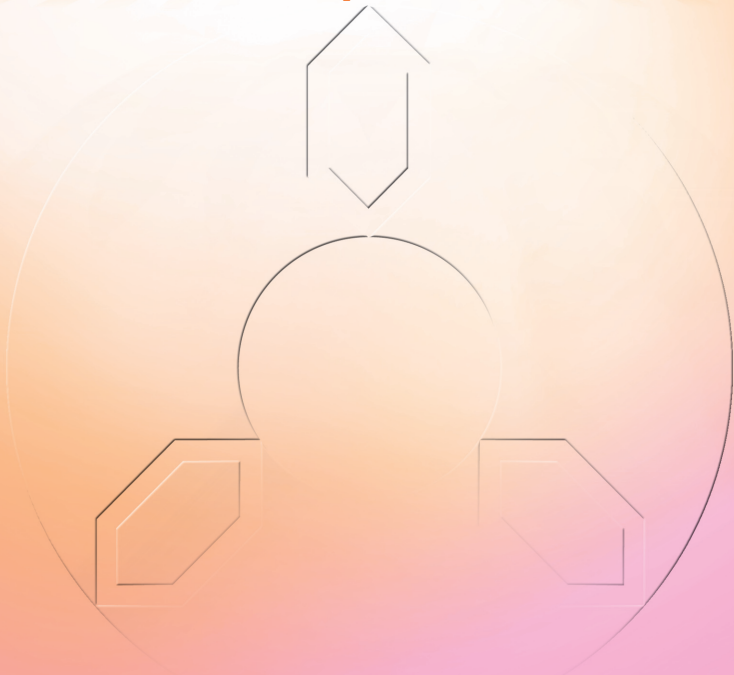




中生北控生物科技股份有限公司  
BIOSINO BIO-TECHNOLOGY AND SCIENCE INCORPORATION\*  
(Incorporated in the People's Republic of China with limited liability) (Stock Code : 8247)

09

Progressive **Expansion**  
Solid **Improvement**



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**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.**

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*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

## PRC OFFICE

No. 27 Chaoqian Road  
Science and Technology Industrial Park  
Changping District  
Beijing, PRC

## HONG KONG OFFICE

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

## WEBSITES

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

## BOARD OF DIRECTORS

*Chairman and Executive Director*  
Mr. Wu Lebin

*Vice Chairman and Non-executive Directors*

Mr. Zhang Yong  
Dr. Gao Guang Xia

*Executive Directors*

Dr. Wang Lin  
Mr. Hou Quanmin

*Non-executive Directors*

Mr. Rong Yang  
Ms. Qin Xuemin  
Mr. Wang Fu Gen  
Ms. Yu Xiaomin

*Independent Non-executive Directors*

Dr. Rao Yi  
Dr. Hu Canwu Kevin  
Mr. Chan Yiu Kwong

## SUPERVISORS

Dr. He Rongqiao  
Mr. Wang Xin  
Mr. Shao Yimin

## COMPANY SECRETARY

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

## QUALIFIED ACCOUNTANT

Mr. Cheung Yeung 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

Bank of Beijing  
Industrial and Commercial Bank of China  
Bank of China (Hong Kong) Limited

## INFORMATION OF SHARE

Place of listing:	The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
Stock code:	8247
Number of H shares issued:	33,000,000 H shares
Nominal value:	RMB1.00 per H share
Stock short name:	Biosino Bio-Tec

## Group Profile

Biosino Bio-Technology and Science Incorporation (“Biosino Bio-Tec” or the “Company”) is the leading supplier of in-vitro diagnostic reagents in the People’s Republic of China (“PRC”). The Company and its subsidiaries (collectively referred to as the “Group”) is principally engaged in the research and development, manufacture, sale and distribution of in-vitro diagnostic reagents and pharmaceutical products, and providing hospital and other medical institutions with quality and reliable diagnostic reagents and pharmaceutical products. Beijing Baiao Pharmaceuticals Co., Ltd. (“Baiao Pharmaceuticals”), a subsidiary of the Group, manufactures Lumbrokinase capsule, a Class II prescription drug which is used to treat cardio cerebrovascular diseases. These two kinds of products laid the solid business foundations of the Group in the medical industry in China, thus strengthening the Group for further development.

