



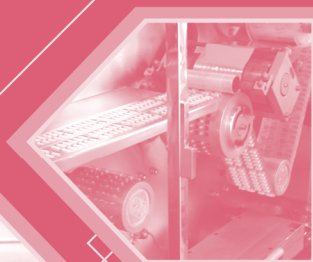
中生北控生物科技股份有限公司

BIOSINO BIO-TECHNOLOGY AND SCIENCE INCORPORATION*

(Registered in the People's Republic of China with limited liability)

Stock Code: 8247

QUALITY PRODUCTS CREATE HEALTHY LIFE



THIRD QUARTERLY RESULTS REPORT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

*For identification purposes only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE "GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid report in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed companies.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Biosino Bio-Technology and Science Incorporation (the "Company") collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Corporate Information

REGISTERED OFFICE IN THE PRC

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Science and Technology Industrial Park
Changping District
Beijing
PRC

Tel: (8610) 8011 7700
Fax: (8610) 8011 7026

HONG KONG OFFICE

Room 4301, 43rd Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Tel: (852) 2915 2898
Fax: (852) 2857 5084

WEBSITE

<http://www.zhongsheng.com.cn>
<http://baiao.com.cn>

INFORMATION OF SHARE

Place of listing: The Growth Enterprise
Market of The Stock
Exchange of Hong Kong
Limited

Stock code: 8247
Stock short name: Biosino Bio-Tec

BOARD OF DIRECTORS

*Chairman of the Board and
Non-executive Director*
Dr. Rao Zihe

Executive Directors
Mr. Wu Lebin
Mr. Zhu Yigui

Non-executive Directors
Mr. Zhang Yong
Dr. He Rongqiao
Ms. Li Chang
Mr. Rong Yang
Mr. Wang Fu Gen
Ms. Yu Xiaomin

Independent Non-executive Directors
Prof. Yang Zhenhua
Dr. Hua Sheng
Mr. Chan Yiu Kwong

SUPERVISORS

Dr. Yan Xiyun
Mr. Wang Xin
Mr. Shao Yimin

COMPANY SECRETARY

Mr. Tung Woon Cheung Eric CPA, CPA (U.S)

QUALIFIED ACCOUNTANT

Mr. Chan King Fai CPA

AUTHORISED REPRESENTATIVES

Mr. Wu Lebin
Mr. Tung Woon Cheung Eric

COMPLIANCE OFFICER

Mr. Wu Lebin

AUDITORS

Ernst & Young

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

In Mainland China:

Bank of China
Bank of Beijing
Industrial and Commercial Bank of China

In Hong Kong:

Bank of China (Hong Kong) Limited

INVESTOR AND RELATIONS CONSULTANT

Porda International (Finance) PR Co., Ltd
7/F., CMA Building
No. 64 Connaught Road Central
Hong Kong
Tel: (852) 2544-6388
Fax: (852) 2544-6126

Management Discussion and Analysis

BUSINESS REVIEW FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006

The Group's consolidated turnover for the period under review was RMB106.7 million, representing a 5.98% increase comparing to the corresponding period of last year.

Turnover from in-vitro diagnostic reagent segment increased 14.45% to RMB68.09 million. The growth was mainly benefited from the increase in sales volume of the Company's reagent products. The acquisition of Zhong Sheng Jinyu, which is also a manufacturer of in-vitro diagnostic reagent, also have a positive impact to the turnover growth. Despite the intense competition in the in-vitro diagnostic reagent market, the Group persists in expanding its sales network by strengthening its sales force and offering attractive product packages to its customers.

Turnover from pharmaceutical segment decreased 6.25% to RMB38.62 million. The business environment of medical industry has changed drastically since the implementation of new policies by the PRC Government in the second half of last year to rectify misbehaviours in the medical market. Although the Group's pharmaceutical sector has not involved in breaching activities, its business was inevitably affected by the disincentive mood pervading the market.

Profit attributable to shareholders of the Company was dragged down significantly to RMB13.21 million, mainly due to the market turbulence in the pharmaceutical sector and the additional depreciation charges from the Group's new production site in Changping District of Beijing.

PROSPECT AND FUTURE OUTLOOK

As the PRC economy is expected to keep booming in the future, the Directors believe that the demand for diagnostic reagent and pharmaceutical products will be driven up by the rising living standards and health awareness in the PRC. The implementation and extension of the Basic Medical Insurance Program further encourage domestic medical consumptions. These favorable factors will create enormous business opportunities to the Group.

Management Discussion and Analysis (Continued)

Meanwhile, the Directors believe that the recent measures taken by the PRC Government against misbehaviours in the medical industry will benefit the Group in long run, as those measures will protect the Group's pharmaceutical segment from substandard practices in the market.

