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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)

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2010

Interim Report

* For identification purpose only

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

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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

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

Tricolor 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.

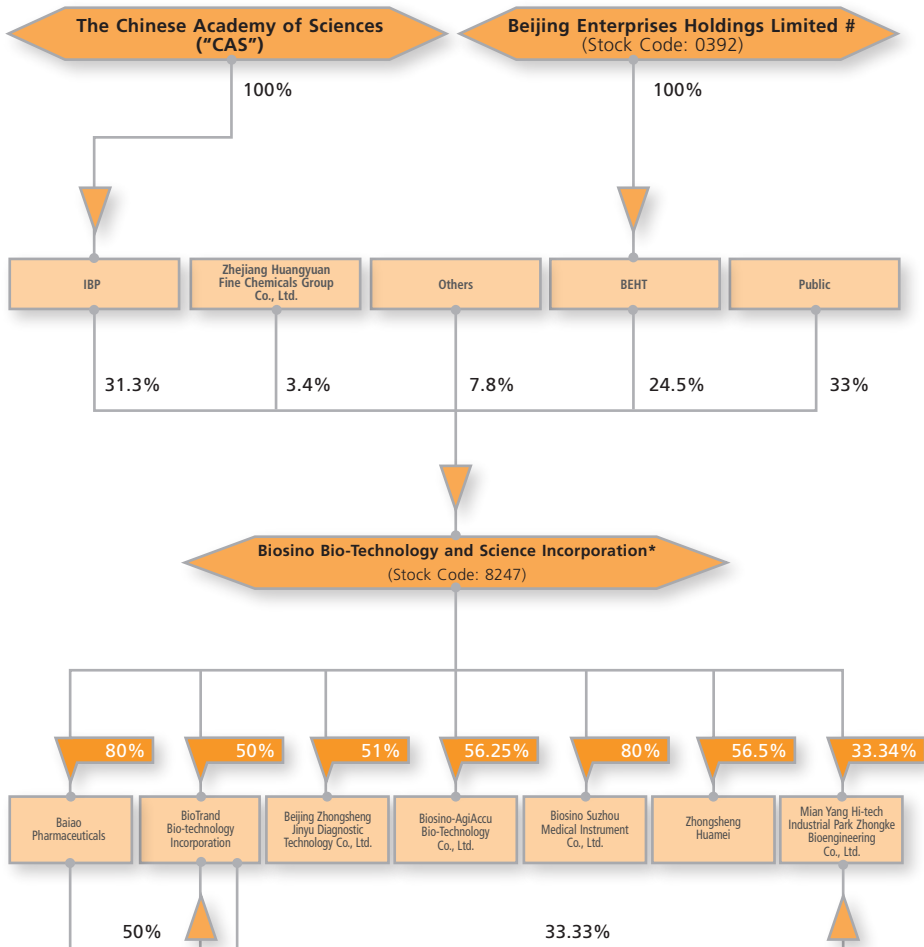
The Group ranked No. 1 in the conventional chemistry reagent market in China. Lumbrokinase capsule is included in the Drugs Catalogue of National Basic Medical Insurance (國家基本醫療保險藥品目錄) and Reimbursable Drugs Catalogue of Public Medical and Labour Insurance in Beijing Municipality (北京市公費醫療、勞保醫療用藥報銷範圍), 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 30 June 2010



* 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 2010

During the first half of the year, as the implementation of social insurance policies and new medical policy reform have gradually intensified, the medical market in China continued to expand. In particular, the market for in-vitro diagnostic reagents experienced significant growth, yet with fiercer industry competition.

By reviewing the operating results of the Group in the first half of the year, we noted that the product structure of the market was adjusting and upgrading. Meanwhile, enterprises were adjusting their commercial model, whereas several policies in relation to the PRC medical industry and in-vitro diagnostic reagents were under improvement. The growth in revenue from the Group's in-vitro diagnostic reagents maintained steady in general with increasing gross profit margin. However, the growth of operating profit slowed down as a result of ongoing investment in the research and development of new products.

