

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

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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

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WEBSITE

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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. Hongfei Jia

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
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

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” or “China”). The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the research and development, manufacturing, sale and distribution of in-vitro diagnostic reagents products, and providing hospital and other medical institutions with quality and reliable diagnostic reagents products.

The major equity holders of the Company have strong background. Our largest shareholder, the Institute of Biophysics of the Chinese Academy of Sciences (the “IBP”), is the leading research institution in life sciences in the PRC. Our second largest shareholder, Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司) (“Fosun Pharmaceutical”, together with its subsidiaries, the “Fosun Pharmaceutical Group”), is a PRC joint stock company whose A shares are listed on the Shanghai Stock Exchange and is principally engaged in the manufacturing, research and development, wholesaling and retailing of pharmaceutical products. Our third largest shareholder, Beijing Enterprises Holdings Limited (“Beijing Enterprises”), is a Hong Kong company whose shares are listed on the Main Board of the Stock Exchange. Our third largest shareholder together with its subsidiaries are principally engaged in natural gas operations, brewery operations, sewage and water treatment operations in the PRC.

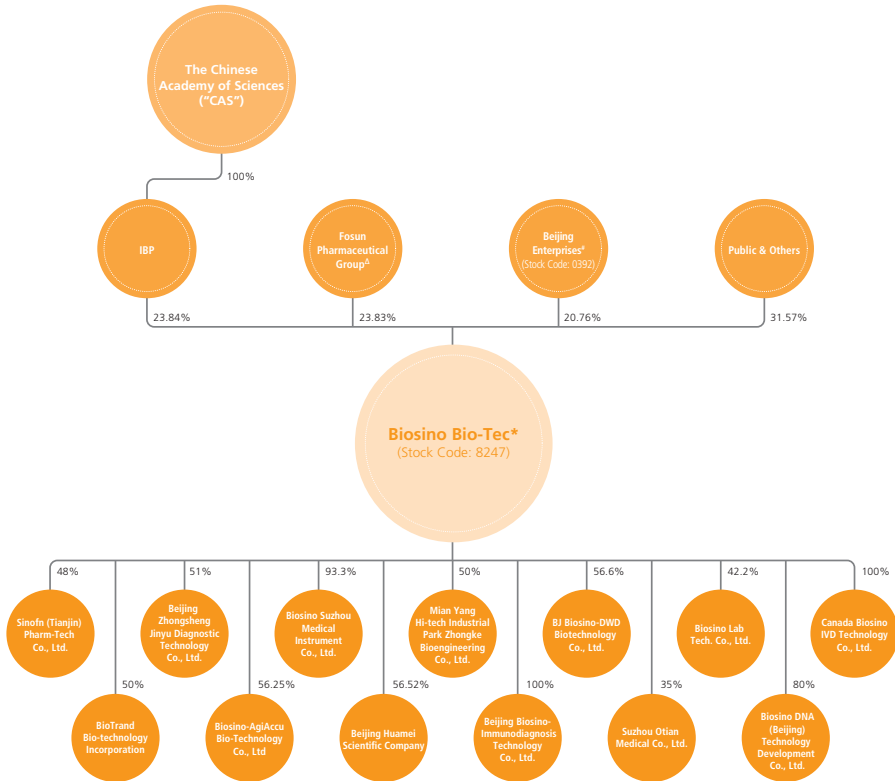
The “Biosino” brand of the Group is well-known in the industry. “Biosino” was awarded as “Renowned Beijing Brand”(北京名牌產品) in 2002 and was awarded “No. 1 Brand with High Quality and Reputation in the In-vitro Diagnostic Reagent Market of the PRC”(中國診斷試劑市場用戶滿意質量信譽第一品牌) in 2005, and it is highly recognised 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 autonomous regions with more than 600 distributors. The Group’s diagnostic reagents products are well received at domestic hospitals and medical institutions.

