



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)



2014

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 positioned 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 of the Stock Exchange 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" and each a "Director") of Biosino Bio-Technology and Science Incorporation (the "Company", together with its subsidiaries, the "Group") 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") 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 herein or 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>

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. Yu Tongle
Mr. Hongfei Jia
Mr. Wong 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
Level 22, Hopewell Centre
183 Queen's Road East
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

THE FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2014

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 2014, together with the comparative figures for the same period in 2013, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 31 March	
		2014	2013
		Unaudited RMB'000	Unaudited RMB'000
	<i>Notes</i>		
REVENUE	3	59,063	48,221
Cost of sales		(33,560)	(22,613)
Gross profit		25,503	25,608
Other income and gains		549	4,069
Selling and distribution expenses		(10,698)	(12,232)
Administrative expenses		(8,983)	(12,761)
Research and development expenses		(7,507)	(6,169)
LOSS FROM OPERATING ACTIVITIES		(1,136)	(1,485)
Finance costs		(30)	–
Share of profits/(losses) of associates		3,260	(1,070)
PROFIT/(LOSS) BEFORE TAX		2,094	(2,555)
Income tax expense	4	(452)	(541)
PROFIT/(LOSS) FOR THE PERIOD		1,642	(3,096)
Attributable to:			
Owners of the parent		2,573	(1,364)
Non-controlling interests		(931)	(1,732)
		1,642	(3,096)
EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	5		
– Basic and diluted (RMB)		0.01	(0.01)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 31 March	
	2014 Unaudited RMB'000	2013 Unaudited RMB'000
PROFIT/(LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	1,642	(3,096)
Attributable to:		
Owners of the parent	2,573	(1,364)
Non-controlling interests	(931)	(1,732)
	1,642	(3,096)

NOTES

1. CORPORATE INFORMATION

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.

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 2013.

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 returns and trade discounts during the period.

An analysis of the Group's revenue is as follows:

	Three months ended 31 March	
	2014 Unaudited RMB'000	2013 Unaudited RMB'000
Sale of in-vitro diagnostic reagent products	59,063	48,221
	59,063	48,221

NOTES

4. INCOME TAX EXPENSE

Taxes on profits assessable in the PRC, where the Group operates, have been calculated at the rate of tax prevailing in the PRC. Under the PRC income tax laws, enterprises are subject to corporate income tax ("CIT") at a rate of 25%.

The Company and Beijing Zhongsheng Jinyu Diagnostic Technology Co., Ltd., a subsidiary of the Company, are subject to a preferential rate of 15% under the PRC income tax law for a period of three years commencing from 1 January 2012 as they are assessed by relevant government authorities as High and New Technology Enterprises.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the period.

	Three months ended 31 March	
	2014 Unaudited RMB'000	2013 Unaudited RMB'000
Current – PRC	452	541

5. EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(losses) per share amount is based on the unaudited profit/(loss) attributable to ordinary equity holders of the parent for the period and the weighted average of 131,303,671 (2013: 131,303,671) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 31 March 2014 and 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

NOTES

6. RESERVES

The movements of reserves attributable to ordinary equity holders of the parent for the three months ended 31 March 2014 and 2013 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	Exchange fluctuation reserve Unaudited RMB'000	Total Unaudited RMB'000
At 1 January 2013	131,304	61,017	43,202	47,104	13,130	-	295,757
Loss and total comprehensive loss for the period	-	-	-	(1,364)	-	-	(1,364)
At 31 March 2013	131,304	61,017	43,202	45,740	13,130	-	294,393
At 1 January 2014	131,304	61,017	44,642	41,666	13,130	179	291,938
Profit and total comprehensive profit for the period	-	-	-	2,573	-	-	2,573
At 31 March 2014	131,304	61,017	44,642	44,239	13,130	179	294,511

[#] 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 2014 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW FOR THE THREE MONTHS ENDED 31 MARCH 2014

The Group's revenue for the three months ended 31 March 2014 amounted to RMB59.06 million, representing an increase of 22.5% as compared with RMB48.22 million for the corresponding period last year.

Profit attributable to the shareholders of the Company for the three months ended 31 March 2014 was RMB2.57 million, representing an increase of 289% as compared with the loss of RMB1.36 million for the corresponding period last year. The increase in profit was mainly due to the increase in revenue and the profit from Suzhou Otian, a joint venture, during the period.