With regard to research and development, we have made remarkable achievements in the first half of the year. Firstly, we enriched the variety of clinical biochemistry diagnostic reagents and obtained the certification for Fibrinogen Assay Kit and Serum Cystatin C Assay Kit. Secondly, we improved the standard of the clinical biochemistry diagnostic reagents and completed the registration for a number of products relating to the category of Normal Bio-chemistry Diagnostic Reagent and Calibrator/Quality Control with Traceability. The normal biochemistry diagnostic reagents arising therefrom were under approval procedures and it is expected to obtain the registration certificates in the second half of the year. Thirdly, we engaged in the new area of immune diagnostic reagents. Ten new "TORCH" chemiluminesces immunoassay ("CLIA") reagents have obtained the registration certificates and were expected to launch to the market in the second half of the year. Fourthly, the fully automated clinical biochemistry analyzer and semi-automated immune luminometer developed by the subsidiary of the Group have obtained the registration certificates, representing a breakthrough in developing the Group's own equipment.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL REVIEW FOR THE FIRST HALF OF 2010

Revenue for the six months ended 30 June 2010 was approximately RMB105 million, representing an increase of 4.4% as compared with approximately RMB100 million for the corresponding period last year. For the revenue of this period, approximately RMB73.68 million was generated from the sale of in-vitro diagnostic reagent products, accounting for 70.37% of the Group's total revenue and representing an increase of 7.4% as compared with RMB68.59 million for the corresponding period last year. As for pharmaceutical products, the revenue from the sale of Lumbrokinase capsules was RMB31.03 million, accounting for 29.63% of the Group's total revenue and representing a decrease of 1.99% as compared with RMB31.66 million for the corresponding period last year.

For the six months ended 30 June 2010, profit before tax amounted to RMB13.04 million, representing a decrease of 6.2% over the corresponding period last year.

Profit attributable to shareholders of the Company for the six months ended 30 June 2010 was RMB10.24 million, representing a decrease of approximately 6.6% as compared with RMB10.96 million for the corresponding period last year, which was mainly attributable to the decrease in fair value gain on investment securities.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

PROSPECT AND OUTLOOK

Looking into the future, the Group is building up the industry chain of in-vitro diagnostic reagents and establishing its technological innovation system by forming the own innovation capabilities (including the reference system and industry standard system), which will enhance the core competitiveness of the Group. These are expected to improve the operating results of the Group in the future. As our instruments and immune diagnostic reagents have obtained the registration certificates, the product structure of the Group will be optimized, resulting in a well-developed commercial model.

The Board believes the PRC medical industry reform and improved policies will improve the market environment of the industry, generating growth opportunities to the Group. The Group will endeavor to establish a competitive and sizable industry system so as to maximize the interests of the shareholders.

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 RMB13.4 million. There were no new issue of shares and there was a new short-term bank borrowing of RMB10 million was obtained during the period.

As at 30 June 2010, the Group had cash and bank balances of approximately RMB120 million (as at 31 December 2009: approximately RMB103 million). The Group's bank borrowings amounted to RMB10 million as at 30 June 2010 and RMBNil as at 31 December 2009 respectively. Such borrowings are denominated in Renminbi and at fixed interest rates. The Group was in a net cash position of approximately RMB110 million (as at 31 December 2009: approximately RMB103 million). The gearing ratio (defined as total bank loans over the equity attributable to shareholders of the Company) was 4.8% (as at 31 December 2009: N/A).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FOREIGN CURRENCY RISK

The Group's businesses are located in the PRC and all transactions are denominated in Renminbi, except for the fact that the Group occasionally purchases equipment from overseas countries for resale in the PRC. 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 2010, the Group's bank loans were secured by the Group's land in Mainland China and buildings erected thereon, with an aggregate carrying amounts of approximately RMB25,500,000 and RMB3,324,000, respectively, at the balance sheet date.

CONTINGENT LIABILITIES

As at 30 June 2010 and 31 December 2009, the Group did not have any contingent liabilities.

EMPLOYEE

On 30 June 2010, approximately 644 full-time employees (as at 31 December 2009: approximately 635) were employed by the Group. The total staff costs of the Group (including the directors' remunerations) for the six months ended 30 June 2010 amounted to approximately RMB26.2 million (2009: approximately RMB22.2 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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, 9 August 2010

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 2010 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2010, together with the comparative figures in 2009, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2010