In addition, a number of management members of the Group are professors in universities or holding doctorate degrees. Upholding our business principles of “By the people, for the people; advocating innovation; unquestionable quality pursuing perfection; genuine craftsmanship and lawful operation”, our management strives to strengthen our overall competitiveness. The solid scientific research background and aspiration of our management team members, some of whom had research experience in the IBP, laid down firm research foundation of Biosino Bio-Tec, which is 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 since 27 February 2006.

GROUP STRUCTURE

As at 30 June 2014



* The H shares of Biosino Bio-Tec are listed on the GEM

The Shares of Beijing Enterprises are listed on the Main Board of the Stock Exchange

△ The 23.83% shareholding is held by the Fosun Pharmaceutical Group via Shanghai Fosun Pingyao Investment Management Company Limited (上海復星平耀投資管理有限公司) and Fosun Industrial Co., Limited (復星實業(香港)有限公司), both being wholly-owned subsidiaries of Fosun Pharmaceutical, as to 18.67% and 5.16% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW FOR THE FIRST HALF OF 2014

China's population represents about one-fifth of the world's population and its domestic consumption per capita for in-vitro diagnostic reagent is only about 13% of its consumption per capita. Currently, the domestic diagnostic reagent market is still under a fast-growing stage and still has ample industry development potential. Of which, biochemical reagents and immune reagents occupy a dominant position in the clinical market, representing in aggregate over 55% of the market share. Currently, the medical reform has entered into a critical transitional phase. The change in medical expenses payment method had facilitated hospitals to select domestic diagnostic reagents that have higher performance-price ratio, leaving domestic enterprises the expectation of good development opportunities. During the first half of 2014, the Company faced complicated external environment, by adhering to the development target of achieving synergy and increasing efficiency of reagent instruments, continuing to reinforce its own hard strength, continuously improving its management standard, occupying an initiative position in the market, each of the businesses was developed healthily.

Research and Development

During the reporting period, the Company had 21 new patents under application and with 15 new registered products, including full automatic chemi-illuminescence immune detection substrate solution (全自動化學發光免疫檢測用底物液), lipid seven fixed value quality controlling products (脂類七項定值質控品), insulin calibrator (胰島素校準品), retinol binding protein assay kit (latex immuno-turbidimetric assays) (視黃醇結合蛋白測定試劑盒(膠乳免疫比濁法)), C- reactive protein assay kit (latex immuno-turbidimetric Assays) (C-反應蛋白測定試劑盒(膠乳免疫比濁法)), pepsinogen II assay kit (latex immuno-turbidimetric Assays) (胃蛋白酶原II測定試劑盒(膠乳免疫比濁法)), C-reactive protein calibrator (5 concentration grades) (C-反應蛋白校準品(5濃度)), Pepsinogen I/II calibrator (胃蛋白酶原I/II校準品), insulin ELISA assay kit (latex immuno-turbidimetric Assays) (胰島素測定試劑盒(膠乳免疫比濁法)), pepsinogen I assay kit (latex immuno-turbidimetric Assays) (胃蛋白酶原I測定試劑盒(膠乳免疫比濁法)), retinol binding protein calibrator (視黃醇結合蛋白校準品), prostate specific antigen calibrator (前列腺特异性抗原校準品), alpha -L-fucosidase calibrator (α -L-岩藻糖苷酶校準品), acidic phosphatase assay kit (α - naphthyl phosphate method) (酸性磷酸酶測定試劑盒(α -萘基磷酸鹽法)), prostate specific antigen kit (前列腺特异性抗原測定試劑盒). The Company will continue to promote the research and development of new products and improve existing products to strengthen the core competitiveness of the Company in the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW FOR THE FIRST HALF OF 2014

During the reporting period, the Company achieved a revenue of RMB129,000,000, representing an increase of 17.36% when compared with the same period last year, which was mainly due to the increase in sales from commercial reagents and instruments. It achieved a net profit of RMB4,560,000, representing an increase of 1.15 times when compared with the same period last year, which was mainly attributable to the increase in non-incurring income from investment in joint ventures and associated companies and sales revenue growth in the first half year. The Company was granted the Demonstration Project Industrialization Certificate under National Torch Plan (國家火炬計劃產業化示範項目證書) issued by the Ministry of Science and Technology, and was listed in the G20 Engineering Enterprises in the first half year, which were important illustrations of the Company's improvement in its competitiveness.