Equity holders of the parent are having strong background. Our largest shareholder, the Institute of Biophysics of the Chinese Academy of Sciences (“IBP”), is the leading research institution in life sciences; while the second largest shareholder is Beijing Enterprises Holdings High-Tech Development Co., Ltd. (“BEHT”) (a subsidiary of Beijing Enterprises Holdings Limited).

The “Biosino” and “Baiao” brands of the Group are well-known in the industry. “Biosino” was awarded as “Renowned Beijing Brand” (北京名牌產品) in 2002 and was awarded “No. 1 Brand with High Quality and Reputation in the In-vitro Diagnostic Reagent Market of the PRC” (中國診斷試劑市場用戶滿意質量信譽第一品牌) in 2005, and it is highly recognised among market users and in the medical sector. The Group adopted an integrated retail and distribution model in marketing, and established an efficient, stable and extensive sales network covering over 30 provinces, cities and municipalities with more than 600 distributors. The Group’s diagnostic reagents and Lumbrokinase capsule are well received at domestic hospitals and medical institutions.

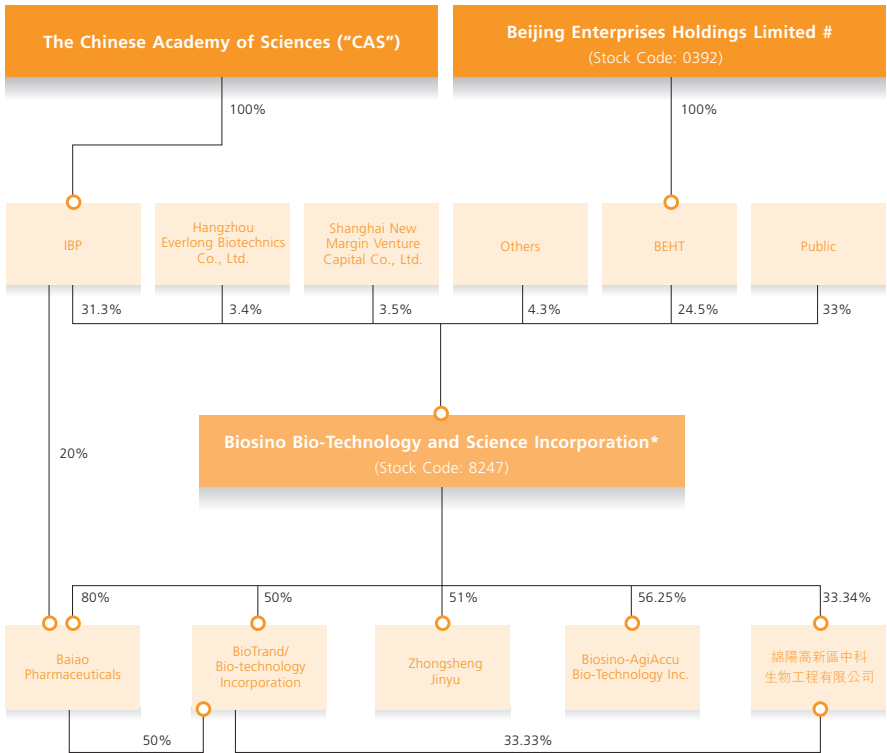
The Group ranked No. 1 in the conventional chemistry reagent market in China. Lumbrokinase capsule is included in the Drugs Catalogue of National Basic Medical Insurance (國家基本醫療保險藥品目錄) and Reimbursable Drugs Catalogue of Public Medical and Labour Insurance in Beijing Municipality (北京市公費醫療、勞保醫療用藥報銷範圍), showing that the Group’s products are highly recognised in the market.

In addition, a number of management members of the Group are professors in universities or holding doctorate degrees. Upholding our business principles of “By people, for people; ceaseless innovation; unquestionable quality pursuing perfection; genuine craftsmanship and ethical management”, our management strives to strengthen our overall competitiveness. Even some of them had research experience in the IBP. The solid scientific research background and ambition of our management, providing firm research foundations of Biosino Bio-Tec, are also advantageous to the long-term business development of the Group.