Looking forward, the Group will further expand its market share and commercialize new products in the PRC and overseas market. By leveraging on its well-established sales network, unparalleled research and development capacity and excellent reputation in the PRC, the Group is confident to grasp future business opportunities in order to maximize shareholders' interests.

By order of the Board

Biosino Bio-Technology and Science Incorporation

Dr. Rao Zihe

Chairman

Beijing, the PRC, 9 November 2006

Third Quarterly Results for the Three Months and Nine Months Ended 30 September 2006

The Board of Directors (the "Board") of the Company announced the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and nine months ended 30 September 2006, together with the comparative figures for the same period in 2005, as follows:

Condensed Consolidated Income Statement

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2006 Unaudited RMB'000	2005 Unaudited RMB'000	2006 Unaudited RMB'000	2005 Unaudited RMB'000
TURNOVER	3	38,541	34,515	106,711	100,688
Cost of sales		(12,305)	(10,154)	(34,830)	(29,760)
Gross profit		26,236	24,361	71,881	70,928
Other revenue and gains		126	169	570	471
Selling and distribution costs		(10,820)	(9,408)	(28,641)	(25,455)
Administrative expenses		(7,137)	(5,482)	(19,459)	(16,177)
Research and development costs		(1,698)	(1,865)	(5,727)	(4,186)
PROFIT FROM OPERATING ACTIVITIES		6,707	7,775	18,624	25,581
Finance costs		(1,291)	(19)	(2,335)	(103)
PROFIT BEFORE TAX		5,416	7,756	16,289	25,478
Tax	4	(857)	(1,170)	(2,481)	(3,585)
PROFIT FOR THE PERIOD		4,559	6,586	13,808	21,893
Attributable to:					
Shareholders of the Company		4,532	6,066	13,214	20,262
Minority interests		27	520	594	1,631
		4,559	6,586	13,808	21,893
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	5				
– Basic and diluted (RMB)		0.05	0.09	0.13	0.29

Condensed Notes to the Financial Statements

1. Corporate Information

Biosino Bio-Technology and Science Incorporation (the “Company”) is a limited liability company incorporated in the People’s Republic of China (the “PRC”). The registered office of the Company is located at No. 27, Chaoqian Road Science and Technology Industrial Park, Changping District, Beijing, the PRC. H shares of the Company have been listed on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) since 27 February 2006.

During the period, the Group was principally engaged in the manufacture, sale and distribution of in-vitro diagnostic reagent products and a pharmaceutical product.

2. Basis of Preparation

The unaudited condensed consolidated accounts have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated accounts are consistent with those used in the Company’s audited financial statements for the year ended 31 December 2005.

3. Turnover

Turnover represents the net invoiced value of goods sold, net of value-added tax and government surcharges, and after allowances for goods returned and trade discounts. An analysis of the Group’s turnover for the three months and nine months ended 30 September 2006 is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2006	2005	2006	2005
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB’000	RMB’000	RMB’000	RMB’000
Sale of in-vitro diagnostic reagent products	24,439	20,090	68,091	59,492
Sale of a pharmaceutical product	14,102	14,425	38,620	41,196
	38,541	34,515	106,711	100,688

Condensed Notes to the Financial Statements (Continued)

4. Tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the nine months ended 30 September 2006 (2005: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. According to the relevant PRC income tax law, the Company and its subsidiaries, registered as new and high technology enterprises in Beijing, are entitled to a concessionary income tax rate of 15%, which has been applied for both periods.

	Three months ended		Nine months ended	
	30 September		30 September	
	2006	2005	2006	2005
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
Group:				
Current – Mainland China	857	1,170	2,481	3,585

5. Earnings Per Share

The calculation of basic earnings per share for the three months ended 30 September 2006 is based on the unaudited profit attributable to shareholder of the Company for the period and the weighted average of 100,017,528 (2005: 70,017,528) registered shares in issue during the period.

The calculation of basic earnings per share for the nine months ended 30 September 2006 is based on the unaudited profit attributable to shareholders of the Company for the period and the weighted average of 92,980,491 (2005: 70,017,528) registered shares in issue during the period.

Diluted earnings per share for the three months and nine months ended 30 September 2006 and 2005 is the same as basic earnings per share for the corresponding period as there were no diluting effect on basic earnings per share for these periods.

Condensed Notes to the Financial Statements (Continued)

6. Reserves

The movements of reserves for the nine months ended 30 September 2006 and 2005 are as follows:

	Issued share capital Unaudited RMB'000	Capital reserves# Unaudited RMB'000	Statutory reserves Unaudited RMB'000	Retained profits Unaudited RMB'000	Proposed final dividend Unaudited RMB'000	Total Unaudited RMB'000
At 1 January 2006	70,018	7,544	17,286	7,810	10,002	112,660
Proceeds from issuing of new H shares	30,000	32,400	-	-	-	62,400
Share issuance costs	-	(13,501)	-	-	-	(13,501)
Profit for the period attributable to shareholders of the Company	-	-	-	13,214	-	13,214
Final 2005 dividend declared	-	-	-	-	(10,002)	(10,002)
At 30 September 2006	100,018	26,443	17,286	21,024	-	164,771
At 1 January 2005	70,018	2,959	12,811	2,520	18,000	106,308
Profit for the period attributable to shareholders of the Company	-	-	-	20,262	-	20,262
Final 2004 dividend declared	-	-	-	-	(18,000)	(18,000)
At 30 September 2005	70,018	2,959	12,811	22,782	-	108,570

The capital reserves of the Group include non-distributable reserves of the Company and its subsidiary created in accordance with accounting and financial regulations in the PRC.

