOLUTION® builds on over 15 years of excellent clinical history of the ADVANCE® and includes advancements in implant function and fit.

ADVANCE® MEDIAL-PIVOT KNEE

To offer better implant fit for patients, the EVOLUTION® features an expanded number of implant sizes and a more anatomic shape. The sizes and implant shapes were created through analysis of Computerised Tomography ("CT") scans from a global sampling of patients. This helps ensure that patients will receive the best implant fit possible and experience stability and proprioception more in line with that of the normal knee. The less-invasive EVOLUTION® instrumentation is advancement over traditional total knee instrumentation, because it allows the surgeon to fine tune implant placement.

II. PROPHECY®

To support the EVOLUTION®, MicroPort Orthopedics offers the PROPHECY® Pre-Operative Navigation System ("PROPHECY®"). The PROPHECY® enables surgeons to utilize basic CT or Magnetic Resonance Imagery scans to plan precise implant placement and alignment before surgery. Therefore, surgeons are able to envision the results of the operation before it actually occurs. In contrast to utilizing traditional instruments to align the knee during surgery, the PROPHECY® program utilizes computer imaging to develop patient-specific guides that follow the unique curvature of the patient's bone. Its goal is to improve accuracy, increase operating room efficiency and decrease patient anesthesia time.



PROPHECY® PRE-OPERATIVE CUTTING GUIDES

HIP RECONSTRUCTION

The hip reconstruction portfolio of MicroPort Orthopedics offers a comprehensive line of products for hip joint reconstruction. This product portfolio provides offerings in the areas of hip resurfacing, total hip reconstruction, implant revision and limb preservation. Additionally, MicroPort Orthopedics provides a complete line of advanced surface bearing materials, including highly cross-linked polyethylene and ceramic-on-ceramic articulations, offering surgeons and their patients a vast expanse of treatment options. Details of the key products offered under the hip reconstruction portfolio of MicroPort Orthopedics are listed below:

I. DYNASTY®

The DYNASTY® Acetabular Cup System ("DYNASTY®") consists of an acetabular shell and a liner. Building on previous acetabular systems dating back to the 1990's, the DYNASTY® was launched in 2007, with additions in 2009, 2011 and 2014 for increased surgery options.

DYNASTY® ACETABULAR CUP SYSTEM

DYNASTY® BIOFOAM®

The DYNASTY® acetabular shell components feature either a porous coating or the BIOFOAM® cancellous titanium which is designed to improve the ability for bone to integrate with the implant. Sizes of the shells as well as the screw hole configuration accommodate a wide range of different patient anatomies for both primary and revision surgeries. The DYNASTY® utilizes A-CLASS® highly cross-linked polyethylene liner in a zero and a 15 degree option.

II. PROCOTYL®

The PROCOTYL® L Acetabular Cup System ("PROCOTYL®") and LINEAGE® Acetabular Cup System ("LINEAGE®") provides surgical flexibility for shell fixation and bearing material choices. The shells are manufactured from titanium, the material of choice for bio-compatibility. An irregularly layered porous titanium bead coating enhances initial fixation and long term bone apposition. An average porosity of 40% allows for enhanced bone ingrowth. Three screw holes located in one quadrant of the cup allow for surgical flexibility. In addition, the PROCOTYL® cups are available with or without additional hydroxyapatite coating. PROCOTYL® and LINEAGE® accept ceramic, metal and A-Class ® advanced cross-linked poly liners. Liners are securely locked by the Rim –Lock fixation system and the 18° internal taper.

PROCOTYL® ACETABULAR CUP SYSTEM

III. PROFEMUR®

The PROFEMUR® families of hip systems support a variety of stem philosophies that have been used in the orthopedic industry for years. The PROFEMUR® hip families include the PROFEMUR® Z, PROFEMUR® Plasma Z, PROFEMUR® TL, PROFEMUR® XM, PROFEMUR® PRESERVE, PROFEMUR® RENAISSANCE®, PROFEMUR® L and PROFEMUR ® GLADIATOR® hip stems. These implants are designed in line with the popular hip implant philosophies in the marketplace so surgeons may treat patients with PROFEMUR® hip stems using clinically tested and familiar stem geometries.

In addition, within each PROFEMUR® family, MicroPort Orthopedics is investing to provide a Simply Versatile offering of hip stems. Building on over 20 years of success of the modular PROFEMUR® hip stems, fixed neck versions are being introduced into the marketplace. Surgeons will now be able to use the same instrumentation to prepare the femur of the patient and then decide intra-operatively if a fixed neck design or a modular neck design is needed to best match the patient's natural anatomy. This strategy allows surgeons the versatility to treat the patient without having to change to a different hip system during the procedure.

PROFEMUR® HIP SYSTEM

IV. FAST RECOVERY®

The Fast Recovery® platform aims to provide surgical techniques and products which offer patients a more rapid return to function, less pain and less blood loss when compared to traditional hip reconstruction surgical techniques. The PATH®, SUPERCAP® and SUPERPATH® Micro Posterior tissue-sparing surgical techniques are surgical approaches that are part of the Fast Recovery® platform of MicroPort Orthopedics. Ultimately, the Fast Recovery ® program enables surgeons to perform a total hip replacement in an outpatient setting. This is primarily accomplished through a focus on decreasing soft tissue trauma. Any of the DYNASTY® and PROFEMUR® hip products may be implanted through the proprietary PATH®, SUPERCAP® and SUPERPATH® tissue sparing surgical techniques. Additionally, MicroPort Orthopedics is investing in other tissue sparing surgical approaches that will fall into the Fast Recovery® platform.

FAST RECOVERY®
SUPERPATH® MICRO POSTERIOR SURGICAL TECHNIQUE

CERTIFICATION AND BRANDING

During the six months ended 30 June 2014, we have filed 136 trademark applications, including 51 applications in the PRC and 85 applications overseas, such as European Union (the "EU"), U.S., Argentina, India, and Colombia. The following 53 trademarks have been approved during the period under review:

No.	Trademark	Country/Region	Registration No.	Nice Classification	Period of validity
1	EasyFinder	PRC	9910139	10	2014.01.14-2024.01.13
2	MicroPort	PRC	11034574	07	2014.03.21-2024.03.20
3	WILLIS	PRC	11134108	10	2014.04.07-2024.04.06
4	Hyperflex	PRC	11337901	10	2014.01.14-2024.01.13
5	WALTZ	PRC	11357930	10	2014.01.21-2024.01.20
6	Vulcan	PRC	11407007	10	2014.01.28-2024.01.27
7	火神	PRC	11406947	10	2014.02.14-2024.02.13
8	Hercules	PRC	11459371	10	2014.02.14-2024.02.13
9	Ryfle	PRC	11544047	10	2014.03.07-2024.03.06
10	Ryflumen	PRC	11544048	10	2014.03.07-2024.03.06
11	Riflumen	PRC	11544046	10	2014.03.07-2024.03.06
12	微创	PRC	11550669	02	2014.03.07-2024.03.06
13	微创	PRC	11550667	04	2014.03.07-2024.03.06
14	微创	PRC	11550664	08	2014.03.07-2024.03.06
15	微创	PRC	11550662	12	2014.03.07-2024.03.06
16	微创	PRC	11550661	13	2014.03.07-2024.03.06
17	微创	PRC	11550660	15	2014.03.07-2024.03.06

No.	Trademark	Country/Region	Registration No.	Nice Classification	Period of validity
18	微 创	PRC	11550658	17	2014.03.07-2024.03.06
19	微 创	PRC	11550657	18	2014.03.07-2024.03.06
20	微 创	PRC	11550656	19	2014.03.07-2024.03.06
21	微 创	PRC	11550655	20	2014.03.07-2024.03.06
22	微 创	PRC	11550653	22	2014.03.07-2024.03.06
23	微 创	PRC	11550652	25	2014.03.07-2024.03.06
24	微 创	PRC	11550651	28	2014.03.07-2024.03.06
25	微 创	PRC	11550650	29	2014.03.07-2024.03.06
26	微 创	PRC	11550649	30	2014.03.07-2024.03.06
27	微 创	PRC	11550648	31	2014.03.07-2024.03.06
28	微 创	PRC	11550647	32	2014.03.07-2024.03.06
29	微 创	PRC	11550646	33	2014.03.07-2024.03.06
30	微 创	PRC	11550645	34	2014.03.07-2024.03.06
31	微 创	PRC	11564801	24	2014.03.07-2024.03.06
32	微 创	PRC	11564796	27	2014.03.07-2024.03.06
33	微 创	PRC	11564797	36	2014.04.13-2024.04.12
34	微 创	PRC	11564800	45	2014.03.07-2024.03.06
35	微 创	PRC	11570307	10	2014.03.07-2024.03.06
36	微创	PRC	11608692	10	2014.03.21-2024.03.20
37	MicroPort	PRC	11650387	01	2014.04.07-2024.04.06

No.	Trademark	Country/Region	Registration No.	Nice Classification	Period of validity
38	MicroPort	PRC	11650386	06	2014.04.20-2024.04.19
39	MicroPort	PRC	11650385	11	2014.04.14-2024.04.13
40	MicroPort	PRC	11650382	17	2014.04.21-2024.04.20
41	MicroPort	PRC	11650381	18	2014.04.21-2024.04.20
42	MicroPort	PRC	11650379	22	2014.04.21-2024.04.20
43	MicroPort	PRC	11650378	24	2014.04.21-2024.04.20
44	MicroPort	PRC	11650377	25	2014.04.21-2024.04.20
45	MicroPort	PRC	11650375	36	2014.04.21-2024.04.20
46	MicroPort	PRC	11650374	40	2014.04.21-2024.04.20
47	微创	PRC	11668525	10	2014.04.07-2024.04.06
48	Firebird2	Uruguay	申請号 439857 注冊号 44178	10	2014.02.07-2024.02.07
49	Castor	Venezuela	13-002356	10	2014.01.29-2029.01.29
50	Angelpass	EU	012125233	10	2013.09.09-2023.09.09
51	Angeltrack	EU	012122057	10	2013.09.06-2023.09.06
52	Angelguide	EU	012234894	10	2013.10.18-2023.10.18
53	Fastrack	EU	012234993	10	2013.10.18-2023.10.18

We have been expanding our brand domestically and internationally. During the six months ended 30 June 2014, we have received the following certifications in the PRC and other countries.