OUTLOOK AND FUTURE PROSPECTS

The integration of urban and rural medical insurance, aging and increase in medical investment is becoming the growth momentum for the pharmaceutical industry throughout the next decade. The stable increase in the number of medical visits and increasing patients in chronic diseases will become a new and important driver, and in particular they play a huge promotional role for the rapid growth of the grassroots medical market. By this year, the operating atmosphere and market sentiment of the industry was further improved. Coupled with the substantive benefits in the pharmaceutical sector from the launching and implementation of new medical reform and health sector policies, the pharmaceutical industry especially the medical diagnostics industry will remain as one of the fast-growing industries in the PRC.

In 2014, the important changes in medical reform policies, such as encouragement of private capital investment in medical service industry, will necessarily bring new changes for the setup and management model of hospitals. We believe that as driven by social capital, the medical service market in particular grassroots medical market and high-end medical service will increase substantially, and the demand for diagnostic reagents and general consumables will continue to increase, which are beneficial to the continuous growth of the size of our business and will increase the sales of our products. As result of our hard work and established foundation for many years, the Board is confident that in establishing the Group into a leader in the health-enhancing prospect industry with capability in creating intellectual property rights and the ability to compete internationally, the Group will achieve an outstanding performance and maximise returns for all shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

With more and more market participants, market competition for the in-vitro diagnostic reagent sector is becoming more and more intense. Enterprises are also facing on-going challenges in product quality enhancement and product mix optimization. The Company will take more incentive measures to continue intensifying its marketing efforts, accelerate the progress in research and development, launch instruments that can match the diagnostic reagents, and strive to adapt new market changes and new demand. In 2014, the Group pursues the enterprise culture construction of “Competing to win, Innovating to win” as activity theme, initiates all employees to enhance their occupation quality, innovation and competitiveness, and increase the momentum in marketing efforts to increase effectively the revenue of the Group. Through solidifying its business foundation and adjusting its operation directives, the Group is striving to forge ahead under adverse conditions to allow us to achieve new progresses in terms of production, operation and culture construction.

OTHER INFORMATION

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2014, 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 otherwise 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 31 March 2014, 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.

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

At 31 March 2014, as far as is known to any directors and supervisors of the Company, the following interests of 5% or more of the issued share 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, or as otherwise notified to the Company and the Stock Exchange:

OTHER INFORMATION

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%	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%
Chung Shek Enterprises Company Limited	Directly beneficially owned	–	3,800,000	0.00%	5.91%	2.89%
K.C. Wong Education Foundation	Through controlled corporations	–	3,800,000	0.00%	5.91%	2.89%

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 31 March 2014, 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 interests or short positions in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

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 2014.

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.

OTHER INFORMATION

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, Mr. John Wong Yik Chung and Mr. Wang Daixue.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

For the period ended 31 March 2014, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (Appendix 15 to the GEM Listing Rules (the "Corporate Governance Code") with the exception of Code Provisions A.1.8 and A.2.1 as addressed below.

1. Code Provision A.1.8

Under Code Provision A.1.8, the Company should arrange appropriate insurance to cover potential legal actions against its Directors. As at the date of this report, the Company has not arranged such insurance coverage for the Directors.

The Company will initiate the process of obtaining and reviewing the quotations from different insurers in due course and currently targets to purchase the relevant liability insurance for the Directors within 2014.

OTHER INFORMATION

2. Code Provision A.2.1

Pursuant to Code Provision A.2.1, the roles of chairman and chief executive officer should be separate.

Mr. Wu Lebin assumes dual roles of the chairman of the Board and the president of the Company. 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, 14 May 2014

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

Chairman and Executive Director

Mr. Wu Lebin (吳樂斌先生)

Vice Chairmen and Non-executive Directors

Dr. Gao Guang Xia (高光俠博士) and Mr. Ni Xiaowei (倪小偉先生)

Executive Directors

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

Non-executive Directors

Mr. Yu Tongle (余同樂先生), Mr. Hongfei Jia (賈鴻飛先生) and Mr. Wang Fu Gen (王福根先生)

Independent non-executive Directors

Dr. Rao Yi (饒毅博士), Dr. Hu Canwu Kevin (胡燦武博士), Mr. John Wong Yik Chung (黃翼忠先生) and Mr. Wang Daixue (王代雪先生)