



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)

Third Quarterly Report

2013



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

GEM has been positioned 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.

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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 or deceptive; and (2) there are no other matters the omission of which would make any statement in this report misleading.

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CORPORATE INFORMATION

PRC OFFICE

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

HONG KONG OFFICE

66th 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 Chairmen and Non-executive Directors
Dr. Gao Guang Xia
Mr. Ni Xiaowei

Executive Directors
Dr. Wang Lin
Mr. Hou Quanmin

Non-executive Directors
Mr. Yao Fang
Mr. Yu Tongle
Mr. Wang Fu Gen

Independent Non-executive Directors

Dr. Rao Yi
Dr. Hu Canwu Kevin
Mr. John Wong Yik Chung
Mr. Wang Daixue

SUPERVISORS

Dr. He Rongqiao
Mr. Shao Yimin
Ms. Guan Xiaohui

AUDIT COMMITTEE

Dr. Rao Yi (*Chairman*)
Dr. Hu Canwu Kevin
Mr. John Wong Yik Chung
Mr. Wang Daixue

REMUNERATION COMMITTEE

Dr. Rao Yi (*Chairman*)
Dr. Hu Canwu Kevin
Mr. John Wong Yik Chung
Mr. Wang Daixue

NOMINATION COMMITTEE

Dr. Hu Canwu Kevin (*Chairman*)
Dr. Rao Yi
Mr. John Wong Yik Chung
Mr. Wu Lebin
Mr. Wang Daixue

COMPANY SECRETARY

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

CORPORATE INFORMATION

QUALIFIED ACCOUNTANT

Mr. Cheung Yeung CPA

AUTHORISED REPRESENTATIVES

Mr. Wu Lebin
Mr. Tung Woon Cheung Eric

COMPLIANCE OFFICER

Mr. Wu Lebin

AUDITORS

Ernst & Young

LEGAL ADVISERS

As to Hong Kong law:
Li & Partners

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 H SHARES

Place of listing:	The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
Stock code:	8247
Number of H shares issued:	64,286,143 H shares
Nominal value:	RMB1.00 per H share
Stock short name:	Biosino Bio-Tec

THIRD QUARTERLY RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2013

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 2013, together with the comparative figures for the same periods in 2012, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2013 Unaudited RMB'000	2012 (Restated) Unaudited RMB'000	2013 Unaudited RMB'000	2012 (Restated) Unaudited RMB'000
CONTINUING OPERATIONS:					
REVENUE	3	59,338	69,545	169,235	154,929
Cost of sales		(25,092)	(28,206)	(75,059)	(66,538)
Gross profit		34,246	41,339	94,176	88,391
Other income and gains, net		(2,627)	667	6,367	1,516
Gain on disposal of a subsidiary		–	–	–	10,658
Selling and distribution expenses		(13,600)	(19,016)	(36,865)	(28,606)
Administrative expenses		(4,918)	(11,744)	(31,581)	(35,496)
Research and development expenses		(6,305)	(7,205)	(17,989)	(16,591)
Other expenses, net		15	–	–	(2,463)
PROFIT FROM OPERATING ACTIVITIES		6,811	4,041	14,108	17,409
Finance costs		(27)	(273)	(27)	(858)
Share of loss of joint ventures		(17)	–	(1,990)	(3,105)
Share of loss of associates		(524)	(3,029)	(1,997)	(1,023)
PROFIT BEFORE TAX		6,243	739	10,094	12,423
Income tax expense	4	(1,338)	(906)	(3,068)	(7,457)