H shares of the Company have been listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 27 February 2006.

# GROUP STRUCTURE

As at 7 August 2009



\* Listed on the GEM of the Stock Exchange

# Listed on the Main Board of the Stock Exchange

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW FOR THE FIRST HALF OF 2009

During the first half of the year, the economy of China, particularly in the coastal regions, was negatively affected due to the ongoing impact of the global financial crisis, resulting in the slowdown of the growth of the medical market. Meanwhile, as the Group accumulated the inventory of diagnostic reagent products for the Olympics in the regions outside Beijing during the first half of 2008, the sales for 2009 decreased as compared to that in the same period last year. In some regions, the Group lost its market shares to competitors due to the reason of the product structure enhancement from mono reagents to double reagents. These factors had an adverse effect on the revenue of the Group. However, the "863 Program" organized by the Group enabled the further improvement in the quality of certain products, which facilitated the cooperation relationship with tertiary-level hospitals and expanded the high-end market, thereby improving the market structure of the Group.

In terms of research and development, during the first half of the year, the Group obtained acceptance for registration of 2 new products including Iron Kits and Immunoturbidimetric HP Kit. In addition, the application of Creatinine Control and C-reactive Protein Calibrator was in process and is expected to complete the application and registration for production within this year.

## FINANCIAL REVIEW FOR THE FIRST HALF OF 2009

Revenue for the six months ended 30 June 2009 was approximately RMB100 million, representing a decrease of 3.9% as compared with approximately RMB104 million for the corresponding period last year. For the revenue of this period, approximately RMB68.59 million was generated from the sale of in-vitro diagnostic reagent products, accounting for 68.4% of the Group's total revenue and representing a decrease of 3% as compared with RMB70.69 million for the corresponding period last year. As for pharmaceutical products, the revenue from the sale of Lumbrokinase capsules was RMB31.66 million, accounting for 31.6% of the Group's total revenue and representing a decrease of 5.9% as compared with RMB33.64 million for the corresponding period last year.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## FINANCIAL REVIEW FOR THE FIRST HALF OF 2009 (CONTINUED)

For the six months ended 30 June 2009, profit from operating activities amounted to RMB15.53 million, representing a decrease of 7% over the corresponding period last year.

Profit attributable to shareholders for the six months ended 30 June 2009 was RMB10.96 million, representing an increase of approximately 22% as compared with RMB8.98 million for the corresponding period last year. Such increase was mainly attributable to the decrease in the income tax rate of the Group.

## PROSPECT AND OUTLOOK

Looking forward, the Group will continue to put efforts in the establishment of the technological innovation system, the reference system and the industry standard system for the in-vitro diagnostic industry. By increasing its efforts in the research and development of new products, the Group aims to enhance the proprietary innovation capability and core competitiveness. The Group will strive to expand the product chain and to move into the new sectors for diagnostic products for immunology while working to strengthen diagnostic products for clinical biochemistry. It is anticipated that the Group will launch new birth-defective related immunity diagnostic products during the second half of the year to early next year.

Moreover, the Group will seize any new opportunities and to carry out merger and acquisition actively with caution which is within its principal business activities for the purpose of expanding the Group's pharmaceutical business in a systematic manner. The Board believes the state reform of the medical sector and the improving policies will continue to provide development opportunities for the Group. The Group will endeavor to establish a competitive and sizable market network and system in order to contribute to maximizing shareholders' interest.



# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## CAPITAL STRUCTURE, FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with cash flows generated from sales, capital contributions from shareholders and bank borrowings. During the period, cash flow from operating activities was approximately RMB18.5 million. There were no new issue of shares and new bank borrowings for the period.

As at 30 June 2009, the Group had cash and bank balances of approximately RMB79.4 million (as at 31 December 2008: approximately RMB85.4 million). The Group's bank borrowings amounted to RMB10 million as at 30 June 2009 and RMB40 million as at 31 December 2008 respectively. Such borrowings are denominated in Renminbi and at fixed interest rates. The Group was in a net cash position of approximately RMB69.4 million (as at 31 December 2008: approximately RMB45.4 million). The gearing ratio (defined as total bank loans over the equity attributable to shareholders of the Company) was 51% (as at 31 December 2008: 20.5%).

