



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**



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“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 higher investment risk may be attached than other companies listed on the Stock Exchange. 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take 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.

CONTENTS

	Page
Corporate Information	2
Condensed Consolidated Income Statement	3
Notes to the Condensed Consolidated Income Statement	4
Management Discussion and Analysis	7
Other Information	9

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

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 2009, together with the comparative figures for the same periods in 2008, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2009 Unaudited RMB'000	2008 Unaudited RMB'000	2009 Unaudited RMB'000	2008 Unaudited RMB'000
REVENUE	3	55,823	46,480	156,078	150,813
Cost of sales		(17,337)	(14,996)	(49,471)	(49,207)
Gross profit		38,486	31,484	106,607	101,606
Other income and gain		936	1,283	6,502	6,092
Selling and distribution expenses		(15,321)	(13,541)	(41,681)	(39,445)
Administrative expenses		(14,649)	(10,592)	(42,152)	(35,860)
Research and development costs		(1,241)	(763)	(5,417)	(5,439)
Other operating expenses		(21)	(2,672)	(141)	(5,067)
PROFIT FROM OPERATING ACTIVITIES		8,190	5,199	23,718	21,887
Finance costs		(270)	(1,680)	(1,440)	(4,657)
Share of profit/(loss) of associates		221	–	(240)	(268)
PROFIT BEFORE TAX		8,141	3,519	22,038	16,962
Tax	4	(1,338)	(860)	(3,677)	(4,637)
PROFIT FOR THE PERIOD		6,803	2,659	18,361	12,325
Attributable to:					
Shareholders of the Company		6,015	2,131	16,977	11,113
Minority interests		788	528	1,384	1,212
		6,803	2,659	18,361	12,325
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	5				
– Basic (RMB)		0.06	0.02	0.17	0.11
– Diluted		N/A	N/A	N/A	N/A

NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

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.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated income statement for the three months and nine months ended 30 September 2009 has been prepared in accordance with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated income statement are consistent with those used in the Company’s audited financial statements for the year ended 31 December 2008.

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 nine months ended 30 September 2009 is as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2009	2008	2009	2008
	Unaudited RMB’000	Unaudited RMB’000	Unaudited RMB’000	Unaudited RMB’000
Sale of in-vitro diagnostic reagent products	39,699	29,515	108,291	100,204
Sale of pharmaceutical products	16,124	16,965	47,787	50,609
	55,823	46,480	156,078	150,813

Notes to the Condensed Consolidated Income Statement (Continued)

4. 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 nine months ended 30 September 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 a concessionary income tax rate of 15%.

	Three months ended 30 September 2009		Nine months ended 30 September 2009	
	Unaudited RMB'000	2008 Unaudited RMB'000	Unaudited RMB'000	2008 Unaudited RMB'000
Group:				
Current – Mainland China	1,338	860	3,677	4,637

5. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share for the three months and nine months ended 30 September 2009 is based on the unaudited profit attributable to shareholders of the Company for the period and the weighted average of 100,017,528 (2008: 100,017,528) registered 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 nine months ended 30 September 2009 (2008: Nil).

Notes to the Condensed Consolidated Income Statement (Continued)

6. RESERVES

The movements of reserves for the nine months ended 30 September 2009 and 2008 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 2008	100,018	30,557	22,531	17,919	10,002	181,027
Profit for the period attributable to shareholders of the Company	-	-	-	11,113	-	11,113
Final 2007 dividend declared	-	-	-	-	(10,002)	(10,002)
At 30 September 2008	100,018	30,557	22,531	29,032	-	182,138
At 1 January 2009	100,018	31,126	27,991	25,843	10,002	194,980
Profit for the period attributable to shareholders of the Company	-	-	-	16,977	-	16,977
Final 2008 dividend declared	-	-	-	-	(10,002)	(10,002)
At 30 September 2009	100,018	31,126	27,991	42,820	-	201,955

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

7. INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

Revenue for the nine months ended 30 September 2009 was approximately RMB156 million, representing an increase of 3.3% as compared with approximately RMB151 million for the corresponding period last year. For the revenue of this period, approximately RMB108 million was generated from the sale of in-vitro diagnostic reagent products, accounting for 69% of the Group's total revenue and representing an increase of 8% as compared with RMB100 million for the corresponding period last year. As for pharmaceutical products, revenue for the period from the sale of Lumbrokinase capsules was RMB47.79 million, accounting for 31% of the Group's total revenue and representing a decrease of 5.6% as compared with RMB50.61 million for the corresponding period last year.