	Notes	Three months ended 30 June		Six months ended 30 June	
		2010 Unaudited RMB'000	2009 Unaudited RMB'000	2010 Unaudited RMB'000	2009 Unaudited RMB'000
REVENUE	2, 3	59,770	56,299	104,706	100,255
Cost of sales		(18,672)	(18,190)	(33,103)	(32,134)
Gross profit		41,098	38,109	71,603	68,121
Other income and gains		365	2,374	2,022	5,566
Selling and distribution expenses		(12,828)	(15,680)	(26,209)	(26,360)
Administrative expenses		(13,919)	(16,092)	(24,432)	(27,503)
Research and development expenses		(5,092)	(193)	(9,445)	(4,176)
Other expenses		(5)	(120)	(5)	(120)
PROFIT FROM OPERATING ACTIVITIES	4	9,619	8,398	13,534	15,528
Finance costs	5	(109)	(472)	(271)	(1,170)
Share of losses of associates		(127)	(346)	(228)	(461)
PROFIT BEFORE TAX		9,383	7,580	13,035	13,897
Income tax expense	6	(1,659)	(1,256)	(2,439)	(2,339)
PROFIT FOR THE PERIOD		7,724	6,324	10,596	11,558
Attributable to:					
Shareholders of the Company		7,153	6,185	10,236	10,962
Minority interests		571	139	360	596
		7,724	6,324	10,596	11,558
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	7				
– Basic (RMB)		0.072	0.062	0.102	0.110
– Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2010

	Three months ended		Six months ended	
	30 June	2009	30 June	2009
	2010	2009	2010	2009
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,724	6,324	10,596	11,558
Attributable to:				
Shareholders of the Company	7,153	6,185	10,236	10,962
Minority interests	571	139	360	596
	7,724	6,324	10,596	11,558

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
ASSETS			
Non-current assets:			
Property, plant and equipment		103,231	107,829
Prepaid land premiums		7,036	7,124
Goodwill		309	309
Other intangible assets		5,594	2,907
Interest in associates		2,906	3,134
Total non-current assets		119,076	121,303
Current assets:			
Prepaid land premiums		177	177
Inventories		32,191	25,976
Trade and bills receivables	9	45,678	39,306
Prepayments, deposits and other receivables		11,913	5,832
Time deposits		7,800	7,800
Cash and cash equivalents		112,171	95,345
Total current assets		209,930	174,436
TOTAL ASSETS		329,006	295,739

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2010

		30 June	31 December
		2010	2009
		Unaudited	Audited
	Notes	RMB'000	RMB'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company:			
Issued capital	10	100,018	100,018
Reserves		108,213	97,977
Proposed final dividend		–	13,502
		208,231	211,497
Minority interests		31,388	27,027
Total equity		239,619	238,524
Non-current liability:			
Deferred income		19,482	17,337
Total non-current liability		19,482	17,337
Current liabilities:			
Trade payables	11	16,162	8,926
Other payables and accruals		40,297	26,631
Taxes payable		3,446	4,321
Interest-bearing bank borrowings		10,000	–
Total current liabilities		69,905	39,878
Total liabilities		89,387	57,215
TOTAL EQUITY AND LIABILITIES		329,006	295,739

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Attributable to shareholders of the Company							
	Issued capital	Capital reserves [†]	Statutory reserves	Retained Profits	Proposed	Total	Minority interests	Total equity
					final dividend			
					Unaudited			
Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2009	100,018	31,126	27,991	25,843	10,002	194,980	22,354	217,334
Total comprehensive income for the period	-	-	-	10,962	-	10,962	596	11,558
Final 2008 dividend	-	-	-	-	(10,002)	(10,002)	-	(10,002)
Capital contribution from a minority shareholder	-	-	-	-	-	-	499	499
At 30 June 2009	100,018	31,126	27,991	36,805	-	195,940	23,449	219,389
At 1 January 2010	100,018	31,126 [†]	32,308 [‡]	34,543 [‡]	13,502	211,497	27,027	238,524
Total comprehensive income for the period	-	-	-	10,236	-	10,236	360	10,596
Final 2009 dividend	-	-	-	-	(13,502)	(13,502)	-	(13,502)
Capital contributions from minority shareholders	-	-	-	-	-	-	4,001	4,001
At 30 June 2010	100,018	31,126 [†]	32,308 [‡]	44,779 [‡]	-	208,231	31,388	239,619

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 RMB108,213,000 and RMB97,977,000 in the consolidated statement of financial position as at 30 June 2010 and 31 December 2009, respectively.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2010*

	Six months ended	
	30 June	
	2010	2009
	Unaudited	Unaudited
	RMB'000	RMB'000
Net cash inflow from operating activities	13,438	18,535
Net cash (outflow)/inflow from investing activities	(5,404)	4,468
Net cash inflow/(outflow) from financing activities	8,792	(28,957)
Increase/(decrease) in cash and cash equivalents	16,826	(5,954)
Cash and cash equivalents at beginning of period	95,345	85,376
Cash and cash equivalents at end of period	112,171	79,422

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 2010 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 2009.