## FOREIGN CURRENCY RISK

The Group's businesses are located in Mainland China and all transactions are conducted in Renminbi, except for the fact that the Group occasionally purchases equipment from overseas countries for resale in Mainland China. As the purchase amount was not significant, fluctuations of the exchange rates of Renminbi against foreign currencies are not expected to have significant impact on the results of the Group.

## PLEDGE OF ASSETS OF THE GROUP

As at 30 June 2009 and 31 December 2008, the Group's bank loans were secured by the Group's land in Mainland China and buildings erected thereon, with an aggregate carrying value of approximately RMB29,855,000 and RMB59,106,000 respectively at the balance sheet dates.

# MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

## INVESTMENTS OF THE GROUP

The group had acquired certain listed equity investments in Mainland China in prior years. As at 30 June 2009 the investments were stated at fair value with an aggregate value of approximately RMB4,001,000 (2008: approximately RMB10,209,000).

## CONTINGENT LIABILITIES

As at 30 June 2009 and 31 December 2008, the Group did not have any contingent liabilities.

## EMPLOYEE

On 30 June 2009, approximately 608 full-time employees (as at 31 December 2008: approximately 609) were employed by the Group. The total staff costs of the Group (including the directors' remunerations) for the period ended 30 June 2009 amounted to approximately RMB22.2 million (2008: approximately RMB21.55 million). The Group fixes and reviews the emoluments of its staff and directors based on their qualification, experience, performance, and market rates, so as to maintain the remunerations of its staff and directors at a competitive level.

## APPRECIATION

On behalf of the Board, I would like to extend my sincere thanks to all shareholders and business partners of the Group for their unswerving support, and to the entire staff of the Group for their valuable contribution.

By order of the Board  
**Biosino Bio-Technology and Science Incorporation**  
**Wu Lebin**  
*Chairman*

Beijing, the PRC, 7 August 2009

The Board of Directors (the "Board") of the Company announced the unaudited consolidated income statement of the Group for the three months and six months ended 30 June 2009 and the unaudited condensed consolidated balance sheet of the Group as at 30 June 2009, together with the comparative figures in 2008, as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2009

	Notes	Three months ended 30 June		Six months ended 30 June	
		2009 Unaudited RMB'000	2008 Unaudited RMB'000	2009 Unaudited RMB'000	2008 Unaudited RMB'000
<b>REVENUE</b>	2, 3	<b>56,299</b>	59,924	<b>100,255</b>	104,333
Cost of sales		<b>(18,190)</b>	(18,948)	<b>(32,134)</b>	(34,211)
Gross profit		<b>38,109</b>	40,976	<b>68,121</b>	70,122
Other income and gain		<b>2,374</b>	4,315	<b>5,566</b>	4,809
Selling and distribution expenses		<b>(15,680)</b>	(13,935)	<b>(26,360)</b>	(25,904)
Administrative expenses		<b>(16,092)</b>	(15,546)	<b>(27,503)</b>	(25,268)
Research and development expenses		<b>(193)</b>	(1,278)	<b>(4,176)</b>	(4,676)
Other operating expenses		<b>(120)</b>	(2,395)	<b>(120)</b>	(2,395)
<b>PROFIT FROM OPERATING ACTIVITIES</b>	4	<b>8,398</b>	12,137	<b>15,528</b>	16,688
Finance costs	5	<b>(472)</b>	(2,830)	<b>(1,170)</b>	(2,977)
Share of losses of associates		<b>(346)</b>	(29)	<b>(461)</b>	(268)
<b>PROFIT BEFORE TAX</b>		<b>7,580</b>	9,278	<b>13,897</b>	13,443
Tax	6	<b>(1,256)</b>	(2,343)	<b>(2,339)</b>	(3,777)
<b>PROFIT FOR THE PERIOD</b>		<b>6,324</b>	6,935	<b>11,558</b>	9,666
Attributable to:					
Shareholders of the Company		<b>6,185</b>	6,249	<b>10,962</b>	8,982
Minority interests		<b>139</b>	686	<b>596</b>	684
		<b>6,324</b>	6,935	<b>11,558</b>	9,666
<b>EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>	7				
– Basic (RMB)		<b>0.062</b>	0.062	<b>0.110</b>	0.090
– Diluted		<b>N/A</b>	N/A	<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2009