PROSPECT AND OUTLOOK

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.

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 used in operating activities was approximately RMB7 million. There were no new issue of shares and no bank borrowings were obtained during the period.

As at 30 June 2014, the Group had cash and bank balances of approximately RMB72 million (as at 31 December 2013: approximately RMB69 million). The Group had RMB1 million unsecured bank loan as at 30 June 2014 (as at 31 December 2013: RMB Nil). The Group was in a net cash position of approximately RMB71 million (as at 31 December 2013: approximately RMB69 million).

FOREIGN CURRENCY RISK

The Group’s businesses are mostly located in the PRC and most transactions are conducted in RMB, except that the Group occasionally purchases equipment and some in-vitro diagnostic reagent products from foreign countries for resale in the PRC and administrative expenses incurred by the Canadian subsidiary which is established during 2013. Certain bank accounts denominated in Hong Kong dollars are in Hong Kong for the payments of H share dividends and miscellaneous expenses such as professional fees incurred in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS OF THE GROUP

As at 30 June 2014, the Group did not have any assets being pledged.

CONTINGENT LIABILITIES

As at 30 June 2014 and 31 December 2013, the Group did not have any contingent liabilities.

EMPLOYEE

On 30 June 2014, approximately 652 full-time employees (as at 31 December 2013: approximately 658) were employed by the Group. The total staff costs of the Group (including the directors' remunerations) for the six months ended 30 June 2014 amounted to approximately RMB33.97 million (2013: approximately RMB36.3 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.

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 unwavering 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, 14 August 2014

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 2014 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2014, together with the comparative figures in 2013, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2014

	Notes	Three months ended 30 June		Six months ended 30 June	
		2014 Unaudited RMB'000	2013 Unaudited RMB'000	2014 Unaudited RMB'000	2013 Unaudited RMB'000
CONTINUING OPERATIONS					
REVENUE	2, 3	69,916	61,676	128,979	109,897
Cost of sales		(33,161)	(27,354)	(66,721)	(49,967)
Gross profit		36,755	34,322	62,258	59,930
Other income and gains		5,038	4,925	5,587	8,994
Selling and distribution expenses		(16,403)	(11,033)	(27,101)	(23,265)
Administrative expenses		(13,257)	(13,902)	(22,240)	(26,663)
Research and development expenses		(4,275)	(5,515)	(11,782)	(11,684)
Other expenses		(423)	(15)	(423)	(15)
PROFIT FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	4	7,435	8,782	6,299	7,297
Finance costs	5	-	-	(30)	-
Share of profits and losses of:					
Joint ventures		986	(1,973)	986	(1,973)
Associates		(3,949)	(403)	(689)	(1,473)

		Three months ended 30 June		Six months ended 30 June	
		2014 Unaudited RMB'000	2013 Unaudited RMB'000	2014 Unaudited RMB'000	2013 Unaudited RMB'000
	<i>Notes</i>				
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		4,472	6,406	6,566	3,851
Income tax expense	6	(1,162)	(1,189)	(1,614)	(1,730)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		3,310	5,217	4,952	2,121
DISCONTINUED OPERATION					
Loss for the period from a discontinued operation		(391)	–	(391)	–
PROFIT FOR THE PERIOD		2,919	5,217	4,561	2,121
Attributable to:					
Owners of the parent		2,071	3,370	4,644	2,006
Non-controlling interests		848	1,847	(83)	115
		2,919	5,217	4,561	2,121
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY					
– Basic (RMB)	7	0.02	0.03	0.04	0.02
– 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 2014