No.	Product	Country/Region	Registration No.	Period of validity
1	遠端保護器	PRC	國食藥監械（准）字2014第3770938號	2014.06.06-2019.06.05
2	冠脈雷帕霉素靶向洗脫支架系統	PRC	國食藥監械（准）字2014第3460190號	2014.01.23-2018.01.22
3	金屬鎖定接骨板系統	PRC	國食藥監械（准）字2014第3460389號	2014.02.25-2018.02.24
4	接骨板安裝成套手術器械包	PRC	蘇蘇食藥監械（准）字2014第1100312號	2014.05.07-2018.05.06
5	鎖定板專用手術器械包	PRC	蘇蘇食藥監械（准）字2014第1100311號	2014.05.07-2018.05.06
6	一次性使用氣管插管	PRC	贛食藥監械（准）字2014第2660066號	2014.04.03-2018.04.02
7	WALTZ CoCr Coronary Stent System	Europe	2141980CE01	2014.02.10-2017.02.01
	WALTZ CoCr Coronary Stent System		2141980DE03	2014.06.21-2017.02.01

STRATEGIC INVESTMENTS

We are continuing our growth through strategic investment activities. During the first half of 2014, the Company acquired DES assets and license of intellectual property from Cordis Corporation ("Cordis"), formed a joint venture of Cardiac Rhythm Management ("CRM") business in the PRC with Sorin Group (Reuters Code: SORN.MI) ("Sorin") and completed the acquisition of the OrthoRecon business from Wright Medical. These strategic investment activities will provide the Company with a rapidly increasing product offering, with which we intend to aggressively expand our market presence at home and abroad.

COMPLETION OF ACQUISITION OF WRIGHT MEDICAL ORTHORECON BUSINESS

On 10 January 2014, the Company completed the transaction to acquire the OrthoRecon business from Wright Medical, which establishes MicroPort Orthopedics as one of the leading multinational hip and knee orthopedic reconstruction businesses. Wright Medical's OrthoRecon business has a well-established global presence which principally offers orthopedic medical devices. Its products are primarily used to replace or repair knee, hip and other joints and bones that have deteriorated or have been damaged owing to diseases or injuries.

The acquisition sets the global headquarters of the Company's orthopedic business in Arlington, State of Tennessee of the U.S., which includes U.S. manufacturing, global infrastructure and logistics, operations in the top four global orthopedic markets as well as established hip and knee franchise brands. With over 700 employees globally, MicroPort Orthopedics is now our largest division.

We believe that the acquisition will be able to bring long-term and strategic benefits to the Company, in terms of broadening products offering, enhancing geographical coverage and expanding institutional investors' interests in the Company.

JOINT VENTURE WITH SORIN

On 9 January 2014, the Company and Sorin announced that they have entered into a definitive agreement to form a joint venture to market and develop CRM devices (implantable pacemakers, defibrillators, cardiac resynchronization devices and related devices) in the PRC. We hold a 51% stake in the joint venture entity, while Sorin holds the remaining 49% interest. Pursuant to the terms of the joint venture agreement and articles of association, each shareholder has two board seats.

The new Shanghai-located venture gained approval from the PRC authorities in May 2014 and started operation in June 2014. Under the agreement, the two companies will collaborate, through the joint venture, on the import, sale and service of Sorin's CRM devices in the PRC and, in parallel, in accelerating the development of locally manufactured CRM products for the PRC market.

This new venture brings together two respected industry leaders, leveraging complementary strengths: Our unparalleled Chinese market coverage and strong national reputation, and Sorin's 40 years' experience in the development and manufacture of high quality and innovative CRM devices. This agreement represents a key milestone in the Company's strategy, enabling us to enter into the rapidly growing PRC CRM market and to expand our high-end medical device product portfolio.

ASSETS ACQUISITION FROM CORDIS

As disclosed in the announcement dated 20 January 2014, SINO Tech Corp ("SINO Tech"), a subsidiary of the Company, has entered into a definitive agreement with Cordis pursuant to which SINO Tech has acquired certain assets, divested entities and a license to certain intellectual property related to DES of Cordis.

The acquired assets include equipment and machinery related to DES manufacturing, as well as certain DES-related patents and other intellectual property. The divested entities from Cordis consist of the entities known as Conor Medsystems. In addition, SINO Tech has entered into a non-exclusive license with Cordis for worldwide rights to certain of Cordis' DES patents and related intellectual property.

Through the acquisition, the Company will secure the position of being the global leader for targeted eluting coronary stent technology which is the cornerstone technology for the Company's third generation DES product Firehawk®. Also, with the acquisition, the Company will take another step forward to strengthen the competitive and intellectual property position for its DES franchise.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Facing a challenging and tough environment with many competitions in medical device market, we have successfully concluded the six months ended 30 June 2014 with a 172% comparable turnover increase and maintained our leading position in the PRC DES/TES market. Furthermore, with successful product portfolio diversification strategy and globalization strategy, we aim at bringing our innovations, technologies and services to millions of global patients and becoming a leading global enterprise.

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

TURNOVER

The following discussion is based on our seven major business segments during the six months ended 30 June 2014. During the six months ended 30 June 2014, we recorded a turnover of approximately US$183.8 million, which represents a 172% increase as compared to the turnover of approximately US$67.7 million for the six months ended 30 June 2013. Such increase was primarily attributable to the increase of the sales of orthopedic devices arising from the acquisition of the OrthoRecon business.

– ORTHOPEDIC DEVICES SEGMENT

Our orthopedic devices generated a revenue of US$109.2 million for the six months ended 30 June 2014, with a significant increase of approximately 10,820% as compared to US$1.0 million for the six months ended 30 June 2013. Such increase was mainly attributed to (i) the acquisition of the OrthoRecon business in January 2014; and (ii) increased orthopedic sales in the PRC.

– CARDIOVASCULAR DEVICES SEGMENT

Our cardiovascular devices generated a revenue of US$58.6 million for the six months ended 30 June 2014, with an increase of approximately 11% as compared to US$53.0 million for the six months ended 30 June 2013. Such revenue increase was mainly attributable to the increase in revenue of the business of DES owing to (i) the increasing sales volume of the Firebird2™ DES; and (ii) the successful launch of new product Firehawk®, which received CFDA approval in January 2014.

– ENDOVASCULAR DEVICES SEGMENT

Our endovascular devices generated a revenue of US$6.5 million for the six months ended 30 June 2014, with an increase of approximately 16% as compared to US$5.6 million for the six months ended 30 June 2013. Such growth was mainly attributed to the organic growth of Thoracic Aortic Aneurysm ("TAA")/Abdominal Aortic Aneurysm ("AAA") Stent Graft Systems. Our stent graft systems have gained high market recognition.

– NEUROVASCULAR DEVICES SEGMENT

Our neurovascular devices generated a revenue of US$3.1 million for the six months ended 30 June 2014, with an increase of approximately 63% as compared to US$1.9 million for the six months ended 30 June 2013. Such growth was mainly attributable to the launch of our new product WILLIS® Intracranial Stent Graft System.

– EP DEVICES SEGMENT

Our EP devices segment generated a revenue of US$2.2 million for the six months ended 30 June 2014, with an increase of approximately 83% as compared to US$1.2 million for the six months ended 30 June 2013. We are pleased with the financial performance of our EP devices. Such significant increase was mainly attributable to (i) our EP devices have gained recognition in the marketplace; and (ii) our EP devices are successfully launched in international markets this year.

– DIABETES CARE AND ENDOCRINAL MANAGEMENT SEGMENT

Our segment of diabetes care and endocrinal management generated a revenue of US$1.0 million for the six months ended 30 June 2014, with an increase of approximately 11% as compared to US$0.9 million for the six months ended 30 June 2013. The growth was mainly resulted from the steadily increased sales of infusion consumables.

– SURGICAL MANAGEMENT SEGMENT

Our segment of surgical management devices generated a revenue of US$3.2 million for the six months ended 30 June 2014, with a decrease of approximately 22% as compared to US$4.1 million for the six months ended 30 June 2013. The decrease was mainly attributed to the reform of sales model.

COST OF SALES

For the six months ended 30 June 2014, our cost of sales was US$55.2 million, representing an approximately 331% increase as compared to US$12.8 million for the six months ended 30 June 2013. Such increase was primarily attributable to the increased cost of the OrthoRecon business, which was acquired in January 2014 and consolidated in the current period.

GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of the foregoing factors, gross profit increased by approximately 134% from US$54.9 million for the six months ended 30 June 2013 to US$128.6 million for the six months ended 30 June 2014. Gross profit margin is calculated as gross profit divided by turnover. Our gross profit margin decreased to 70% for the six months ended 30 June 2014 as compared to 81% for the six months ended 30 June 2013. The decrement in gross profit margin in the six months ended 30 June 2014 was mainly attributable to the newly acquired OrthoRecon business.

OTHER REVENUE AND OTHER NET GAIN

We had other revenue of US$3.8 million and other net gain of US$2.5 million for the six months ended 30 June 2014, while other revenue and other net gain were US$2.5 million and US$0.5 million respectively for the six months ended 30 June 2013. The increase in other revenue was attributable to the increase in government grants, while the increase of other net gain was primarily attributable to the increase of fair value change of loan related to the acquisition of the OrthoRecon business and the net foreign exchange gain on overseas deposits placed in the form of RMB due to the impact of floating foreign exchange rate.

RESEARCH AND DEVELOPMENT COSTS

Our R&D costs increased by 69% from US$13.5 million for the six months ended 30 June 2013 to US$22.8 million for the six months ended 30 June 2014. The increase was primarily due to the acquisition of the OrthoRecon business, which incurred R&D of US$8.4 million for the six months ended 30 June 2014.

DISTRIBUTION COSTS

Distribution costs increased by 523%, from US$10.3 million for the six months ended 30 June 2013 to US$64.2 million for the six months ended 30 June 2014. The increase was primarily due to the acquisition of the OrthoRecon business, which caused distribution cost of US$52.1 million for the six months ended 30 June 2014.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 287% from US$8.3 million for the six months ended 30 June 2013 to US$32.1 million for the six months ended 30 June 2014. The increase was mainly due to the acquisition of the OrthoRecon business, which caused administrative expense of US$23.0 million for the six months ended 30 June 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER OPERATING COSTS

Other operating costs increased from US$7.0 million for the six months ended 30 June 2013 to US$15.2 million for the six months ended 30 June 2014. The increase was primarily due to the transitional expenses and transaction costs for the acquisition of the OrthoRecon business totalled US$10.0 million.