		<b>30 June</b>	31 December
		<b>2009</b>	2008
		<b>Unaudited</b>	Audited
	Notes	<b>RMB'000</b>	RMB'000
<b>ASSETS</b>			
Non-current assets:			
Property, plant and equipment		<b>110,741</b>	114,903
Prepaid land premiums		<b>7,569</b>	7,297
Goodwill		<b>308</b>	309
Other intangible assets		<b>1,313</b>	1,581
Interest in associates		<b>3,475</b>	3,936
Trade and bills receivables	9	–	410
Long-term deposits		<b>3,179</b>	708
Deferred tax assets		<b>469</b>	–
Total non-current assets		<b>127,054</b>	129,144
Current assets:			
Prepaid land premiums		<b>178</b>	177
Inventories		<b>28,590</b>	28,469
Trade and bills receivables	9	<b>42,477</b>	37,047
Prepayments, deposits and other receivables		<b>8,228</b>	7,098
Financial assets at fair value			
through profit or loss		<b>4,001</b>	10,209
Time deposits		<b>6,900</b>	6,600
Cash and cash equivalents		<b>79,422</b>	85,376
Total current assets		<b>169,796</b>	174,976
<b>TOTAL ASSETS</b>		<b>296,850</b>	304,120

## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2009

		<b>30 June</b>	31 December
		<b>2009</b>	2008
		<b>Unaudited</b>	Audited
	Notes	<b>RMB'000</b>	RMB'000
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to shareholders of the Company:			
Issued capital	10	<b>100,018</b>	100,018
Reserves		<b>95,922</b>	84,960
Proposed final dividend		–	10,002
		<b>195,940</b>	194,980
Minority interests		<b>23,449</b>	22,354
<b>TOTAL EQUITY</b>		<b>219,389</b>	217,334
Non-current liabilities:			
Deferred income		<b>15,061</b>	14,157
Other payables		<b>80</b>	–
Total non-current liabilities		<b>15,141</b>	14,157
Current liabilities:			
Trade payables	11	<b>14,869</b>	6,923
Other payables and accruals		<b>35,863</b>	21,828
Taxes payable		<b>1,588</b>	3,878
Bank borrowings		<b>10,000</b>	40,000
Total current liabilities		<b>62,320</b>	72,629
<b>TOTAL LIABILITIES</b>		<b>77,461</b>	86,786
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>296,850</b>	304,120

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to shareholders of the Company					Total	Minority interests	Total equity
	Issued share capital	Capital reserves <sup>†</sup>	Statutory reserves	Retained Profits	Proposed final dividend			
	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000
At 1 January 2008	100,018	30,557	22,531	17,919	10,002	181,027	21,965	202,992
Profit for the period and total income and expense for the period	-	-	-	8,982	-	8,982	684	9,666
Final 2007 dividend declared	-	-	-	-	(10,002)	(10,002)	-	(10,002)
Capital contribution from a minority shareholder	-	-	-	-	-	-	1,199	1,199
At 30 June 2008	100,018	30,557	22,531	26,901	-	180,007	23,848	203,855
At 1 January 2009	100,018	31,126 <sup>†</sup>	27,991 <sup>†</sup>	25,843 <sup>†</sup>	10,002	194,980	22,354	217,334
Profit for the period and total income and expense for the period	-	-	-	10,962	-	10,962	596	11,558
Final 2008 dividend declared	-	-	-	-	(10,002)	(10,002)	-	(10,002)
Capital contribution from a minority shareholder	-	-	-	-	-	-	499	499
At 30 June 2009	100,018	31,126 <sup>†</sup>	27,991 <sup>†</sup>	36,805 <sup>†</sup>	-	195,940	23,449	219,389

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

† These reserve accounts comprise the consolidated reserves of RMB95,922,000 and RMB84,960,000 in the consolidated balance sheet as at 30 June 2009 and 31 December 2008, respectively.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	Six months ended	
	30 June	
	2009	2008
	Unaudited	Unaudited
	RMB'000	RMB'000
Net cash inflow from operating activities	<b>18,535</b>	4,489
Net cash inflow/(outflow) from investing activities	<b>4,468</b>	(34,013)
Net cash (outflow)/inflow from financing activities	<b>(28,957)</b>	416
Decrease in cash and cash equivalents	<b>(5,954)</b>	(29,108)
Cash and cash equivalents at beginning of period	<b>85,376</b>	148,721
Cash and cash equivalents at end of period	<b>79,422</b>	119,613

# Notes to the Condensed Consolidated Financial Statements

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months and six months ended 30 June 2009 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the Company's audited financial statements for the year ended 31 December 2008.