	Three months ended 30 June		Six months ended 30 June	
	2014 Unaudited RMB'000	2013 Unaudited RMB'000	2014 Unaudited RMB'000	2013 Unaudited RMB'000
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,919	5,217	4,561	2,121
Attributable to:				
Owners of the parent	2,071	3,370	4,644	2,006
Non-controlling interests	848	1,847	(83)	115
	2,919	5,217	4,561	2,121

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	<i>Notes</i>	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		87,666	88,021
Prepaid land lease payments		2,982	3,432
Goodwill		309	309
Other intangible assets		5,012	5,139
Investments in joint ventures		26,375	25,389
Investments in associates		22,468	23,157
Long-term receivables	9	5,697	5,307
Deferred tax assets		462	462
Total non-current assets		150,971	151,216
CURRENT ASSETS			
Available-for-sale investments		1,000	10,000
Inventories		47,876	36,918
Trade receivables	9	61,957	46,290
Prepayments, deposits and other receivables		29,934	35,494
Time deposits		22,500	21,000
Cash and bank balances		71,751	69,047
		235,018	218,749
Assets of a disposal group classified as held for sale		7,507	7,507
Total current assets		242,525	226,256
CURRENT LIABILITIES			
Trade payables	10	18,620	11,803
Short term bank loan		1,000	–
Other payables and accruals		54,581	37,567
Taxes payable		904	152
		75,105	49,522
Liabilities directly associated with the assets classified as held for sale		985	985
Total current liabilities		76,090	50,507
NET CURRENT ASSETS		166,435	175,749
TOTAL ASSETS LESS CURRENT LIABILITIES		317,406	326,965

		30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		317,406	326,965
NON-CURRENT LIABILITY			
Deferred income		8,863	9,853
Total non-current liability		8,863	9,853
Net assets		308,543	317,112
EQUITY			
Equity attributable to owners of the parent			
Issued capital	<i>11</i>	131,304	131,304
Reserves		152,148	147,504
Proposed final dividend		–	13,130
		283,452	291,938
Non-controlling interests		25,091	25,174
Total equity		308,543	317,112

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the parent								
	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	Non- controlling interests Unaudited RMB'000	Total equity Unaudited RMB'000
At 1 January 2013	131,304	61,017	43,202	47,104	13,130	-	295,757	25,288	321,045
Total comprehensive income for the period	-	-	-	2,006	-	-	2,006	115	2,121
Final 2012 dividend	-	-	-	-	(13,130)	-	(13,130)	-	(13,130)
At 30 June 2013	131,304	61,017	43,202	49,110	-	-	284,633	25,403	310,036
At 1 January 2014	131,304	61,017	44,642	41,666	13,130	179	291,938	25,174	317,112
Total comprehensive income for the period	-	-	-	4,644	-	-	4,644	(83)	4,561
Final 2013 dividend	-	-	-	-	(13,130)	-	(13,130)	-	(13,130)
At 30 June 2014	131,304	61,017 [†]	44,642 [†]	46,310 [†]	-	179 [†]	283,452	25,091	308,543

[†] These reserve accounts comprise the consolidated reserves of RMB152,148,000 and RMB147,504,000 in the consolidated statement of financial position as at 30 June 2014 and 31 December 2013, respectively.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 Unaudited RMB'000	2013 Unaudited RMB'000
Net cash inflow/(outflow) from operating activities	(6,973)	2,480
Net cash inflow from investing activities	8,213	17,988
Net cash inflow from financing activities	1,464	1,597
Increase in cash and cash equivalents	2,704	22,065
Cash and cash equivalents at beginning of period	69,047	74,156
Cash and cash equivalents at end of period	71,751	96,221

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 2014 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 2013.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one reportable operating segment: the in-vitro diagnostic reagent products segment, which manufactures, sells and distributes a variety of mono/double diagnostic reagent products.