FINANCE COSTS

Finance costs increased from US$0.2 million for the six months ended 30 June 2013 to US$5.1 million for the six months ended 30 June 2014. The increase was mainly driven by the interest expense of interest-bearing borrowings for financing the acquisition of the OrthoRecon business.

INCOME TAX

Income tax increased from US$3.7 million for the six months ended 30 June 2013 to US$5.6 million for the six months ended 30 June 2014. The increase in the Company's income tax was primarily due to the increase of profit before tax of the PRC subsidiaries.

NET (LOSS)/PROFIT

For the six months ended 30 June 2014, the Company recorded a net loss of US$9.9 million, as compared with a net profit of US$14.8 million for the six months ended 30 June 2013. Such decrease was primarily due to the consolidation of the newly acquired OrthoRecon business which incurred a net loss of US$ 26.5 million. Excluding the net loss of US$26.5 million reported by the OrthoRecon business, the remaining business of the Group recorded a net profit of US$16.6 million for the six months ended 30 June 2014, representing an increase of 12% from US$14.8 million for the six months ended 30 June 2013.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION ("EBITDA")

For the six months ended 30 June 2014, the Company recorded EBITDA of approximately US$19.2 million, as compared to approximately US$ 21.7 million for the six months ended 30 June 2013. Excluding the impact from the OrthoRecon business, the EBITDA of the Company for the six months ended 30 June 2014 represented a US$6.3 million or 29% increase from the same period last year. Such increase was primarily due to revenue growth and increase of government grant.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2014, we had US$86.3 million of cash and cash equivalent on hand, as compared to US$159.9 million as of 31 December 2013. The board's approach to manage liquidity of the Company is to ensure sufficient liquidity at any time to meet its matured liabilities to avoid any unacceptable losses or damage to the Company's reputation.

BORROWING AND GEARING RATIO

Total interest-bearing borrowings and convertible bonds of the Company as of 30 June 2014 was US$394.4 million, as compared to US$51.6 million as of 31 December 2013. As of 30 June 2014, the gearing ratio (calculated by dividing total interest-bearing borrowings and convertible bonds by total equity) of the Company increased to a high level of 102%, as compared to a low level of 13% as of 31 December 2013. Such change is due to the drawdown of the Otsuka loans of US$200 million, the issuance of GIC convertible bonds of US$100 million and the payment of the acquisition of the OrthoRecon business of US$279 million in the six months ended 30 June 2014.

CAPITAL STRUCTURE

As at 30 June 2014, the share capital and reserves of the Company amounted to approximately US$14,000 and US$386.5 million, respectively (2013: approximately US$14,000 and US$390.4 million respectively).

In addition, the Company entered into a credit agreement with Otsuka Medical Devices Co., Ltd., a subsidiary of Otsuka Holdings Co., Ltd, pursuant to which the Company fully drew down the loans of US$200 million in January 2014. In May 2014, the Company issued convertible bonds in the aggregate principal amount of US$100 million with a maturity date of 11 May 2019 to GIC Special Investments Pte Ltd., a wholly-owned subsidiary of Government of Singapore Investment Corp.

WORKING CAPITAL

Our working capital as of 30 June 2014 was US$172.1 million, as compared to US$221.8 million as of 31 December 2013.

FOREIGN EXCHANGE EXPOSURE

The Company 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 US$); and (ii) convertible bonds which were received by the Company were in US$ and were mostly exchanged into RMB. The Company has adopted US$ as its functional currency, thus the fluctuation of exchange rates between RMB and US$ exposes the Company to currency risk. During the period ended 30 June 2014, the Company recorded a net exchange gain of US$1.4 million, as compared to exchange gain of US$0.3 million as of 30 June 2013. The Company does not employ any financial instruments for hedging purposes.

CAPITAL EXPENDITURE

In January 2014, the Group had additions in property, plant and equipment with provisional fair value of US$94.9 million through the acquisition of the OrthoRecon business from Wright Medical. In addition, during the period, the Company's total capital expenditure amounted to approximately US$31.9 million, which was used in (i) construction of building; (ii) acquiring equipment and machinery; and (iii) capitalization of R&D projects expenses.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 9 January 2014, the Company and Sorin announced that they have entered into a definitive agreement to form a joint venture to market and develop CRM devices (implantable pacemakers, defibrillators, cardiac resynchronization devices and related devices) in the PRC, in which we hold a 51% stake in the joint venture entity, while Sorin holds the remaining 49% interest. On 10 January 2014, the Company completed an acquisition of the OrthoRecon business from Wright Medical and the acquisition establishes us as one of the leading multinational hip and knee orthopedic reconstruction businesses. On 20 January 2014, SINO Tech Corp ("SINO Tech"), a subsidiary of the Company, has entered into a definitive agreement with Cordis pursuant to which SINO Tech has acquired certain assets, divested entities and a license to certain intellectual property related to DES of Cordis.

Save as disclosed above, there were no other significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 30 June 2014, there is also no further plan for material investments or capital assets as at 30 June 2014.

CHARGE ON ASSETS

As of 30 June 2014, the Company had pledged (i) the assets of MicroPort Orthopedics Holdings Inc., MicroPort Orthopedics Inc., MicroPort Direct LLC; (ii) the real property owned by MicroPort Orthopedics Inc.; (iii) the equity interests in MicroPort Scientific Cooperatief U.A., MicroPort Orthopedics Holdings Inc., MicroPort Orthopedics Inc., MicroPort Direct LLC, MicroPort Shanghai, Wright Japan, MicroPort Orthopedics SAS, MicroPort Orthopedics SRL, MicroPort Orthopedics NV, MicroPort Orthopedics Limited and MicroPort Orthopedics GmbH; and (iv) all right, title and interest in certain assets held by Wright Japan, with a total net book value of US$595.7 million for the purpose of securing Otsuka loan with a carrying value of US$195.8 million. The Company had pledged its manufactory building held for own use with a net book value of US$4.0 million on the purpose of securing a long term loan with a carrying value of US$0.5 million. The Company had pledged its headquarters building and land use right held for own use with a net book value of US$77.2 million and US$4.9 million respectively for the purpose of securing a banking loan with a carrying value of US$15.3 million. The Company had pledged its time deposit with a net book value of US$44.7 million for the purpose of securing a bank loan with a carrying value of US$40.0 million.

CONTINGENT LIABILITIES

As of 30 June 2014, the Company had no material contingent liabilities or any significant outstanding contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES

As of 30 June 2014, the Company employed 2,914 employees as compared to 1,800 employees as of 30 June 2013. The Company offered competitive salary package, as well as discretionary bonuses and contributions to social insurance to its employees. A share option scheme has also been adopted for employees of the Company. In order to ensure that the Company's employees remain competitive in the industry, the Company has adopted training programs for its employees managed by its human resources department.

RESEARCH AND DEVELOPMENT

We continue to invest in R&D to build our portfolio of high quality, innovative and live-improving products for patients and surgeons. Currently, we have carried out several product development projects as planned, including Peripheral Angioplasty Balloon, Ultra-low Profile Stent Graft System for Abdominal Aortic Aneurysm, Transcatheter Aortic Valve Implant, DES for Vertebral Artery, Castor Branched Stent Graft System for Thoracic Aortic Aneurysm, Tubridge Intracranial Flow Diversion Device, Futago™ Lumbar & Thoracic Fusion Device, Firestone™ Cervical Fusion Device, Columbus™ 3D EP Navigation System and FireMagic™ 3D Irrigated Ablation Catheter.

As for the hip and knee reconstruction business, R&D activities have continued to develop technology and procedures aimed at improving product function and patient satisfaction. Efforts continue in the areas of advanced bearing and fixation surfaces aimed at improving the clinical performance of joint reconstruction devices. Further, MicroPort Orthopedics has continued to develop and optimize tissue-sparing procedures and instruments that allow patients to quickly return to function and resume their daily activities while decreasing the time and cost requirements of the surgical facility.

Meanwhile, on 5 May 2014, we established the Research & Engineering Academy, which is expected to become a centre of excellence in our field and provide a great environment to advance our industry to new levels of innovation. We will also launch a medical education centre this year to train distributors and surgeons about the knowledge of our products.

PROSPECTS

Despite of the current unstable and uncertain global economic conditions and increasingly competitive pressure from multinational enterprise, we intend to create remarkable financial returns in our business and to the shareholders of the Company ("Shareholders") in time of difficulty.

I. MAINTAINING LEADERSHIP

The Company has held a leading position in the cardiovascular stent business in the PRC for a decade since the market launch of Firebird™ in 2004. For the Company, the launch of Firehawk® represents a major leap forward, transforming our DES offering from a market follower to a leader in this segment and we believe the revolutionary third generation DES will strengthen our leading position in the field of coronary intervention. We are committed to bringing Firehawk® to the international markets and expect to get the CE approval in late November 2014.

For the newly acquired hip and knee business, we will continue to leverage on the more than 14 years of clinical excellence of our ADVANCE® system, as well as on our wide range of modular and fixed neck hip solutions, we will continue the successful targeted introduction of our EVOLUTION®, as MicroPort Orthopedics' next generation system in total knee arthoplasty.

II. BROADENING OUR PRODUCT OFFERING

The Company has been deriving most of its revenue from the cardiovascular stent business segment and enjoying the leading market share for DES in the PRC for a period of time. We have been diversifying our products portfolio through strategic investment activities and our own R&D to include other cardiovascular and neuro-/endovascular products as well as EP, orthopedic, diabetes care and endocrinal management, and surgical management products.

The acquisition of the OrthoRecon business from Wright Medical has been broadening our products offering with a full orthopedic product portfolio which would include products for the hip and knee, spine, and trauma markets. It is expected that upon completion of the acquisition, the Company will no longer rely heavily on its DES revenue. We are deeply committed to the success of the orthopedic business and will continue to provide the focus and investment to enable it to reach its full potential. In particular, the MicroPort Orthopedics will continue to leverage on the 14 years of clinical excellence of our ADVANCE®, as well as on our wide range of modular and fixed neck hip solutions. We will continue the successful targeted introduction of our EVOLUTION® as MicroPort Orthopedics' next generation system in total knee arthoplasty.

