

2



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)

0

1

0

2010

First Quarterly Report

* For identification purpose 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim 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

	<i>Page</i>
Corporate Information	2
Condensed Consolidated Income Statement	3
Condensed Consolidated Statement of Comprehensive Income	4
Notes	5
Management Discussion and Analysis	8
Other Information	9

CORPORATE INFORMATION

PRC OFFICE

No. 27 Chaogjian 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
Dr. Gao Guang Xia
Mr. Zhang Yong (Resigned on 6 February 2010)

Executive Directors
Dr. Wang Lin
Mr. Hou Quanmin

Non-executive Directors
Mr. Rong Yang
Ms. Qin Xuemin
Mr. Wang Fu Gen
Ms. Yu Xiaomin
(Resigned on 6 February 2010)
Mr. Zhang Xiaohui
(Appointed on 6 February 2010)

Independent Non-executive Directors
Dr. Rao Yi
Dr. Hu Canwu Kevin
Mr. Chan Yiu Kwong

SUPERVISORS

Dr. He Rongqiao
Mr. Shao Yimin
Mr. Wang Xin
(Resigned on 6 February 2010)
Mr. Zhang Lingyong
(Appointed on 6 February 2010)

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 FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2010

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 ended 31 March 2010, together with the comparative figures for the same period in 2009, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 31 March	
		2010 Unaudited RMB'000	2009 Unaudited RMB'000
REVENUE	3	44,936	43,956
Cost of sales		(14,431)	(13,944)
Gross profit		30,505	30,012
Other income		1,657	3,192
Selling and distribution expenses		(13,381)	(10,680)
Administrative expenses		(10,513)	(11,411)
Research and development costs		(4,353)	(3,983)
PROFIT FROM OPERATING ACTIVITIES		3,915	7,130
Finance costs		(162)	(698)
Share of losses of associates		(101)	(115)
PROFIT BEFORE TAX		3,652	6,317
Income tax expense	4	(780)	(1,083)
PROFIT FOR THE PERIOD		2,872	5,234
Attributable to:			
Owners of the parent		3,083	4,777
Minority interests		(211)	457
		2,872	5,234
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	5		
– Basic (RMB)		0.03	0.05
– Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended	
	31 March	
	2010	2009
	Unaudited	Unaudited
	RMB'000	RMB'000
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,872	5,234
Attributable to:		
Owners of the parent	3,652	4,777
Minority interests	(211)	457
	2,872	5,234

Notes:

1. CORPORATE INFORMATION

Biosino Bio-Technology and Science Incorporation (the “Company”) is a limited liability company established 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 and statement of comprehensive income have 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, 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 income statement and statement of comprehensive income are consistent with those used in the Company’s audited financial statements for the year ended 31 December 2009.

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 is as follows:

	Three months ended	
	31 March	
	2010	2009
	Unaudited	Unaudited
	RMB’000	RMB’000
Sale of in-vitro diagnostic reagent products	30,562	29,184
Sale of pharmaceutical products	14,374	14,772
	44,936	43,956

Notes: (Continued)

4. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries have not generated any assessable profits in Hong Kong during the period (2009: Nil). Taxes on profits assessable in the PRC, where the Group operates, have been calculated at the rates of tax prevailing in the PRC, 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 rates of 15%, where appropriate.

	Three months ended	
	31 March	
	2010	2009
	Unaudited	Unaudited
	RMB'000	RMB'000
Current – PRC	780	1,083

5. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the unaudited profit attributable to ordinary equity holders of the parent for the period and the weighted average of 100,017,528 (2009: 100,017,528) ordinary shares in issue during the period.

No diluted earnings per share amounts have been presented as there were no diluting events existed during the period (2009: Nil).

Notes: (Continued)

6. RESERVES

The movements of reserves attributable to ordinary equity holders of the parent for the three months ended 31 March 2010 and 2009 are as follows:

	Issued 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 2009	100,018	31,126	27,991	25,843	10,002	194,980
Profit for the period and total income and expense for the period	-	-	-	4,777	-	4,777
At 31 March 2009	100,018	31,126	27,991	30,620	10,002	199,757
At 1 January 2010	100,018	31,126	32,308	34,543	13,502	211,497
Profit for the period and total income and expense for the period	-	-	-	3,083	-	3,083
At 31 March 2010	100,018	31,126	32,308	37,626	13,502	214,580

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 three months ended 31 March 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW FOR THE THREE MONTHS ENDED 31 MARCH 2010

The Group's revenue for the three months ended 31 March 2010 amounted to RMB44.94 million, representing an increase of 2.23% as compared with RMB43.96 million for the corresponding period last year.

During the period, revenue of approximately RMB30.56 million was generated from the sales of in-vitro diagnostic reagents which accounted for 68% of the Group's total revenue, representing an increase of 4.73% as compared with RMB29.18 million for the corresponding period last year. For pharmaceutical products, the revenue from Lumbrokinase capsules amounted to RMB14.37 million which accounted for 32% of the Group's total revenue, representing a decrease of 2.71% as compared with RMB14.77 million for the corresponding period last year.

Profit attributable to the shareholders of the Company for the three months ended 31 March 2010 was RMB3.08 million, representing a decrease of 35.56% as compared with RMB4.78 million for the corresponding period last year. The decrease of profit was mainly due to the decrease in fair value gain on investment securities.

