



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 2015



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

WEBSITE

<http://www.zhongsheng.com.cn>

BOARD OF DIRECTORS

Chairman and Executive Director
Mr. Wu Lebin

Vice Chairmen and Non-executive Directors
Mr. Chen Jintian
Ms. Bi Lijun

Executive Directors
Mr. Zhou Jie
Dr. Xu Cunmao
Mr. Hou Quanmin

Non-executive Director
Mr. Wang Fugen

Independent Non-executive Directors

Dr. Zheng Yongtang
Dr. Hu Canwu Kevin
Mr. John Wong Yik Chung
Mr. Wang Daixue

SUPERVISORS

Ms. Yan Xiyun
Mr. Shao Yimin
Ms. Huang Aiyu

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Dr. Hu Canwu Kevin (*Chairman*)
Dr. Zheng Yongtang
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:
Loong & Yeung

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:	GEM
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 2015

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 2015, together with the comparative figures for the same periods in 2014, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2015 Unaudited RMB'000	2014 Unaudited RMB'000	2015 Unaudited RMB'000	2014 Unaudited RMB'000
CONTINUING OPERATIONS:					
REVENUE	3	77,188	67,006	210,562	195,985
Cost of sales		(40,594)	(32,309)	(110,078)	(99,030)
Gross profit		36,594	34,697	100,484	96,955
Other income and gains, net		63	2,345	5,339	7,932
Selling and distribution expenses		(16,026)	(16,239)	(43,416)	(43,340)
Administrative expenses		(10,285)	(10,618)	(34,206)	(32,858)
Research and development expenses		(4,883)	(6,315)	(15,871)	(18,097)
Other expenses, net		421	(33)	(212)	(456)
PROFIT FROM OPERATING ACTIVITIES		5,884	3,837	12,118	10,136
Finance costs		-	(195)	(242)	(225)
Share of loss of joint ventures		(1,462)	(1,160)	(2,281)	(174)
Share of profit/(loss) of associates		695	(1,147)	(686)	(1,836)
PROFIT BEFORE TAX		5,117	1,335	8,909	7,901
Income tax expense	4	(1,202)	(847)	(2,911)	(2,461)

	Three months ended 30 September		Nine months ended 30 September	
	2015 Unaudited RMB'000	2014 Unaudited RMB'000	2015 Unaudited RMB'000	2014 Unaudited RMB'000
<i>Notes</i>				
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	3,915	488	5,998	5,440
DISCONTINUED OPERATIONS: Loss for the period from discontinued operations	-	-	-	(391)
PROFIT FOR THE PERIOD	3,915	488	5,998	5,049
Attributable to:				
Owners of the parent	3,575	(354)	6,304	4,290
Non-controlling interests	340	842	(306)	759
	3,915	488	5,998	5,049
EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT				
Basic				
- For profit for the period	0.03	(0.003)	0.05	0.03
- For profit from continuing operations	0.03	(0.003)	0.05	0.03
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 2015

	Three months ended 30 September		Nine months ended 30 September	
	2015 Unaudited RMB'000	2014 Unaudited RMB'000	2015 Unaudited RMB'000	2014 Unaudited RMB'000
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,915	488	5,998	5,049
Attributable to:				
Owners of the parent	3,575	(354)	6,304	4,290
Non-controlling interests	340	842	(306)	759
	3,915	488	5,998	5,049



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 2015 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 2014.

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 2015 (2014: 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	
	2015 Unaudited RMB'000	2014 Unaudited RMB'000	2015 Unaudited RMB'000	2014 Unaudited RMB'000
Current – Mainland China	1,202	847	2,911	2,461

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 2015 is based on the unaudited profit attributable to shareholders of the Company for the period and the weighted average of 131,303,671 (2014: 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 2015 (2014: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

6. RESERVES

The movements of reserves for the nine months ended 30 September 2015 and 2014 are as follows:

	Attributable to owners of the parent						
	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	Exchange fluctuation reserve Unaudited RMB'000	Total Unaudited RMB'000
At 1 January 2014	131,304	61,017	44,642	41,666	13,130	179	291,938
Total comprehensive income for the period	-	-	-	4,290	-	-	4,290
Final 2013 dividend	-	-	-	-	(13,130)	-	(13,130)
At 30 September 2014	131,304	61,017	44,642	45,956	-	179	283,098
At 1 January 2015	131,304	85,697	42,648	14,335	13,130	188	287,302
Total comprehensive income for the period	-	-	-	6,304	-	-	6,304
Final 2014 dividend	-	-	-	-	(13,130)	-	(13,130)
At 30 September 2015	131,304	85,697	42,648	20,639	-	188	280,476

[#] 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 2015 (2014: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

THE THIRD QUARTER OF 2015

Until September 2015, the PRC diagnostic reagent market is still under a fast-growing stage with reagent consumption only about 13% of global consumption per capita, and industry development potential is still ample. Of which, biochemical reagents and immune reagents still occupy a dominant position in the clinical market, representing in aggregate over 55% of the market share, making domestic enterprises of diagnostic reagents industry still facing good development opportunities. The Company faced complicated external environment and actively adjusted its strategies, adhered to the synergistic development of reagent instruments, strengthened its profit-focus operation philosophy, continued to improve its own competitive strengths, continuously improved its management standard, and strived to foster the healthy development of each of its businesses.