## 2. SEGMENT INFORMATION

For management purposes, the group is organised into business units based on their products and has two reportable operating segments as follows:

- (i) the in-vitro diagnostic reagent products segment manufactures, sells and distributes a variety of mono/double diagnostic reagent products; and
- (ii) the pharmaceutical products segment manufactures, sells and distributes pharmaceutical products.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.



# Notes to the Condensed Consolidated Financial Statements (Continued)

## 2. SEGMENT INFORMATION (CONTINUED)

The following tables present revenue and profit information regarding for the Group's operating segments for each of the six months ended 30 June 2009 and 2008:

### Six months ended 30 June 2009

	In-vitro diagnostic reagent products Unaudited RMB'000	Pharma- ceutical products Unaudited RMB'000	Eliminations Unaudited RMB'000	Total Unaudited RMB'000
<b>Segment revenue:</b>				
Sales to external customers	68,592	31,663	-	100,255
Other income	4,987	59	-	5,046
Total	<u>73,579</u>	<u>31,722</u>	-	<u>105,301</u>
<b>Segment results</b>	<u>11,175</u>	<u>3,833</u>	-	<u>15,008</u>
Interest income				<u>520</u>
Profit from operating activities				15,528
Finance costs				(1,170)
Share of losses of associates	(461)	-	-	<u>(461)</u>
Profit before tax				13,897
Tax				<u>(2,339)</u>
Profit for the period				<u>11,558</u>

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 2. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2008

	In-vitro diagnostic reagent products Unaudited RMB'000	Pharma- ceutical products Unaudited RMB'000	Eliminations Unaudited RMB'000	Total Unaudited RMB'000
<b>Segment revenue:</b>				
Sales to external customers	70,689	33,644	–	104,333
Other income	3,784	–	–	3,784
Total	74,473	33,644	–	108,117
<b>Segment results</b>	10,652	5,011	–	15,663
Interest income				1,025
Profit from operating activities				16,688
Finance costs				(2,977)
Share of loss of an associate	(268)	–	–	(268)
Profit before tax				13,443
Tax				(3,777)
Profit for the period				9,666

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 3. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, net of value-added tax and government surcharges, and after allowances for the goods returned and trade discounts.

An analysis of the Group's revenue for the three months and six months ended 30 June 2009 is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
Sale of in-vitro diagnostic reagent products	39,408	41,639	68,592	70,689
Sale of pharmaceutical products	16,891	18,285	31,663	33,644
	<b>56,299</b>	59,924	<b>100,255</b>	104,333

### 4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation	3,395	3,534	6,409	6,210
Amortisation of know-how	264	220	528	457
Amortisation of prepaid land premiums	44	46	87	92

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 5. FINANCE COSTS

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
Interests on bank loans	472	2,830	1,170	2,977

## 6. TAX

No provision for Hong Kong profits tax has been made as the Group has not generated any assessable profits in Hong Kong during the six months ended 30 June 2009 (2008: Nil). Taxes on profits assessable in Mainland China, where the Group operates, have been calculated at the rates of tax prevailing in Mainland China, based on existing legislation, interpretations and practices in respect thereof. According to the relevant PRC income tax law, the Company and certain of its subsidiaries, being registered as new and high technology enterprises in Beijing, are entitled to concessionary income tax rate of 15%.

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
Current – Mainland, the PRC	1,256	2,343	2,339	3,777

## 7. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share for the three months and six months ended 30 June 2009 is based on the unaudited profit attributable to shareholders of the Company for the period and the weighted average number of 100,017,528 (2008: 100,017,528) ordinary shares in issue during the period.