Profit attributable to shareholders of the Company for the nine months ended 30 September 2009 was RMB16.98 million, representing an increase of RMB5.86 million or approximately 53% as compared with the corresponding period last year. Such increase was mainly attributable to the increase in revenue and the decrease in loan interest expenses of the Group.

PROSPECTS AND OUTLOOK

China's healthcare system reform policy, which caught great attention nationwide, has been launched in succession and come into effect starting from this year, resulting in a provision of legal protection for the healthy development of clinical diagnostic and pharmaceutical industry as well as new business opportunities. The management is of the view that the healthcare system reform has brought positive impacts to the diagnostic industry. With the government's increasing input in national healthcare undertaking, the market of in-vitro diagnostic industry will go through a continuous expansion in the coming few years and thus this will bring new business opportunities to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

PROSPECTS AND OUTLOOK (CONTINUED)

The sale of biochemical diagnostic reagents, one of the principal businesses of the Group remained steady but was growing at a slower pace. This is because the dry-chemical mono reagents market is changing, dry-chemical mono reagents in mid-level hospitals were gradually replaced by double reagents. Our market share was challenged by small-scale clinical biochemical reagents companies as well as the complementary sales of equipment. The Company has carried out corresponding strategies and expecting the situation will be improved by next year. Meanwhile, the Company's investment in research and development in the past has now started to see its benefits. Recently, the Company passed the immunity diagnostic products quality system appraisal, hence a series of immunity diagnostic reagents are expected to fulfill the registration process in the first half of next year. It is expected that the Group's immunity diagnostic reagents products will be available on market next year, which will further generate revenue for the Group. In addition, the sale of dry-chemical diagnostic reagents of the Group's subsidiary Zhongsheng Jinyu will remain at a relatively high growth speed.

As to the pharmaceutical sector, the sale of Lumbrokinase products recorded a decrease for the first three quarters of 2009 compared to last year and the overall performance of this year is less optimistic. The management is fully aware of the importance of launching new products and will therefore place greater efforts on the development of new products, fasten speed in expanding markets for new products such as Octreotide and improve the efficiency of existing sales network.

By making unremitting effort in the enhancement of research and development of new products, introducing more new products such as immunity diagnostic reagents and supporting diagnostic equipment as well as exploring the new market operating model under the new situation, the Group endeavors to strengthen its marketing strategy and further increase the market share which will result in yielding higher return for the shareholders.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 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:

Name	Number of the Company's domestic shares held	Percentage of the Company's domestic shares	Percentage of the Company's total registered share capital
Mr. Wu Lebin (note)	1,000,000	1.49%	1.00%
Mr. Hou Quanmin (note)	150,000	0.22%	0.15%
Dr. Wang Lin (note)	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 September 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 September 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 September 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 September 2009.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period and up to the date of this report, none of the directors 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 Rules Governing the Listing of Securities on 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 period.

OTHER INFORMATION (Continued)

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 income statement 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 for the period ended 30 September 2009 by establishing a formal and transparent procedures to protect and maximise the interests of shareholders. During the period 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.

By order of the Board

Biosino Bio-Technology and Science Incorporation

Wu Lebin

Chairman

Beijing, the PRC, 12 November 2009

As at the date of this report, the Board comprises:

Chairman and Executive Director

Mr. Wu Lebin (吳樂斌先生)

Vice Chairman and Non-executive Directors

Mr. Zhang Yong (張勇先生) and Dr. Gao Guang Xia (高光俠博士)

Executive Directors

Dr. Wang Lin (王琳博士) and Mr. Hou Quanmin (侯全民先生)

Non-executive Directors

Mr. Rong Yang (榮洋先生), Mr. Wang Fu Gen (王福根先生), Ms. Yu Xiaomin (郁小民女士) and Ms. Qin Xuemin (秦學民女士)

Independent non-executive Directors

Dr. Rao Yi (饒毅博士), Dr. Hu Canwu Kevin (胡燦武博士) and Mr. Chan Yiu Kwong (陳耀光先生)