Also, the Company established a joint venture to market and develop CRM devices in the PRC. This agreement represents a key milestone in our strategy, enabling us to enter into the rapidly growing PRC CRM market and expanding our high-end medical device product portfolio.

At the same time, we will continue to invest in our R&D team to improve, enrich, and diversify our products. Introducing innovative products to our portfolio will further broaden our existing product offerings. We expect to provide lower cost, high quality medical instruments to serve our surgeon customers, and most importantly, help patients in all geographic markets live healthier and longer.

III. ENHANCING GEOGRAPHICAL COVERAGE

Our strategic investment activities will contribute toward transforming the Company into a truly global player.

We believe our investment activities and international business operations will further enhance our geographical coverage and allow the Company to internationalize its revenue base with a presence in the U.S., Europe, Japan and Latin America markets.

IV. INVESTING IN MEDICAL EDUCATION

We will maintain the strong focus all aspects of medical education, from large international didactic meetings to more personal surgeon-to-surgeon learning opportunities. In the PRC, we will launch a medical education centre this year to train distributors and surgeons about the knowledge of our products.

OTHER INFORMATION

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

As at 30 June 2014, 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 of Hong Kong Limited (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 UNDERLYING 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	10,000,000	1	Beneficial owner	Long position	0.70%

Notes:

(1) Chang Zhaohua is interested in the underlying Shares of the Company by virtue of the options granted to him 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 2014, 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 2014, 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 Holding Co. Ltd.	468,994,120	1	Interest of controlled corporation	Long position	33.16
Otsuka Medical Devices Co., Ltd.	468,994,120	1	Beneficial owner	Long position	33.16
Shanghai Zhangjiang Science and Technology Investment Co.	285,748,050	2	Interest of controlled corporation	Long position	20.20
Shanghai Zhangjiang (Group) Co., Ltd.	285,748,050	2	Interest of controlled corporation	Long position	20.20
Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd.	285,748,050	2	Interest of controlled corporation	Long position	20.20
Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd.	285,748,050	2	Interest of controlled corporation	Long position	20.20
Shanghai Zhangjiang Science and Technology Investment (Hong Kong) Co., Ltd.	285,748,050	2	Interest of controlled corporation	Long position	20.20
Shanghai ZJ Hi-Tech Investment Corporation	285,748,050	2	Interest of controlled corporation/Beneficial owner	Long position	20.20
Shanghai ZJ Holdings Ltd.	285,748,050	2	Interest of controlled corporation	Long position	20.20
Shanghai Zhangjiang Health Solution Holdings Limited	215,883,620	2	Beneficial owner	Long position	15.26
Shanghai We'Tron Capital Corp.	217,110,000	3	Interest of controlled corporation	Long position	15.35
We'Tron Capital Ltd.	217,110,000	3	Beneficial owner	Long position	15.35
Maxwell Maxcare Science Foundation Limited	217,110,000	3	Interest of controlled corporation	Long position	15.35
Gao Yang Investment Corp.	75,233,720	4	Interest of controlled corporation/Beneficial owner	Long position	5.32
Shen Yao Fang	75,233,720	4	Interest of controlled corporation	Long position	5.32

OTHER INFORMATION

Name of Substantial Shareholder	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%)
GIC (Ventures) Pte Ltd.	113,669,590	5	Interests in controlled corporation	Long position	8.03
GIC Private Limited	123,356,590	5, 6	Investment manager and Interests in controlled corporation	Long position	8.72
GIC Special Investments Pte Ltd	113,669,590	5	Interests in controlled corporation	Long position	8.03
Owap Investment Pte Ltd.	113,669,590	5	Person having a security interest in shares	Long position	8.03

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	15.26
Shanghai Zhangjiang Health Solution Investment Limited	53,398,570	3.77
Shanghai Zhangjiang Health Solution Industry Limited	9,423,280	0.66
Total	285,748,050	20.18

(3) Maxwell Maxcare Science Foundation Limited holds 79% of Shanghai We'Tron Capital Corp. who in turn is interested in 94.19% of We'Tron Capital Limited. Therefore, Maxwell Maxcare Science Foundation Limited, Shanghai We'Tron Capital Corp. and We'Tron Capital Limited are interested in the same 217,110,000 Shares held by We'Tron Capital 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 interests in the same 75,233,720 Shares held by Gao Yang Investment Corp. and Q1 Capital Corporation.

(5) GIC Private Limited holds 100% interest in GIC Special Investments Pte Ltd which in turn holds 100% interest in GIC (Ventures) Pte Ltd., which in turn holds 100% interest in Owap Investment Pte Ltd.. Therefore, shares held by GIC Private Limited, GIC Special Investments Pte Ltd and GIC (Ventures) Pte Ltd. are deemed as security interests in the same 113,669,590 Shares held by Owap Investment Pte Ltd..

(6) 9,687,000 Shares held by GIC Private Limited are interests held as Investment manager.

Save as disclosed above, and as at 30 June 2014, 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

Pursuant to a share award scheme approved by the Board in 2011, the Company purchased, through the trustee of the share award scheme, a total of 4,711,000 shares of the Company at cash consideration of US$3,252,000 on the Stock Exchange for the six months ended 30 June 2014.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save for the acquisition of Wright's OrthoRecon business as discussed in the section of "Strategic Investments", the Group did not have any material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2014.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the period under review, the Directors were not aware of any business or interest of the Directors or any substantial Shareholder (as defined under the Rule Governing the Listing of Securities on the Stock Exchange (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 the code of conduct regarding securities transactions by Directors. Having made specific enquiry by the Company, all the Directors confirmed that they have complied with the requirements as set out in the Model Code throughout the period of six months ended 30 June 2014.

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.

OTHER INFORMATION

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 2014, the total aggregate share options that may be granted under the Pre-IPO Share Option Scheme is 167,701,870, which represent 11.9% 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 38,984,260.

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 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 may, at their discretion, invite any directors (including executive Directors, non-executive Directors and independent non-executive Directors), employees and officers of any members of the Group and any advisors, consultants, distributors, contractors, contract manufacturers, agents, customers, business partners, joint venture business partners and service providers of any members of our Group who the 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 140,411,234 Shares. 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. At 30 June 2014, 28,962,500 options granted under the Share Option Scheme remain outstanding and allows the grantees to subscribe for 28,962,500 Shares, representing approximately 2.05% of the issued share capital of the Company.

Unless approved by Shareholders, 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 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 Stock Exchange for the 5 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 2014 is as follows:

Category of participants	As at 1 January 2014	Granted during the period	Exercised during the period	Withdrawn during the period	As at 30 June 2014	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**					
Consultants										
	1,700,450	–	40,000	1,660,450	–	20 Feb. 2004	24 Sep. 2010–23 Sep. 2011	24 Sep. 2011–19 Feb. 2014	USD0.025	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
	818,680	–	–	818,680	–	20 Feb. 2004	24 Sep. 2010–23 Sep. 2011	24 Sep. 2011–19 Feb. 2014	HKD0.05637	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
Consultants in aggregate	**6,611,890**	**–**	**1,814,080**	**3,297,810**	**1,500,000**					
Employees										
	2,605,610	–	100,000	–	2,505,610	2 Mar. 2007	2 Mar. 2007–14 Feb. 2011	15 Feb. 2008–24 Jan. 2017	USD0.275	NA

OTHER INFORMATION

Category of participants	As at 1 January 2014	Granted during the period	Exercised during the period	Withdrawn during the period	As at 30 June 2014	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
Employees										
	1,698,790	–	173,290	7,080	1,518,420	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
	500,000	–	–	–	500,000	25 Jul. 2008	25 Jul. 2008–24 Jul. 2012	25 Jul. 2009–24 Jul. 2018	USD0.3062	NA
	1,000,000	–	–	–	1,000,000	25 Jul. 2008	25 Jul. 2008–27 Apr. 2010	25 Jul. 2008–24 Jul. 2018	USD0.3062	NA
	200,000	–	–	–	200,000	1 Dec. 2008	24 Jun. 2008–23 Jun. 2012	24 Jun. 2009–26 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
	150,000	–	50,000	–	100,000	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
	488,000	–	20,000	–	468,000	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
	226,500	–	–	–	226,500	8 Jul. 2010	8 Jul. 2010–7 Jul. 2014	8 Jul. 2011–7 Jul. 2020	USD0.3062	NA
	11,475,730	–	1,250,000	–	10,225,730	9 Jul. 2010	9 Jul. 2010–8 Jul. 2014	9 Jul. 2011–8 Jul. 2020	USD0.3062	NA

Category of participants	As at 1 January 2014	Granted during the period	Exercised during the period	Withdrawn during the period	As at 30 June 2014	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
Employees										
	250,000	–	–	–	250,000	9 Aug. 2010	9 Aug. 2010–8 Aug. 2014	28 Apr. 2011–8 Aug. 2020	USD0.3062	NA
	3,790,000	–	–	–	3,790,000	9 Aug. 2010	9 Aug. 2010–8 Aug. 2014	1 Sep. 2011–8 Aug. 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	–	187,500	–	562,500	1 Nov. 2011	17 Nov. 2012–1 Nov. 2017	1 Nov. 2012–31 Oct. 2021	HKD4.470	HKD4.470
	10,000,000	–	–	–	10,000,000	28 Aug. 2012	28 Aug. 2019	28 Aug. 2019–27 Aug. 2022	HKD3.350	HKD3.350
	500,000	–	–	–	500,000	7 Sep. 2012	6 Sep. 2013–6 Sep. 2017	6 Sep. 2013–6 Sep. 2022	HKD3.330	HKD3.330
	500,000	–	–	–	500,000	22 Oct. 2012	22 Oct. 2013–22 Oct. 2017	22 Oct 2013–21 Oct. 2022	HKD4.210	HKD4.210
	12,000,000	–	–	900,000	11,100,000	10 Dec. 2012	10 Dec. 2019	10 Dec. 2019–9 Dec. 2022	HKD4.600	HKD4.600
	500,000	–	–	–	500,000	2 Jan. 2013	2 Jan. 2014–2 Jan. 2018	2 Jan. 2014–1 Jan. 2023	HKD4.230	HKD4.220
	250,000	–	–	–	250,000	28 Aug. 2013	28 Aug. 2014–28 Aug. 2018	28 Aug. 2014–27 Aug. 2023	HKD4.970	HKD4.970
	400,000	–	–	–	400,000	9 Dec. 2013	9 Dec. 2014–9 Dec. 2017	9 Dec. 2014–8 Dec. 2023	HKD5.590	HKD5.400
	–	650,000	–	–	650,000	21 Jan. 2014	21 Jan. 2014–20 Jan. 2024	20 Jan. 2015–20 Jan. 2024	HKD5.352	HKD5.210
Employees in aggregate	**55,984,630**	**650,000**	**3,280,790**	**907,080**	**52,446,760**					
Seller of Dongguan Kewei	4,000,000	–	–	–	4,000,000	25 Jun. 2012	25 Jun. 2016	25 Jun. 2016–26 Jul. 2016	HKD3.240	HKD3.190
Total	**76,596,520**	**650,000**	**5,094,870**	**4,204,890**	**67,946,760**					