No diluted earnings per share have been presented as there was no diluting event existed during the three months and six months ended 30 June 2009 (2008: Nil).

## 8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 9. TRADE AND BILLS RECEIVABLES

Except for certain established customers of the Group for several instalment sales contracts entered into with payment terms ranging from two to four years, the credit period of the Group granted to its customers generally for a period ranging from 60 days to 90 days. The Group closely monitors overdue balances, and impairment is made when it is considered that amounts due may not be recovered. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are interest-free.

An aged analysis of the trade and bills receivables of the Group as at the balance sheet date based on invoice date, are as follows:

	<b>30 June 2009 Unaudited RMB'000</b>	31 December 2008 Audited RMB'000
Within 3 months	<b>35,013</b>	32,623
4 to 6 months	<b>3,882</b>	4,271
7 to 12 months	<b>1,526</b>	1,104
1 to 2 years	<b>687</b>	1,562
Over 2 years	<b>1,371</b>	961
	<b>42,479</b>	40,521
Less: Impairment	<b>(2)</b>	(3,064)
	<b>42,477</b>	37,457
Less: Portion classified as current assets	<b>(42,477)</b>	(37,047)
Non-current portion	-	410

The carrying amounts of the trade and bills receivables approximate to their fair values.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 10. SHARE CAPITAL

	<b>30 June 2009 Unaudited RMB'000</b>	31 December 2008 Audited RMB'000
Registered, issued and fully paid:		
67,017,528 domestic shares of RMB1 each	<b>67,018</b>	67,018
33,000,000 H shares of RMB1 each	<b>33,000</b>	33,000
	<b>100,018</b>	100,018

## 11. TRADE PAYABLES

An aged analysis of trade payables of the Group as at the balance sheet date, based on the invoice date, is as follows:

	<b>30 June 2009 Unaudited RMB'000</b>	31 December 2008 Audited RMB'000
Within 3 months	<b>11,417</b>	6,058
4 to 6 months	<b>287</b>	295
7 to 12 months	<b>1,648</b>	364
1 to 2 years	<b>1,289</b>	54
Over 2 years	<b>228</b>	152
	<b>14,869</b>	6,923

The trade payables are non-interest-bearing and are normally settled on credit terms ranging from 30 days to 90 days.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 12. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2009 (2008: Nil).

## 13. COMMITMENTS

- (a) The Group did not have any significant capital commitments in respect of plant and machinery as at 30 June 2009 (2008: Nil).
- (b) Pursuant to a research and development co-operation agreement (the "Research and Development Co-operation Agreement") dated 9 August 2004 entered into between the Group and the IBP, a shareholder of the Company, both parties will jointly engage in a pre-clinical research project for the development of a chemical drug, namely, Alprostadil for Injection. Upon completion of such pre-clinical research, the Group will have the right to obtain the ownership of the relevant clinical testing certificate and the production licence to be issued thereafter by the State Food and Drug Administration of the PRC, while the Group will have to complete the co-development of the pre-clinical research according to the Research and Development Co-operation Agreement. The assessed market value of the clinical research rights is subject to a cap of RMB5,000,000. Therefore, the maximum amount of consideration that the Group would pay to the IBP to acquire the clinical research rights would be RMB2,500,000.
- (c) On 9 December 2004, the IBP and the Group entered into an exclusive technology licensing agreement (the "Licensing Agreement") in regard to the production of diagnostic reagents by employing the technologies owned by the IBP (the "Reagent Technologies"). Pursuant to the Licensing Agreement, the Company is required to pay a fee of RMB500,000 per annum to the IBP for 20 years, commencing on the effective date of the Licensing Agreement.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 14. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties during the period:

	Note	Six months ended 30 June	
		2009 Unaudited RMB'000	2008 Unaudited RMB'000
Technical service fee	(i)	250	250

Note:

- (i) Details of the technical service fee are set out in note 13(c) to the report.
- (b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2009 Unaudited RMB'000	2008 Unaudited RMB'000
Short term employee benefits	3,399	3,409
Post-employment benefits	199	176
Total compensation paid to key management personnel	3,598	3,585

The directors are of the opinion that the above transactions were conducted in the ordinary course of business of the Group.