PROSPECT AND FUTURE OUTLOOK

As the reform of the PRC medical system intensifies and the awareness of the general public on medical standard increases, it is expected that the medical and pharmaceutical industry will maintain its strong growth. However, due to fiercer market competition, the basis of value of the industry and the market environment are subject to further improvement.

During the year, the new in-vitro diagnostic reagent products and testing apparatuses developed by the Group would subsequently be granted approval certificates and launched in the market in order. Leverage on its established marketing network over the years, it is expected that the revenue from the sales of diagnostic reagent products will maintain a fast growth.

Looking in the future, the Board is of the view that, the Group will further strengthen its diagnostic reagent business, expand the diagnostic equipment market and drive the sales of testing systems, so as to enhance the Group's own intellectual rights and core competitiveness. The Group will continue to engage in the principal businesses of diagnostic products and pharmaceutical products. The Group will take an aggressive approach and make new attempts and efforts.

OTHER INFORMATION

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2010, the interests 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 <i>(note)</i>	3,500,878	5.22%	3.50%
Mr. Hou Quanmin <i>(note)</i>	300,000	0.45%	0.30%
Dr. Wang Lin <i>(note)</i>	200,000	0.30%	0.20%

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

Save as disclosed above, as at 31 March 2010, 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 31 March 2010, 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	Domestic shares	H Shares	
The institute of Biophysics of Chinese Academy of Sciences	Directly beneficially owned	31,308,576	–	46.72%	0.00%	31.30%
Shanghai Fosun Pingyao Investment Management Company Limited	Directly beneficially owned	24,506,143	–	36.57%	0.00%	24.50%
上海復星醫藥(集團)股份有限公司	Through a controlled corporation	24,506,143	6,780,000	36.57%	20.55%	31.28%
上海復星高科技(集團)有限公司	Through a controlled corporation	24,506,143	6,780,000	36.57%	20.55%	31.28%
復星國際有限公司	Through a controlled corporation	24,506,143	6,780,000	36.57%	20.55%	31.28%
復星控股有限公司	Through a controlled corporation	24,506,143	6,780,000	36.57%	20.55%	31.28%

OTHER INFORMATION (Continued)

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

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	Domestic shares	H Shares	
Fosun International Holdings Ltd.	Through a controlled corporation	24,506,143	6,780,000	36.57%	20.55%	31.28%
Guo Guangchang	Through a controlled corporation	24,506,143	6,780,000	36.57%	20.55%	31.28%
Beijing Enterprises Holdings Limited ("Beijing Enterprises")	Note Directly beneficially owned	–	24,506,143	0.00%	74.26%	24.50%
Beijing Enterprises Group Company Limited	Through a controlled corporation	–	24,506,143	0.00%	74.26%	24.50%
Fosun Industrial Company Ltd.	Directly beneficially owned	–	6,780,000	0.00%	20.55%	6.78%
Chung Shek Enterprises Company Limited	Directly beneficially owned	–	3,800,000	0.00%	11.52%	3.80%
K.C. Wong Education Foundation	Through a controlled corporation	–	3,800,000	0.00%	11.52%	3.80%
Pheim Asset Management (Asia) Pte Ltd	Through a controlled corporation	–	3,050,000	0.00%	9.24%	3.05%
Deutsche Bank Aktiengesellschaft	Through a controlled corporation	–	1,840,000	0.00%	5.58%	1.84%

OTHER INFORMATION (Continued)

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

Note: On 10 February 2010, Beijing Enterprise Holdings High-Tech Development Co., Ltd. ("BEHT") (a wholly-owned subsidiary of Beijing Enterprises) and Shanghai Fosun Pingyao Investment Management Company Limited ("Fosun Pingyao") (a wholly-owned subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma")) entered into a share transfer agreement pursuant to which, BEHT agreed to sell, and Fosun Pingyao agreed to purchase from BEHT, 24,506,143 domestic shares of the Company at a price of RMB2.08 (equivalent to approximately HK\$2.36) per domestic share.

On 10 February 2010, the Company entered into an H share subscription agreement with Fosun Industrial Company Ltd. ("Fosun Industrial") (a wholly-owned subsidiary of Fosun Pharma) pursuant to which, Fosun Industrial agreed to subscribe, and the Company agreed to allot and issue, 6,780,000 H shares of the Company at the subscription price of RMB2.08 (equivalent to approximately HK\$2.36) per H share.

On 10 February 2010, the Company entered into an H share subscription agreement with Beijing Enterprises pursuant to which Beijing Enterprises agreed to subscribe, and the Company agreed to allot and issue, 24,506,143 H shares of the Company at the subscription price of RMB2.08 (equivalent to approximately HK\$2.36) per H share.

Up to the date of this report, the above transactions are still conditional and have yet to be completed. Please refer to the Company's circular on 3 March 2010 for details of the aforesaid transactions.

Save as disclosed above, as far as is known to any directors or supervisors of the Company, as at 31 March 2010, 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 31 March 2010.

OTHER INFORMATION (Continued)

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 GEM Listing Rules.

PURCHASE, REDEMPTION OR SALE 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.

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 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.

OTHER INFORMATION (Continued)

CODE ON CORPORATE GOVERNANCE

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 31 March 2010 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

Mr. Wu Lebin

Chairman

Beijing, the PRC, 12 May 2010

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 Director

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), Ms. Qin Xuemin (秦學民女士), Mr. Wang Fu Gen (王福根先生) and Mr. Zhang Xiaohui (張曉暉先生)

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)