OTHER INFORMATION

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period of the six months ended 30 June 2014, except for the provision as addressed below, the Company has complied with all code provisions (the "Code Provisions") as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

Pursuant to the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Reference is made to the announcement of the Company dated 21 September 2012. Dr. Zhaohua Chang ("Dr. Chang") has re-assumed the responsibility of the executive Director and at the same time, Dr. Chang is appointed as the chairman of the Company, which is responsible for managing the Board and the Group's business. As the Board considers that Dr. Chang has in-depth knowledge in the Group's business and can make appropriate decisions promptly and efficiently, he has re-assumed the position of the chief executive officer of the Company. Nevertheless, the Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the positions of chairman and chief executive officer of the Company is necessary.

INTERIM DIVIDEND

The Company do not recommend the payment of any interim dividend to the Shareholders for the six months ended 30 June 2014 (six months ended 30 June 2013: 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 purposes of the Nomination Committee are 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 the Remuneration Committee are 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 Company has established an audit committee (the "Audit Committee") in accordance with the corporate governance requirements of listed companies of the Stock Exchange. The Audit Committee comprises one non-executive Director and two independent non-executive Directors, namely, Mr. Norihiro Ashida, Mr. Jonathan H. Chou and Mr. Zezhao Hua, respectively.

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 unaudited interim results of the Group for the six months ended 30 June 2014 and considered that the results complied with relevant accounting standards, rules and regulations and appropriate disclosure have been duly made.

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 recognises the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the informed investment decisions.

To promote effective communication, the Company maintains a website at www.microport.com.cn, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Investors may write to the Company at its principal place of business in Hong Kong or the PRC or via the Company's website for any enquiries.

The general meetings of the Company provide a forum and an important channel for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available normally at the annual general meeting and other relevant shareholder meetings to answer questions at shareholder meetings.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

In the six months ended 30 June 2014 and up to the date of this interim report, there were no changes to the information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules where applicable.

DISCLOSURE OF INFORMATION

The interim report of the Group for the six months ended 30 June 2014 containing all the relevant information required by the Listing Rules has been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.microport.com.cn).

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

Shanghai, The PRC
27 August 2014

INDEPENDENT AUDITOR'S REPORT

Review report to the board of directors of MicroPort Scientific Corporation
(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 35 to 62 which comprises the consolidated statement of financial position of MicroPort Scientific Corporation (the "Company") as of 30 June 2014 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month 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 2014 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 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2014 (unaudited)
(Expressed in United States dollars)

	Note	Six months ended 30 June	
		2014	2013
		US$'000	US$'000
			(Restated*)
Turnover	*3*	**183,795**	67,678
Cost of sales		**(55,198)**	(12,753)
Gross profit		**128,597**	54,925
Other revenue	*4*	**3,826**	2,533
Other net gain/(loss)	*4*	**2,540**	502
Research and development costs		**(22,819)**	(13,516)
Distribution costs		**(64,151)**	(10,344)
Administrative expenses		**(32,087)**	(8,338)
Other operating costs		**(15,225)**	(7,020)
Profit from operations		**681**	18,742
Finance costs	*5(a)*	**(5,071)**	(248)
Share of losses of a joint venture		**(1)**	–
(Loss)/profit before taxation	*5*	**(4,391)**	18,494
Income tax	*6*	**(5,552)**	(3,720)
(Loss)/profit for the period		**(9,943)**	14,774
(Loss)/earnings per share	*7*		
– Basic (in cents)		**(0.71)**	1.05
– Diluted (in cents)		**(0.75)**	1.03

* See note 2(a)

The notes on pages 42 to 62 form part of this unaudited interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 20.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2014 (unaudited)
(Expressed in United States dollars)

	Six months ended 30 June	
	2014 US$'000	2013 US$'000 (Restated*)
(Loss)/profit for the period	**(9,943)**	14,774
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(5,210)**	7,753
Other comprehensive income for the period	**(5,210)**	7,753
Total comprehensive income for the period	**(15,153)**	22,527

* See note 2(a)

The notes on pages 42 to 62 form part of this unaudited interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2014 (unaudited)
(Expressed in United States dollars)

	Note	At 30 June 2014 US$'000	At 30 June 2014 US$'000	At 31 December 2013 US$'000 (Restated*)	At 31 December 2013 US$'000 (Restated*)
Non-current assets					
Fixed assets	8				
– Property, plant and equipment			**265,235**		135,408
– Land use rights			**18,991**		19,489
			284,226		154,897
Intangible assets	9		**60,331**		34,280
Prepayments for fixed assets			**1,517**		1,092
Goodwill	10		**73,531**		25,577
Interest in a joint venture	11		**2,022**		–
Deferred tax assets			**3,911**		3,197
Other non-current assets			**7,352**		–
			432,890		219,043
Current assets					
Inventories	12	**101,161**		20,314	
Trade and other receivables	13	**143,548**		63,264	
Investments and time deposits	14	**168,968**		56,322	
Cash and cash equivalents	15	**86,335**		159,903	
		500,012		299,803	
Current liabilities					
Trade and other payables	16	**105,339**		45,506	
Interest-bearing borrowings	17	**215,245**		29,629	
Income tax payable		**3,528**		2,848	
Deferred income	18	**11**		14	
Derivative financial liabilities	17(b)	**3,793**		–	
		327,916		77,997	
Net current assets			**172,096**		221,806
Total assets less current liabilities			**604,986**		440,849

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2014 (unaudited)
(Expressed in United States dollars)

	Note	At 30 June 2014 US$'000	At 30 June 2014 US$'000	At 31 December 2013 US$'000 (Restated*)	At 31 December 2013 US$'000 (Restated*)
Non-current liabilities					
Interest-bearing borrowings	*17*	**89,143**		21,964	
Convertible bonds	*19*	**90,002**		–	
Deferred income	*18*	**24,239**		16,982	
Other non-current liabilities		**10,826**		7,053	
Deferred tax liabilities		**4,237**		4,417	
			218,447		50,416
Net assets			**386,539**		390,433
Capital and reserves	*20*				
Share capital			**14**		14
Reserves			**386,525**		390,419
Total equity			**386,539**		390,433

* See note 2(a)

Approved and authorised for issue by the board of directors on 27 August 2014.

Zhaohua Chang
Chairman

Jonathan H.Chou
Director

The notes on pages 42 to 62 form part of this unaudited interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2014 (unaudited)
(Expressed in United States dollars)

		Attributable to equity shareholders of the Company							
	Note	Share capital US$'000	Share premium US$'000	Capital redemption reserve US$'000	Exchange reserve US$'000	Capital reserve US$'000	Statutory general reserve US$'000	Retained profits US$'000	Total US$'000
Balance at 1 January 2013		14	230,690	–	20,972	6,369	12,131	98,908	369,084
Changes in equity for the six months ended 30 June 2013:									
Profit for the period		–	–	–	–	–	–	14,774	14,774
Other comprehensive income		–	–	–	7,753	–	–	–	7,753
Total comprehensive income		–	–	–	7,753	–	–	14,774	22,527
Dividends approved in respect of the previous year	*20(a)*	–	–	–	–	–	–	(14,615)	(14,615)
Equity settled share-based transactions		–	–	–	–	1,187	–	–	1,187
Shares issued under share option scheme	*20(b)*	–	981	–	–	(438)	–	–	543
Repurchase of own shares									
– par value paid		–	–	–	–	–	–	–	–
– premium paid		–	–	–	–	–	–	(1,370)	(1,370)
– transfer between reserves		–	–	–	–	–	–	–	–
Shares purchased under share award scheme	*20(c)*	–	–	–	–	(1,943)	–	–	(1,943)
Shares granted under share award scheme		–	–	–	–	2,001	–	–	2,001
Balance at 30 June 2013 and 1 July 2013		14	231,671	–	28,725	7,176	12,131	97,697	377,414
Changes in equity for the six months ended 31 December 2013:									
Profit for the period		–	–	–	–	–	–	9,223	9,223
Other comprehensive income		–	–	–	4,233	–	–	–	4,233
Total comprehensive income		–	–	–	4,233	–	–	9,223	13,456
Equity settled share-based transactions		–	–	–	–	626	–	–	626
Shares issued under the share option scheme		–	1,026	–	–	(489)	–	–	537
Repurchase of own shares									
– par value paid		–	–	–	–	–	–	–	–
– premium paid		–	–	–	–	–	–	(755)	(755)
– transfer between reserves		–	–	–	–	–	–	–	–
Appropriation of statutory general reserve		–	–	–	–	–	5,082	(5,082)	–
Shares purchased under share award scheme		–	–	–	–	(845)	–	–	(845)
Balance at 31 December 2013		14	232,697	–	32,958	6,468	17,213	101,083	390,433

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2014 (unaudited)
(Expressed in United States dollars)