	Three months ended 30 September		Nine months ended 30 September	
	2013 Unaudited RMB'000	2012 (Restated) Unaudited RMB'000	2013 Unaudited RMB'000	2012 (Restated) Unaudited RMB'000
<i>Notes</i>				
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	4,905	(167)	7,026	4,966
DISCONTINUED OPERATIONS: Loss for the period from discontinued operations	-	-	-	(110)
PROFIT/(LOSS) FOR THE PERIOD	4,905	(167)	7,026	4,856
Attributable to:				
Owners of the parent:				
Continuing operations	4,540	(445)	6,546	4,979
Discontinued operations	-	-	-	(110)
Non-controlling interests	4,540 365	(445) 278	6,546 480	4,869 (13)
	4,905	(167)	7,026	4,856
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
<i>5</i>				
Basic				
- For profit for the period	0.03	N/A	0.05	0.04
- For profit from continuing operations	0.03	N/A	0.05	0.04
Diluted				
- For profit for the period	N/A	N/A	N/A	N/A
- For profit from continuing operations	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2013

	Three months ended 30 September		Nine months ended 30 September	
	2013 Unaudited RMB'000	2012 Unaudited RMB'000	2013 Unaudited RMB'000	2012 Unaudited RMB'000
PROFIT/(LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,905	(167)	7,026	4,856
Attributable to:				
Owners of the parent	4,540	(445)	6,546	4,869
Non-controlling interests	365	278	480	(13)
	4,905	(167)	7,026	4,856

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.

2. BASIS OF PREPARATION

The unaudited condensed consolidated income statement and statement of comprehensive income for the three months and nine months ended 30 September 2013 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 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 and statement of comprehensive income are consistent with those used in the Company’s audited financial statements for the year ended 31 December 2012.

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.

NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

4. 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 nine months ended 30 September 2013 (2012: 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%, where appropriate.

	Three months ended 30 September		Nine months ended 30 September	
	2013 Unaudited RMB'000	2012 Unaudited RMB'000	2013 Unaudited RMB'000	2012 Unaudited RMB'000
Current – Mainland China	1,338	906	3,068	7,457

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 2013 is based on the unaudited profit attributable to shareholders of the Company for the period and the weighted average of 131,303,671 (2012: 131,303,671) 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 2013 (2012: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

6. RESERVES

The movements of reserves for the nine months ended 30 September 2013 and 2012 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 2012	131,304	61,773	38,624	47,570	13,130	292,401
Total comprehensive income for the period	-	-	-	4,869	-	4,869
Final 2011 dividend	-	-	-	-	(13,130)	(13,130)
Disposal of a subsidiary	-	(12,961)	(8,385)	21,346	-	-
At 30 September 2012	131,304	48,812	30,239	73,785	-	284,140
At 1 January 2013	131,304	61,017	43,202	47,104	13,130	295,757
Total comprehensive income for the period	-	-	-	6,546	-	6,546
Final 2012 dividend	-	-	-	-	(13,130)	(13,130)
At 30 September 2013	131,304	61,017	43,202	53,650	-	289,173

[#] 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 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

During the third quarter of 2013, facing a complex external environment, the Company enhanced its management standard based on the requirements of professionalism and scale, strived to improve the execution ability of its operation team, maintained steady development of its businesses. The Company put emphasis on feasibility studies for proposed projects, carefully selected target areas for research and development as well as research projects. The Company kept on expanding the application areas of its technology and products together with emerging markets, and also continued to explore new marketing model. Moreover, the Company actively seeks for co-operation opportunities in its principal business, and thus strives to lay a solid foundation for the continuous development of the Company in the future.

During the reporting period, the Company completed re-registration of over 90 types of products, including High Density Lipoprotein Cholesterol Detection Kit (高密度脂蛋白膽固醇測定試劑盒), Lactate Dehydrogenase Detection Kit (乳酸脫氫酶測定試劑盒) and Calcium Detection Kit (鈣測定試劑盒). In addition, the Company continued to invest in new technological platform and development of new products to maintain its strong market competitiveness.

Revenue for the nine months ended 30 September 2013 was approximately RMB169 million, representing an increase of 9% as compared with approximately RMB155 million for the corresponding period last year.

Profit attributable to shareholders of the Company for the nine months ended 30 September 2013 was RMB6.5 million, representing an increase of approximately 33.8% as compared with the corresponding period last year, which was mainly because of the increase in revenue and the better control of administrative expenses.