7. Interim Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2006 (2005: Nil).

Discloseable Information

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2006, the interests and short positions of the directors in the shares and underlying shares of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and to the Stock Exchange, will be as follows:

Long position in issued shares of the Company

Name of director	Nature of interest	Number of domestic shares	Percentage of domestic shares held	Percentage of total registered share capital
Zhu Yigui (<i>Note</i>)	Personal	1,050,263	1.6	1.05

Note: Zhu Yigui is the registered holder and beneficial owner of the 1,050,263 domestic shares.

Save as disclosed above, as at 30 September 2006, none of the directors or supervisors had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under the SFO) or will be required pursuant to the required standard of dealings by directors as referred to in Rules 5.46 to 5.68 of the GEM Listing Rules or Section 352 of the SFO to be entered in the register of interests referred to therein.

Discloseable Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As far as is known to any directors or supervisors of the Company, as at 30 September 2006, the following persons (other than directors or supervisors of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be recorded in the register to be kept under Section 336 of the SFO:

Long positions in shares

Name of person	Nature of interest	Total number of domestic shares	Percentage of domestic shares	Percentage of total register capital
Institute of Biophysics of the Chinese Academy of Sciences	Domestic Shares	31,308,576	46.7%	31.3%
Beijing Enterprises Holdings High-Tech Development Co., Ltd. ("BEHT")	Domestic Shares	24,506,143	36.6%	24.5%
Beijing Enterprises Holdings Limited ("BEHL") (Note 1)	Domestic Shares	24,506,143	36.6%	24.5%

Note:

- 1 These domestic shares are registered in the name of BEHT. As BEHL is entitled to exercise or control the exercise of one-third or more of the voting rights at the general meetings of BEHT, for the purpose of the SFO, BEHL is deemed to be interested in all the domestic shares in which BEHT is interested.

Save as disclosed above, as far as is known to any directors or supervisors of the Company, as at 30 September 2006, no person, other than the director of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be recorded in the register required to be recorded pursuant to Section 336 of the SFO.

Discloseable Information (Continued)

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the directors or supervisors or their respective associates (as defined under the GEM Listing Rules) was granted by the Company or its subsidiary any rights or options to acquire any shares in or debentures of the Company or had exercised any such rights as at 30 September 2006.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period and up to the date of this report, none of the directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the directors have been appointed or were appointed as directors to represent the interests of the Company and/or the Group, pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

H shares of the Company have been listed on the GEM of the Stock Exchange since 27 February 2006. During the period from the listing date to 30 September 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE ADVISER'S INTEREST

As updated and notified by the Company's compliance adviser, Partners Capital International Limited (the "Compliance Adviser"), none of the Compliance Adviser, or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Company as at 30 September 2006 pursuant to Rule 6.36 of the GEM Listing Rules. Pursuant to an agreement dated 27 February 2006 entered into between the Company and the Compliance Adviser, the Compliance Adviser will receive a fee for acting as the Company's compliance adviser for the period from 27 February 2006 and end on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year ending 31 December 2008 or until the agreement is terminated in accordance with the terms and conditions set out therein.

Discloseable Information (Continued)

AUDIT COMMITTEE

The Company has established an audit committee on 10 February 2006 with written terms of reference in compliance with the requirements as set out in Rules 5.28 and 5.29 of the GEM Listing Rules. The audit committee's primary duties are the review and supervision of the Company's financial reporting procedures and internal control systems. The audit committee consists of the three independent non-executive directors, namely Prof. Yang Zhenhua, Dr. Hua Sheng and Mr. Chan Yiu Kwong. The unaudited condensed consolidated accounts for the nine months ended 30 September 2006 have been reviewed by the audit committee of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company always puts strong emphasis on corporate governance. However, in the opinion of the Board, because the Company was listed on the GEM board of the stock exchange of Hong Kong on 27 February 2006, therefore, the code provisions in the Code on Corporate Governance Practice (the "Code") as set out in the Appendix 15 of the GEM Listing Rules was not be fully complied by the Company before listing. Subject to the deviations as disclosed on this report, the Company has complied with all the Code by establishing a formal and transparent procedures to protect and maximize the interests of shareholders during the period under review after listing.