		Attributable to equity shareholders of the Company							
	Note	Share capital US$'000	Share premium US$'000	Capital redemption reserve US$'000	Exchange reserve US$'000	Capital reserve US$'000	Statutory general reserve US$'000	Retained profits US$'000	Total US$'000
Balance at 1 January 2014		14	232,697	–	32,958	6,468	17,213	101,083	390,433
Changes in equity for the six months ended 30 June 2014:									
Loss for the period		–	–	–	–	–	–	(9,943)	(9,943)
Other comprehensive income		–	–	–	(5,210)	–	–	–	(5,210)
Total comprehensive income		–	–	–	(5,210)	–	–	(9,943)	(15,153)
Equity settled share-based transactions		–	–	–	–	661	–	–	661
Shares issued under the share option scheme	*20(b)*	–	1,827	–	–	(748)	–	–	1,079
Equity component of convertible bonds	*19*	–	–	–	–	10,574	–	–	10,574
Shares purchased under share award scheme	*20(c)*	–	–	–	–	(3,252)	–	–	(3,252)
Shares granted under share award scheme		–	–	–	–	2,197	–	–	2,197
Balance at 30 June 2014		14	234,524	–	27,748	15,900	17,213	91,140	386,539

The notes on pages 42 to 62 form part of this unaudited interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2014 (unaudited)
(Expressed in United States dollars)

	Note	Six months ended 30 June	
		2014	2013
		US$'000	US$'000
			(Restated*)
Operating activities			
Cash generated from operations		**6,252**	31,830
Income tax paid		**(4,313)**	(2,950)
Net cash generated from operating activities		**1,939**	28,880
Investing activities			
Payment for the purchase of property, plant and equipment		**(29,338)**	(21,924)
Payment for acquisition of a subsidiary	*21*	**(279,233)**	–
Other cash flows arising from investing activities		**(118,160)**	40,514
Net cash (used in)/generated from investing activities		**(426,731)**	18,590
Financing activities			
Proceeds from the Otsuka Loans, net of transaction costs	*17*	**199,175**	–
Proceeds from the convertible bonds	*19*	**100,000**	–
Other cash flows arising from financing activities		**52,208**	(8,074)
Net cash generated from/(used in) financing activities		**351,383**	(8,074)
Net (decrease)/increase in cash and cash equivalents		**(73,409)**	39,396
Cash and cash equivalents at 1 January	*15*	**159,903**	65,730
Effect of foreign exchange rate changes		**(159)**	2,720
Cash and cash equivalents at 30 June	*15*	**86,335**	107,846

* See note 2(a)

The notes on pages 42 to 62 form part of this unaudited interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in United States dollars unless otherwise indicated)

1. BASIS OF PREPARATION

The 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 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a 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 34.

The financial information relating to the financial year ended 31 December 2013 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 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 31 March 2014.

2. CHANGES IN ACCOUNTING POLICIES

(a) Change in presentation currency

The consolidated financial statements previously issued by the Company were presented in Renminbi ("RMB"), the functional currency of the subsidiaries in the PRC where majority of the Group's operation and business were conducted. Upon the completion of an acquisition of a worldwide hip and knee orthopedic reconstruction business based in the United States ("US") in January 2014 (see note 21), the board of directors considered that the use of United States dollar ("US$") is more meaningful in presenting the operating results and financial position of the Group given the operating scale of the newly acquired US based business is very substantial to the Group. As a result, the directors determined to change the presentation currency of the Group's consolidated financial statements from RMB to US$ during the period. Accordingly, these financial statements are stated in US$, rounded to the nearest thousand, unless otherwise stated.

This change in accounting policy has been applied retrospectively. As a result, the comparative figures in these financial statements have been restated to reflect the change in presentation currency to US$ as if US$ had always been the presentation currency. The change in the presentation currency has no significant impact on the Group's consolidated financial statements presented.

(b) Application of new and revised HKFRSs

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Company does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit ("CGU") whose recoverable amount is based on fair value less costs of disposal. The amendments have no material impact on the interim financial report.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. 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 identified seven reportable segments. The information relating to the newly acquired OrthoRecon Business (see note 21) has been included in the orthopedic devices business segment.

(a) Information about profit or loss, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 June 2014							
	Orthopedic devices business US$'000	Cardiovascular devices business US$'000	Endovascular devices business US$'000	Neurovascular devices business US$'000	Diabetes care and endocrinal business US$'000	Electrophysiology devices business US$'000	Surgical management business US$'000	Total US$'000
Revenue from external customers	109,204	58,602	6,512	3,060	1,020	2,247	3,150	183,795
Reportable segment net profit/(loss)	(27,360)	19,939	2,171	1,174	(488)	(493)	(329)	(5,386)

	At 30 June 2014							
	Orthopedic devices business US$'000	Cardiovascular devices business US$'000	Endovascular devices business US$'000	Neurovascular devices business US$'000	Diabetes care and endocrinal business US$'000	Electrophysiology devices business US$'000	Surgical management business US$'000	Total US$'000
Reportable segment assets	425,890	385,012	15,112	5,227	5,828	9,459	39,910	886,438
Reportable segment liabilities	123,728	115,431	826	1,668	5,294	2,904	9,991	259,842

3. SEGMENT REPORTING (CONTINUED)

(a) Information about profit or loss, assets and liabilities (continued)

	Six months ended 30 June 2013							
	Orthopedic devices business US$'000	Cardiovascular devices business US$'000	Endovascular devices business US$'000	Neurovascular devices business US$'000	Diabetes care and endocrinal business US$'000	Electrophysiology devices business US$'000	Surgical management business US$'000	Total US$'000
Revenue from external customers	1,024	53,009	5,595	1,881	864	1,170	4,135	67,678
Reportable segment net profit/(loss)	(4,392)	24,102	704	613	(212)	(992)	35	19,858

	At 31 December 2013							
	Orthopedic devices business US$'000	Cardiovascular devices business US$'000	Endovascular devices business US$'000	Neurovascular devices business US$'000	Diabetes care and endocrinal business US$'000	Electrophysiology devices business US$'000	Surgical management business US$'000	Total US$'000
Reportable segment assets	64,102	296,853	8,968	4,608	6,073	9,242	41,140	430,986
Reportable segment liabilities	15,610	87,227	313	4,967	4,874	1,181	10,594	124,766

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

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
Reportable segment net (loss)/profit	**(5,386)**	19,858
Equity settled share-based payment expenses	**(2,858)**	(3,188)
Unallocated exchange gain	**1,540**	1,021
Unallocated expenses, net	**(3,239)**	(2,917)
Consolidated (loss)/profit for the period	**(9,943)**	14,774

4. OTHER REVENUE AND NET GAIN/(LOSS)

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
Other revenue		
Government grants	**1,574**	572
Interest income on bank deposits	**1,782**	1,961
Others	**470**	–
	3,826	2,533
Other net gain/(loss)		
Net foreign exchange gain	**1,396**	341
Changes in fair value of embedded financial derivatives (note 17(b))	**1,900**	–
Others	**(756)**	161
	2,540	502

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

		Six months ended 30 June	
		2014	2013
		US$'000	US$'000
(a)	**Finance costs**		
	Interest on the Otsuka Loans (note 17(b))	**2,297**	–
	Interest on the convertible bonds (note 19)	**576**	–
	Interest on other borrowings	**2,173**	209
	Others	**570**	39
	Total interest expense on financial liabilities not at fair value through profit or loss	**5,616**	248
	Less: interest expense capitalised into property, plant and equipment	**(545)**	–
		5,071	248

5. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

(Loss)/profit before taxation is arrived at after charging/(crediting): (continued)

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
(b) Other items		
Amortisation of intangible assets	**2,426**	467
Depreciation	**16,082**	2,473
Research and development costs	**22,819**	13,516
Provision/(reversal) of inventories write-down (note 12)	**193**	(599)
Impairment loss of goodwill (note 10)	**5,125**	3,294
Impairment loss of intangible assets	**–**	492

The research and development costs includes amortisation of intangible assets of US$67,000 (six months ended 30 June 2013: US$54,000) and depreciation of US$1,139,000 (six months ended 30 June 2013: US$707,000).

6. INCOME TAX

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
Current tax-PRC corporate income tax	**3,940**	3,896
Current tax – other jurisdictions	**628**	–
	4,568	3,896
Deferred taxation	**984**	(176)
	5,552	3,720

Pursuant to the Corporate Income Tax Law of the People's Republic of China ("PRC"), all of the Company's PRC subsidiaries are liable to PRC corporate income tax ("CIT") at a rate of 25% except for the following entities:

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%. Shanghai MicroPort Medical (Group) Co., Ltd. ("MP Shanghai"), Dongguan Kewei Medical Instrument Co., Ltd. ("Dongguan Kewei") and Suzhou Health Medical Appliance Co., Ltd. obtained the certificate of "advanced and new technology enterprise" dated 17 August 2011, 13 November 2011 and 3 December 2013, respectively with an effective period of three years. According to the PRC laws and regulations, MP Shanghai and Dongguan Kewei have to apply for the entitlement of "advanced and new technology enterprise" every six years. In June 2014, MP Shanghai and Dongguan Kewei submitted the relevant applications for the entitlement of "advanced and new technology enterprise" and the certificates will be obtained with the effective period covering three years from 2014 to 2016. The directors of the Company assess that it is highly probable that MP Shanghai and Dongguan Kewei will continue to be granted with the preferential income tax rate. Accordingly, a 15% income tax rate is applied when calculating the income tax of MP Shanghai and Dongguan Kewei for the six months ended 30 June 2014 (six months ended 30 June 2013: 15%).

Taxation for other entities of the Group is charged at their respective applicable income tax rates ruling in the relevant jurisdictions.

As at 30 June 2014, based on management's assessment of the probability on the future taxable profit subsequent to the date of the reporting period, no deferred tax assets had been recognised for tax losses and deductible temporary differences of certain loss-making segments.

7. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of US$9,943,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: profit of US$14,774,000) and the weighted average of 1,404,630,000 ordinary shares in issue during the six months ended 30 June 2014 (six months ended 30 June 2013: 1,402,425,000 ordinary shares).