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 2010 and 2009:

Six months ended 30 June 2010

	In-vitro diagnostic reagent products Unaudited RMB'000	Pharma- ceutical products Unaudited RMB'000	Eliminations Unaudited RMB'000	Total Unaudited RMB'000
Segment revenue:				
Sales to external customers	73,679	31,027	-	104,706
Other income	1,520	19	-	1,539
Total	75,199	31,046	-	106,245
Segment results				
	10,587	2,464	-	13,051
Interest income				483
Profit from operating activities				13,534
Finance costs				(271)
Share of losses of associates	(228)	-	-	(228)
Profit before tax				13,035
Income tax expense				(2,439)
Profit for the period				10,596

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SEGMENT INFORMATION (Continued)

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
Segment revenue:				
Sales to external customers	68,592	31,663	–	100,255
Other income	4,987	59	–	5,046
Total	73,579	31,722	–	105,301
Segment results	11,175	3,833	–	15,008
Interest income				520
Profit from operating activities				15,528
Finance costs				(1,170)
Share of losses of associates	(461)	–	–	(461)
Profit before tax				13,897
Income tax expense				(2,339)
Profit for the period				11,558

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 2010 is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2010 Unaudited RMB'000	2009 Unaudited RMB'000	2010 Unaudited RMB'000	2009 Unaudited RMB'000
Sale of in-vitro diagnostic reagent products	43,117	39,408	73,679	68,592
Sale of pharmaceutical products	16,653	16,891	31,027	31,663
	59,770	56,299	104,706	100,255

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	
	2010 Unaudited RMB'000	2009 Unaudited RMB'000	2010 Unaudited RMB'000	2009 Unaudited RMB'000
Depreciation	3,315	3,395	6,584	6,409
Amortisation of know-how	22	264	299	528
Amortisation of prepaid land premiums	44	44	87	87

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. FINANCE COSTS

	Three months ended		Six months ended	
	30 June		30 June	
	2010	2009	2010	2009
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
Interests on interest-bearing bank loans	109	472	271	1,170

6. INCOME TAX EXPENSE

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 2010 (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 concessionary income tax rate of 15%, where appropriate.

	Three months ended		Six months ended	
	30 June		30 June	
	2010	2009	2010	2009
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
Current – Mainland, the PRC	1,659	1,256	2,439	2,339

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 2010 is based on the unaudited profit attributable to shareholders of the Company for the period and the weighted average number of 100,017,528 (2009: 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 2010 (2009: Nil).

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: 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 180 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, is as follows:

	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
Within 3 months	39,711	36,156
4 to 6 months	3,445	2,616
7 to 12 months	3,020	1,628
1 to 2 years	1,098	389
Over 2 years	1,615	1,579
	48,889	42,368
Impairment	(3,211)	(3,062)
	45,678	39,306
Portion classified as current assets	(45,678)	(39,306)
	—	—
Non-current portion	—	—

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. ISSUED CAPITAL

	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
Registered, issued and fully paid:		
67,017,528 domestic shares of RMB1 each	67,018	67,018
33,000,000 H shares of RMB1 each	33,000	33,000
	100,018	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:

	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
Within 3 months	14,440	6,867
4 to 6 months	1,096	1,029
7 to 12 months	266	678
1 to 2 years	148	105
Over 2 years	212	247
	16,162	8,926

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 2010 (2009: Nil).

13. COMMITMENTS

(a) The Group did not have any significant capital commitments in respect of plant and machinery as at 30 June 2010 (2009: 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.

On 31 January 2007, the Group and the IBP entered into a supplementary agreement to the "Research and Development Cooperation Agreement". Pursuant to this supplementary agreement, the IBP will carry out a research and development subphase of the project for the development of Alprostadil for Injection, while the Group agreed to pay RMB400,000 to the IBP. During 2007, RMB300,000 was paid while the remaining portion was payable upon the completion of the research and development subphase of the project. The research and development subphase of the project was yet to complete as at 30 June 2010.

(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:

		Six months ended 30 June	
		2010	2009
	<i>Note</i>	Unaudited RMB'000	Unaudited RMB'000
Technical service fee	<i>(i)</i>	250	250

Note:

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

		Six months ended 30 June	
		2010	2009
		Unaudited RMB'000	Unaudited RMB'000
Short term employee benefits		3,571	3,399
Post-employment benefits		158	199
Total compensation paid to key management personnel		3,729	3,598

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

OTHER INFORMATION

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2010, 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 (<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 30 June 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 30 June 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	Note 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 30 June 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 30 June 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 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 2010.

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 2010 by establishing a formal and transparent procedures to protect and maximise the interests of the 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.