## Other Information

### DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2009, the interest and short positions of the directors or supervisors 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")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as 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, were as follows:

#### Long position in shares of the Company

<b>Name</b>	<b>Number of the Company's domestic shares held</b>	<b>Percentage of the Company's domestic shares</b>	<b>Percentage of the Company's total registered share capital</b>
Mr. Wu Lebin ( <i>note</i> )	1,000,000	1.49%	1.00%
Mr. Hou Quanmin ( <i>note</i> )	150,000	0.22%	0.15%
Dr. Wang Lin ( <i>note</i> )	100,000	0.15%	0.10%

**Note:** The directors are the registered holders and beneficial owners of the respective domestic shares.

Save as disclosed above, as at 30 June 2009, none of the directors or supervisors had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules.

## Other Information (Continued)

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2009, as far as is known to any directors and supervisors of the Company, the following interests of 5% or more of the issued capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares of the Company:

Name	Capacity and nature of interest	Number of the Company's shares held		Percentage of the Company's respective type of shares	Percentage of the Company's total registered capital
		Domestic Shares	H Shares		
The IBP	Directly beneficially owned	31,308,576	–	46.7%	31.3%
Beijing Enterprises Holdings High-Tech Development Co., Ltd. ("BEHT")	Directly beneficially owned	24,506,143	–	36.6%	24.5%
Beijing Enterprises Holdings Limited ("BEHL") (note)	Through a controlled corporation	24,506,143	–	36.6%	24.5%
Beijing Enterprises Group (BVI) Company Limited ("BE(BVI)") (note)	Through controlled corporations	24,506,143	–	36.6%	24.5%
北京控股集團有限責任公司 (Beijing Enterprises Group Company Limited) ("BEGC") (note)	Through controlled corporations	24,506,143	–	36.6%	24.5%
K.C. Wong Education Foundation	Directly beneficially owned	–	3,800,000	11.52%	3.8%
Chung Shek Enterprises Company Limited	Through controlled corporations	–	3,800,000	11.52%	3.8%
Pheim Asset Management (Asia) Pte Ltd	Through controlled corporations	–	3,050,000	9.24%	3.05%
Deutsche Bank Aktiengesellschaft	Through controlled corporations	–	1,840,000	5.58%	1.84%

## Other Information (Continued)

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

**Note:** These domestic shares are registered in the name of BEHT, BEHL, BE(BVI) and BEGC are the immediate holding company, an intermediate holding company and the ultimate holding company of BEHT, respectively. Accordingly, each of them is deemed to be interested in the domestic shares of the Company owned by BEHT.

Save as disclosed above, as far as is known to any directors or supervisors of the Company, as at 30 June 2009, no person, other than the directors or supervisors of the Company, whose interests are set out in the section "Directors' and supervisors' interests in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### DIRECTORS' AND SUPERVISORS' 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 subsidiaries any rights or options to acquire any shares in or debentures of the Company or had exercised any such rights as at 30 June 2009.

### DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period and up to the date of this report, none of the directors who is 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 GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2009.

## Other Information (Continued)

### SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. Having made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standards of dealings its code of conduct regarding securities transactions by Directors.

### AUDIT COMMITTEE

The Company has established an audit committee 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 system. The Group's unaudited condensed consolidated financial statements for the period have been reviewed by the audit committee with the three independent non-executive directors of the Company, namely Dr. Rao Yi, Dr. Hu Canwu Kevin and Mr. Chan Yiu Kwong.

### CODE ON CORPORATE GOVERNANCE PRACTICES

The Company always puts strong emphasis on the superiority, steadiness and rationality of corporate governance. Except for the deviation that Mr. Wu Lebin assumes the role of both the chairman of the Board and the president of the Company, the Company has complied with all the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "Code") for the period ended 30 June 2009 by establishing a formal and transparent procedures to protect and maximise the interests of shareholders during the year under review, The Board is of the view that it is in the best interests of the Group to have Mr. Wu, who has vast and solid experience in the medical industry to perform the dual role so that the Board can have the benefits of a chairman who is knowledgeable about the business of the Group and is most capable to guide and brief the Board in a timely manner on pertinent issues.