(i) Weighted average number of ordinary shares

	Six months ended 30 June	
	2014	2013
	Number of shares	Number of shares
	'000	'000
Issued ordinary shares at 1 January	**1,408,995**	1,406,730
Effect of shares issued under the share options scheme	**3,462**	2,413
Effect of purchase of own shares	**–**	(1,972)
Effect of shares under share award scheme	**(7,827)**	(4,746)
Weighted average number of ordinary shares at 30 June	**1,404,630**	1,402,425

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of US$10,863,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: profit of US$14,774,000) and the weighted average shares after adjusting for the effects of all dilutive potential ordinary shares of 1,450,084,000 shares for the six months ended 30 June 2014 (six months ended 30 June 2013: 1,432,822,000 ordinary shares), calculated as follows:

(i) (Loss)/profit attributable to equity shareholders of the Company (diluted)

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
(Loss)/profit attributable to equity shareholders of the Company (basic)	**(9,943)**	14,774
Effect of effective interest on the Term B Loan (note 17(b))	**980**	–
Effect of changes in fair value recognised as gains for the derivative component of the Otsuka Loans (note 17(b))	**(1,900)**	–
(Loss)/profit attributable to equity shareholders of the Company (diluted)	**(10,863)**	14,774

7. (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted (loss)/earnings per share (continued)

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

	Six months ended 30 June	
	2014	2013
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares at 30 June	**1,404,630**	1,402,425
Effect of deemed issue of shares under the Company's share option scheme at nil consideration	**–**	30,397
Effect of the potential conversion of the Term B Loan	**45,454**	–
Weighted average number of ordinary shares (diluted) at 30 June	**1,450,084**	1,432,822

8. FIXED ASSETS

In January 2014, the Group had additions in property, plant and equipment with provisional fair value of US$94,867,000 through the acquisition of the OrthoRecon Business from Wright Medical Group, Inc. ("Wright Medical") (see note 21). In addition, the Group also acquired items of property and equipment with a cost of US$46,852,000 (six months ended 30 June 2013: US$7,711,000), and incurred construction costs for buildings of US$5,954,000 (six months ended 30 June 2013: US$11,234,000) during the six months ended 30 June 2014.

9. INTANGIBLE ASSETS

In January 2014, the Group had additions in intangible assets with provisional fair value of US$22,660,000 through the acquisition of the OrthoRecon Business from Wright Medical (see note 21). The Group also capitalised development costs of US$5,862,000 (six months ended 30 June 2013: US$3,835,000) during the six months ended 30 June 2014.

10. GOODWILL

Goodwill of US$53,464,000 arising from the acquisition of the OrthoRecon Business from Wright Medical was recorded during the six months ended 30 June 2014 (see note 21).

As a result of the severe market competition, the profitability of the Group's certain accessory products under the cardiovascular device segment has declined significantly during the six months ended 30 June 2014. Given the economic performance of the assets associated with those accessory products was worse than expected and based on the information available, the Group's management expects that there will be significant declines in forecasted turnover and profits of accessory products under the cardiovascular device segment, which is an indicator of impairment for goodwill allocated to cardiovascular device segment. The Group's management has performed impairment assessment by estimating the recoverable amount of those related assets which generates cash inflows independently from other assets under the cardiovascular device segment (the "cash-generating unit"). Based on such assessment, the carrying value of the cash-generating unit exceeds its recoverable amount by US$5,125,000. Accordingly, an impairment loss of US$5,125,000 was recognised in respect of this cash-generating unit and has been allocated first to reduce the carrying amount of the goodwill allocated to this cash-generated unit.

The recoverable amount of the cash-generating unit amounted to US$678,000 as at 30 June 2014, which is determined based on value-in-use calculations. These calculation use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3%, which is consistent with the long-term inflation rate in the PRC. The cash flows are discounted using a discount rate of 25%. The discount rate used is pre-tax and reflected specific risks relating to the relevant cash-generating unit.

The impairment loss recognised during the six months ended 30 June 2014 solely relates to the cash-generating unit. As the cash-generating unit has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

11. INTEREST IN A JOINT VENTURE

MicroPort Sorin CRM (Shanghai) Co., Ltd. ("MicroPort Sorin CRM") was established by MP Shanghai, a wholly owned PRC subsidiary of the Company, and Sorin CRM Holdings SAS ("Sorin") in 2014. MP Shanghai holds 51% interests in MicroPort Sorin CRM and Sorin holds the remaining 49% interests. Pursuant to the terms of the joint venture agreement and articles of association of MicroPort Sorin CRM, directors of the Company determine that MicroPort Sorin CRM is a jointly-controlled entity. Accordingly, the investment in this joint venture is accounted for under the equity method.

12. INVENTORIES

During the six months ended 30 June 2014, a provision of US$193,000 to write down certain inventories items to their estimated net realisable value has been recognised as an expense in profit or loss.

13. TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	At 30 June 2014 US$'000	At 31 December 2013 US$'000
Less than 1 month	**35,074**	15,844
1 to 3 months	**56,644**	24,052
3 to 12 months	**21,552**	14,503
More than 12 months	**3,164**	3,280
Trade receivables net of allowance for doubtful debts	**116,434**	57,679
Other debtors	**11,079**	3,109
Deposit and prepayments	**16,035**	2,476
	143,548	63,264

Trade receivables are due within 30 to 360 days from the date of billing.

14. INVESTMENTS AND TIME DEPOSITS

	At 30 June 2014 US$'000	At 31 December 2013 US$'000
Loans and receivables	**99,855**	–
Time deposits with banks	**23,738**	38,285
Pledged bank deposits	**45,375**	18,037
	168,968	56,322

Loans and receivables represent short-term financial products, originated by a PRC commercial bank, with guaranteed principals, fixed guaranteed returns and maturity over 3 to 6 months from date of issue.

Included in pledged deposits at 30 June 2014 were US$106,000 (2013: US$107,000) and US$44,695,000 (2013: US$17,331,000) which were pledged as security for a long-term loan from Shanghai Municipal Financial Administration ("SMFA") and a banking facility (note 17(a)), respectively.

15. CASH AND CASH EQUIVALENTS

	At 30 June 2014 US$'000	At 31 December 2013 US$'000
Cash at bank and on hand	**44,770**	159,903
Time deposits with banks	**41,565**	–
	86,335	159,903

16. TRADE AND OTHER PAYABLES

As of the end of the reporting period, the aging analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2014 US$'000	At 31 December 2013 US$'000
Within 1 month	**40,797**	8,440
1 to 3 months	**3,394**	1,638
Over 3 months but within 6 months	**1,067**	372
Over 6 months but within 1 year	**2,641**	1,514
Trade payables	**47,899**	11,964
Advances received	**1,215**	924
Other payables and accrued charges	**56,225**	32,618
	105,339	45,506

17. INTEREST-BEARING BORROWINGS

At 30 June 2014, the interest-bearing borrowings were repayable as follows:

	At 30 June 2014 US$'000	At 31 December 2013 US$'000
Within 1 year or on demand	**215,245**	29,629
After 1 year but within 2 years	**1,964**	1,737
After 2 years but within 5 years	**87,179**	20,227
	89,143	21,964
	304,388	51,593

At 30 June 2014, the interest-bearing borrowings comprise:

	Note	At 30 June 2014 US$'000	At 31 December 2013 US$'000
Bank loans			
– secured	*(a)*	**55,278**	23,253
– unsecured	*(a)*	**52,878**	27,895
		108,156	51,148
Secured Otsuka Loans	*(b)*	**195,779**	–
Secured loan from SMFA		**453**	445
		304,388	51,593

(a) Bank loans

At 30 June 2014, a banking facility of the Company of US$40,000,000 is secured by mortgages over MP Shanghai's deposits with banks of US$44,695,000.

At 30 June 2014, the banking facilities of MP Shanghai of US$15,278,000 are secured by mortgages over certain land use rights and property, plant and equipment with an aggregate carrying value of US$4,900,000 and US$77,208,000 respectively.

17. INTEREST-BEARING BORROWINGS (CONTINUED)

(b) Otsuka Loans

For the purpose of financing the acquisition of a worldwide hip and knee orthopedic reconstruction business (see note 21), the Company entered into a credit agreement (the "Credit Agreement") with Otsuka Medical Devices Co., Ltd. ("Otsuka Medical Devices"), a subsidiary of Otsuka Holdings Co., Ltd.. Pursuant to the Credit Agreement dated 15 December 2013, Otsuka Medical Devices agreed to provide to the Company certain credit facilities of up to US$200,000,000, consisting of three tranches of loans, namely, the Term A Loan, Term B Loan and Term C Loan (collectively, the "Otsuka Loans").

The Otsuka Loans bear interests on the outstanding principal amount thereof for the respective interest periods at a rate equal to LIBOR plus 1% per annum. The grant of the above credit facility by Otsuka Medical Devices is conditional on an purchase option agreement entered into by the Group and Otsuka Medical Devices, pursuant to which Otsuka Medical Devices shall have the option to purchase the entire equity interest in Wright Medical Japan K.K., a subsidiary acquired by the Group in the aforementioned acquisition, at the cash consideration of US$60,000,000 (the "Purchase Option"). The Purchase Option is exercisable at Otsuka Medical Devices' sole discretion at any time during the two-month period commencing 90 days before the maturity of the Term A Loan. The Otsuka loans are guaranteed by certain subsidiaries of the Company and are secured by the equity interests of certain subsidiaries of the Company and by substantially all of the assets of the aforementioned acquisition.

On 10 January 2014, the Company fully drew down the Otsuka Loans.

The Term A Loan is of a principal amount of US$60,000,000 and has a maturity date falling one year after drawdown. The Purchase Option granted in connection with the Term A Loan is considered as a derivative and the host contract of the Term A Loan is a loan liability.

The Term B Loan is of a principal amount of US$40,000,000 and has a maturity date falling three years after drawdown. Term B Loan contains a conversion option (the "Conversion Option") which enables the holder to convert the outstanding amount of the Term B Loan and certain unpaid interest amounts of the Term B Loan into certain number of the Company's ordinary shares at any time prior to its maturity. The Conversion Option is considered as an embedded derivative component of the Term B Loan which is separated from the host contract. The liability component of the Term B Loan is classified as non-current liability.

In accordance with the Company's accounting policy, at initial recognition, the derivatives relevant to the Term A Loan and Term B Loan are measured at fair value and presented as derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative components is recognised as the liability components. The transaction costs that relate to the issue of the Term A Loan and Term B Loan are allocated to their respective liability components and derivatives in proportion to the allocation of proceeds. The portion relating to the derivatives is recognised immediately in profit or loss. The portion relating to the liability components is recognised initially as part of the respective loan liabilities. The fair value of the derivative components are subsequently remeasured at the end of each accounting period and the gain or loss on remeasurement to fair values is recognised immediately in profit or loss. The liability components are subsequently carried at amortised cost. The interest expenses recognised in profit or loss on the liability components are calculated using the effective interest method.