PROSPECTS AND OUTLOOK

Leveraging on its existing products and businesses, the Company will continue to enhance its independent innovation ability, increase investment in research and development and market, optimize its product mix, reduce its operating costs, renovate its sales model, effectively improve the operational efficiency and management standard of the Company in various operation processes including production, research and development, sales, finance and logistics, in order to enhance its overall competitiveness. The Board will continue to strive to create greater value for our shareholders.

The Board is confident in developing the Group into a leading enterprise in the health enhancing protein industry with self-owned intellectual property rights and international competitive edges in the PRC, and also sincerely hopes that we would achieve the excellent business performance and maximise the returns to all our shareholders.

OTHER INFORMATION

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2013, 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%	2.67%
Mr. Hou Quanmin (<i>note</i>)	300,000	0.45%	0.23%
Dr. Wang Lin (<i>note</i>)	200,000	0.30%	0.15%

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

Save as disclosed above, as at 30 September 2013, 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

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

At 30 September 2013, 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	
IBP	Directly beneficially owned	31,308,576	-	46.72%	0.00%	23.84%
Shanghai Fosun Pingyao Investment Management Company Limited [#]	Directly beneficially owned	24,506,143	-	36.57%	0.00%	18.67%
Shanghai Fosun Pharmaceutical (Group) Co., Ltd. [#]	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%
Shanghai Fosun High Technology (Group) Co., Ltd. [#]	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%
Fosun International Limited [#]	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%
Fosun Holdings Limited [#]	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%
Fosun International Holdings Ltd. [#]	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%
Guo Guangchang [#]	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%
Fosun Industrial Co., Limited [#]	Directly beneficially owned	-	6,780,000	0.00%	10.55%	5.16%
Beijing Enterprises Holdings Limited [#]	Directly beneficially owned	-	27,256,143	0.00%	42.40%	20.76%
Beijing Enterprises Group Company Limited	Through controlled corporations	-	27,256,143	0.00%	42.40%	20.76%

OTHER INFORMATION

- # Each of Shanghai Fosun Pingyao Investment Management Company Limited (“Fosun Pingyao”) and Fosun Industrial Co., Limited (“Fosun Industrial”) is a wholly-owned subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (“Fosun Pharmaceutical”). Fosun Pharmaceutical is in turn held by 48.05% and 0.01% by Shanghai Fosun High Technology (Group) Co., Ltd. (“Fosun Hi-Tech”) and Mr. Guo Guangchang respectively. Fosun Hi-Tech is wholly-owned by Fosun International Limited (“Fosun International”) which is in turn held by Fosun Holdings Limited (“Fosun Holdings”) as to 78.24%. Fosun Holdings is wholly-owned by Fosun International Holdings Ltd. (“Fosun International Holdings”) which is in turn held by Mr. Guo Guangchang as to 58%. Pursuant to the SFO, each of Fosun Pharmaceutical, Fosun Hi-Tech, Fosun International, Fosun Holdings, Fosun International Holdings and Mr. Guo Guangchang is deemed to be interested in the 24,506,143 domestic shares held by Fosun Pingyao and the 6,780,000 H shares held by Fosun Industrial.
- * Beijing Enterprises Group Company Limited is the ultimate holding company of Beijing Enterprises Holdings Limited. Accordingly, it is deemed to be interested in the H shares owned by Beijing Enterprises Holdings Limited.

Save as disclosed above, as far as is known to any directors or supervisors of the Company, as at 30 September 2013, 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 2013.

COMPETING INTERESTS

During the period and up to the date of this report, none of the directors, supervisors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has an interest in any business that competes or may compete, either directly or indirectly, with the business of the Group, nor any conflicts of interest which has or may have with the Group.

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 nine months ended 30 September 2013.

OTHER INFORMATION

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 four independent non-executive directors of the Company, namely Dr. Rao Yi, Dr. Hu Canwu Kevin, Mr. John Wong Yik Chung and Mr. Wang Daixue.

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 September 2013 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.

By order of the Board

Biosino Bio-Technology and Science Incorporation

Wu Lebin

Chairman

Beijing, the PRC, 14 November 2013