Management monitors the operating results of its business units as a whole for the purpose of making decisions about resources allocation of performance assessment. All of the Group's revenue from external customers and profits from continuing operations are generated from this single segment.

Information about major customers

No revenue from transactions with a single customer amounted to more than 10% of the Group's total revenue.

Geographical information

During the period ended 30 June 2014 and 2013, almost all of the Group's revenue was generated from customers located in Mainland China and all of the non-current assets of the Group were located in Mainland China.

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 FINANCIAL STATEMENTS

4. PROFIT FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS

The Group's profit from operating activities from continuing operations is arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2014 Unaudited RMB'000	2013 Unaudited RMB'000	2014 Unaudited RMB'000	2013 Unaudited RMB'000
Depreciation	3,820	3,873	7,639	7,746
Amortisation of know-how	283	585	566	1,170
Amortisation of prepaid land lease payments	38	44	75	87

5. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2014 Unaudited RMB'000	2013 Unaudited RMB'000	2014 Unaudited RMB'000	2013 Unaudited RMB'000
Interests on bank loans wholly repayable within 5 years	-	-	30	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2014 (2013: 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 30 June		Six months ended 30 June	
	2014 Unaudited RMB'000	2013 Unaudited RMB'000	2014 Unaudited RMB'000	2013 Unaudited RMB'000
Current – Mainland, the PRC	1,162	1,189	1,614	1,730

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 2014 is based on the unaudited profit attributable to shareholders of the Company for the period and the weighted average number of 131,303,671 (2013: 131,303,671) 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 2014 (2013: Nil).

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (2013: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. TRADE 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 receivables of the Group as at the balance sheet date based on invoice date, is as follows:

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Within 3 months	50,014	36,333
4 to 6 months	9,475	5,966
7 to 12 months	7,104	3,119
1 to 2 years	356	3,833
Over 2 years	705	2,346
	67,654	51,597
Less: classified as non-current	(5,697)	(5,307)
	61,957	46,290

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. 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 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Within 3 months	16,156	10,583
4 to 6 months	1,030	220
7 to 12 months	781	157
1 to 2 years	46	631
Over 2 years	607	212
	18,620	11,803

The trade payables are non-interest-bearing and are normally settled on credit terms ranging from 30 days to 90 days.

11. ISSUED CAPITAL

	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Registered, issued and fully paid:		
67,017,528 domestic shares of RMB1 each	67,018	67,018
64,286,143 H shares of RMB1 each	64,286	64,286
	131,304	131,304

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2014 (2013: Nil).

13. COMMITMENTS

- (a) The Group did not have any significant capital commitments in respect of plant and machinery as at 30 June 2014 (2013: Nil).
- (b) 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. 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.

14. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties during the period:

		Six months ended 30 June	
		2014	2013
		Unaudited RMB'000	Unaudited RMB'000
	Note		
Technical service fee	(i)	250	250

Note:

- (i) Details of the technical service fee are set out in note 13(b) to the interim report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2014 Unaudited RMB'000	2013 Unaudited RMB'000
Short term employee benefits	3,701	4,288
Post-employment benefits	257	205
Total compensation paid to key management personnel	3,958	4,493

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

OTHER INFORMATION

DIRECTORS', CHIEF EXECUTIVE OFFICER AND SUPERVISORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, the interest and short positions of the directors, chief executive officer 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%
Mr. Zhou Jie	150,000	0.22%	0.11%

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

Save as disclosed above, as at 30 June 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.

OTHER INFORMATION

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

At 30 June 2014, 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, or as otherwise notified to the Company and the Stock Exchange:

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%
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 30 June 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 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, 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 30 June 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, 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 2014.

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

OTHER INFORMATION

CORPORATE GOVERNANCE

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.

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.