The Term C Loan is of a principal amount of US$100,000,000 and has a maturity date falling one year after drawdown. The Term C Loan is initially recognised at fair value less transaction costs. Subsequent to initial recognition, the borrowing is stated at amortised cost using the effective interest method.

17. INTEREST-BEARING BORROWINGS (CONTINUED)

(b) Otsuka Loans (continued)

The movement of the liability component and the derivative component of the Otsuka Loans is set out below:

	Liability component US$'000	Derivative component US$'000	Total US$'000
Upon the issuance of the Otsuka Loans			
Proceeds received for the issuance of the Otsuka Loans	**194,307**	**5,693**	**200,000**
Transaction costs on the issuance of the Otsuka Loans	**(825)**	**–**	**(825)**
Changes in fair value recognised in profit or loss during the period (note 4)	**–**	**(1,900)**	**(1,900)**
Interest charged during the period (note 5(a))	**2,297**	**–**	**2,297**
As at 30 June 2014	**195,779**	**3,793**	**199,572**

18. DEFERRED INCOME

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

19. CONVERTIBLE BONDS

In May 2014, the Company issued convertible bonds in the aggregate principal amount of US$100,000,000 to GIC Special Investments Pte Ltd., which is wholly owned by Government of Singapore Investment Corp ("GIC"), with a maturity date of 11 May 2019 (the "GIC Convertible Bonds"). The GIC Convertible Bonds bear interest at LIBOR plus 1% on the outstanding balances.

Pursuant to the terms of the GIC Convertible Bonds, the bond holders could convert part of or the entire outstanding bond balances at the holder's option into fully paid ordinary shares of the Company at an initial conversion price of HKD6.84 per share, subject to adjustments under certain terms and conditions of the GIC Convertible Bonds.

Based on the terms of the GIC Convertible Bonds, the GIC Convertible Bonds are accounted for as compound financial instruments which contain both a liability component and an equity component. At initial recognition the liability component of the GIC Convertible Bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the GIC Convertible Bonds are converted or redeemed.

19. CONVERTIBLE BONDS (CONTINUED)

The movement of the liability component and the equity component of the GIC Convertible Bonds is set out below:

	Liability component US$'000	Equity component US$'000	Total US$'000
Upon the issuance of the GIC Convertible Bonds	**89,426**	**10,574**	**100,000**
Interest charged during the period (note 5(a))	**576**	**–**	**576**
As at 30 June 2014	**90,002**	**10,574**	**100,576**

No conversion of the GIC Convertible Bonds had been occurred up to 30 June 2014.

20. CAPITAL, RESERVES 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	
	2014 US$'000	2013 US$'000
No final dividend was proposed in respect of the year ended 31 December 2013 (Final dividend in respect of the year ended 31 December 2012, approved and paid during the following interim period, of HKD7 cents per share)	**–**	14,615

20. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Equity settled share-based transactions

On 21 January 2014, 650,000 share options were granted to employees of the Group under the Company's employee share option scheme (500,000 share options were granted during the six months ended 30 June 2013). Each option entitles the holder to subscribe for one ordinary share in the Company. These share options will vest in instalment during the period from 21 January 2014 to 20 January 2019. The exercise price is HKD5.352, being the closing price the Company's ordinary shares immediately before the grant.

5,094,870 share options were exercised during the six months ended 30 June 2014 (six months ended 30 June 2013: 3,646,180) with a weighted average exercise price of US$0.21 (six months ended 30 June 2013: US$0.15) and the total number of ordinary shares increased by 5,094,870 for the six months ended 30 June 2014 (six months ended 30 June 2013: 3,646,180 ordinary shares).

(c) Share award scheme

Pursuant to a share award scheme approved by the Board in 2011, the Company may purchase its own shares and grant such shares to certain employees of the Group at nil consideration. For the six months ended 30 June 2014, the Company granted 3,247,585 shares (six months ended 30 June 2013: 2,877,000) to the Group's executives and purchased 4,711,000 shares (six months ended 30 June 2013: 2,337,000) at cash consideration of US$3,252,000 (six months ended 30 June 2013: US$1,943,000).

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.

21. ACQUISITION OF SUBSIDIARIES

On 10 January 2014, the Group acquired a worldwide hip and knee orthopedic reconstruction business (the "OrthoRecon Business") from Wright Medical, a corporation incorporated in Delaware of the US, at a consideration of US$279,233,000. Acquisition-related costs amounted to US$15,200,000, of which US$294,000 and US$14,906,000 were recognised in other operating costs in the consolidated statement of profit or loss for the six months period ended 30 June 2014 and the year ended 31 December 2013, respectively.

The hip and knee implants that are manufactured and sold by the OrthoRecon Business complement the Group's orthopedic products portfolio before this acquisition, which primarily consisted of spine and trauma products. Acquisition of the OrthoRecon Business enables the Group to have a broader orthopedic product portfolio covering the four major categories of the orthopedic products including the hip, knee, spine and trauma and to sell the hip and knee products through the existing sales network of the Group. The acquisition will also facilitate the Group to expand into the global orthopedic business sector and achieve synergies by leveraging the Group's existing orthopedic products portfolio and sales network.

21. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Details of the provisional fair value of net identified assets acquired are as follows:

	Provisional fair value of net identifiable assets acquired as at the acquisition date US$'000
Property, plant and equipment	94,867
Intangible assets	22,660
Trade and other receivables	62,398
Inventories	76,661
Other non-current assets	9,829
Deferred tax assets	1,791
Trade and other payables	(40,476)
Income tax payable	(563)
Other non-current liabilities	(1,398)
Net identifiable assets	225,769
Goodwill	53,464
Fair value of considerations	279,233
Cash considerations paid in 2014	279,233
Net cash outflow arising from the acquisition in 2014	(279,233)

The fair values are determined provisionally based on information available up to the date of this report. The directors are in the process of finalising the valuation of the net identifiable assets acquired. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

For the period from 10 January 2014 to 30 June 2014, the OrthoRecon Business contributed revenue of US$108,243,000 and loss of US$26,470,000 to the Group's results. Had the acquisition of the OrthoRecon Business occurred on 1 January 2014, management estimates that consolidated revenue would have been US$186,749,000 and consolidated loss for the interim period would have been US$10,585,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has engaged an external valuer to perform valuations for the financial instruments, including the conversion option embedded in convertible notes. A valuation report with analysis of changes in fair value measurement is prepared by the external valuer at each interim and annual reporting date, and is reviewed and approved by the Group's management.

		Fair value measurements as at 30 June 2014 categorised into		
	Fair value at 30 June 2014 US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000
Recurring fair value measurement				
Financial liabilities:				
Derivative financial liabilities:				
– Conversion Option of the Otsuka Loans	**3,793**	**–**	**–**	**3,793**

The carrying amounts of the Group's financial statements carried at cost or amortised cost are at amounts not materially different from their fair values as at 30 June 2014 and 31 December 2013.

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

22. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Volatility ratio
Conversion Option of the Otsuka Loans	Binomial lattice model	Expected volatility	38.82%

The fair value of the Conversion Option of the Otsuka Loans is determined using binomial lattice model and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. As at 30 June 2014, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's profit by US$886,000/US$869,000 (2013: nil).

The movement during the period in the balance of Level 3 fair value measurements is disclosed in note 17(b).

The gain arising from the remeasurement of the Conversion Option of the Otsuka Loan is presented in "Other net gain/(loss)" in the consolidated statement of profit or loss.

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

	At 30 June 2014 US$'000	At 31 December 2013 US$'000
Contracted for	**19,182**	21,645
Authorised but not contracted for	**58,524**	55,136
	77,706	76,781

24. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid individuals, is as follows:

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
Salaries and other benefits	**1,262**	606
Discretionary bonuses	**1,638**	878
Retirement scheme contributions	**37**	6
Equity-settled share-based payment expenses	**248**	585
	3,185	2,075

(b) Financing arrangement

As mentioned in note 17(b), the Company drew down the Otsuka Loans of US$200,000,000 from Otsuka Medical Devices for purpose of financing its acquisition of the OrthoRecon Business. As at 30 June 2014, the outstanding balance due to Otsuka Medical Devices by the Group was US$195,779,000. Interest expenses and fair value change on the derivative component relating to the Otsuka Loans recognised in the consolidated statement of profit or loss during the 6 months ended 30 June 2014 amounted to US$2,297,000 and US$1,900,000, respectively.

(c) Sales to related parties

For the six months ended 30 June 2014 and 2013 the Group has entered into sales transactions with the following related parties:

Name of party	Relationship
JIMRO Co., Ltd ("JIMRO")	Subsidiary of Otsuka Holdings Co., Ltd. ("Otsuka Holdings"), the ultimate controlling party of the Company
Thai Otsuka Pharmaceutical Co., Ltd ("Thai Otsuka")	Subsidiary of Otsuka Holdings
Otsuka (Philippines) Pharmaceutical, Inc ("Otsuka Philippines")	Subsidiary of Otsuka Holdings
P.T. Otsuka Indonesia ("Otsuka Indonesia")	Subsidiary of Otsuka Holdings
Otsuka Pakistan Ltd ("Otsuka Pakistan")	Subsidiary of Otsuka Holdings
MicroPort Sorin CRM	Joint venture of the Group

24. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Sales to related parties (continued)

Particulars of the Group's sales transactions with these parties are as follows:

	Six months ended 30 June	
	2014	2013
	US$'000	US$'000
Sales of goods to:		
JIMRO	**208**	67
Thai Otsuka	**566**	363
Otsuka Philippines	**726**	690
Otsuka Indonesia	**220**	267
Otsuka Pakistan	**420**	359
MicroPort Sorin CRM	**701**	–
	2,841	1,746
Sales of fixed assets to:		
MicroPort Sorin CRM	**1,027**	–

	At 30 June	At 31 December
	2014	2013
	US$'000	US$'000
Trade receivables from:		
JIMRO	**77**	113
Thai Otsuka	**502**	343
Otsuka Philippines	**307**	170
Otsuka Indonesia	**215**	425
Otsuka Pakistan	**250**	180
MicroPort Sorin CRM	**2,019**	–
	3,370	1,231

Amounts due from related parties are unsecured, interest free and expected to be recovered within one year.