For Research and Development, the Company has 7 new registered products, including nucleic acid extraction reagent (核酸提取試劑), thyroid stimulating hormone (TSH) quantitative assay kit (magnetic particle chemiluminescence assays) (促甲狀腺素 (TSH) 定量檢測試劑盒 (磁微粒化學發光法)), free triiodothyronine (FT3) quantitative assay kit (magnetic particle chemiluminescence assays) (游離三碘甲狀腺原氨酸 (FT3) 定量檢測試劑盒 (磁微粒化學發光法)), triiodothyronine (T3) quantitative assay kit (magnetic particle chemiluminescence assays) (三碘甲狀腺原氨酸 (T3) 定量檢測試劑盒 (磁微粒化學發光法)), thyroxine (T4) quantitative assay kit (magnetic particle chemiluminescence assays) (甲狀腺素 (T4) 定量檢測試劑盒 (磁微粒化學發光法)), free thyroxine (FT4) quantitative assay kit (magnetic particle chemiluminescence assays) (游離甲狀腺素 (FT4) 定量檢測試劑盒 (磁微粒化學發光法)) and lithium reagents kit (phosphatase assays) (鋰測定試劑盒 (磷酸酶法)).

During the reporting period, the "Clinic Biochemical Diagnostic Reagents Systematization (臨床生化診斷試劑系統化)" Project undertaken by the Company was approved and enlisted as a "Beijing High-tech Achievement Transformation Project (北京市高新技術成果轉化項目)".

Revenue for the nine months ended 30 September 2015 was approximately RMB211 million, representing an increase of 7.7% as compared with approximately RMB196 million for the corresponding period last year.

Profit attributable to shareholders of the Company for the nine months ended 30 September 2015 was RMB6.3 million, representing an increase of approximately 47% as compared with the corresponding period last year, which was mainly because of more effective cost control of its subsidiaries.



MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND FUTURE PROSPECT

With the substantive benefits in the pharmaceutical sector from the launching and implementation of new medical reform and health sector policies, the impact of medical reform is spreading out with a steady increase in the number of medical visits in the PRC. In particular, these substantive benefits play a significant role in the development of the basic level medical market. The operating atmosphere and market sentiment of the industry were further improved.

In 2015, the important changes in medical reform policies, such as encouragement of private capital investment in medical service industry, will 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 basic level medical market and high-end medical service, will grow substantially. The demand for diagnostic reagents and general consumables will continue to increase, which are beneficial to the continuous growth of our business size and our products sales. As a result of our hard work and established foundation for many years, the Board is confident in establishing the Group to become a leader in the health industry in PRC 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.

With increasing market participants, market competition in in-vitro reagent sector is becoming more and more intense. Enterprises are also facing on-going challenges in product quality enhancement and product mix optimisation. The Company will adopt 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 to new changes and new demand in the market. In 2015, it continues to pursue the enterprise culture construction of “Unity, Discipline, Dedication, and Innovation” as the theme. The Group also initiates all employees to enhance their occupation quality, innovation and competitiveness, and increases the momentum in marketing efforts to increase 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', PRESIDENT'S AND SUPERVISORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2015, the interest and short positions of the directors, president 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	3,500,878	5.22%	2.67%
Mr. Hou Quanmin	300,000	0.45%	0.23%
Dr. Xu Cunmao	200,000	0.30%	0.15%
Mr. Zhou Jie	150,000	0.22%	0.11%

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

Save as disclosed above, as at 30 September 2015, 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 2015, 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 of Shareholder	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 Share capital
		Domestic shares	H shares	Domestic shares	H shares	
Institute of Biophysics of Chinese Academy of Sciences	Directly beneficially owned	31,308,576	–	46.72%	0.00%	23.84%
Beijing Shuoze Health Industry Investment Company Limited ("Beijing Shuoze") [#]	Directly beneficially owned	24,506,143	–	36.57%	0.00%	18.67%
Hong Kong Future Investment Group Limited ("HK Future") [#]	Directly beneficially owned	–	6,780,000	0.00%	10.55%	5.16%
Chen Jintian	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%
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 Beijing Shuoze and HK Future is wholly owned by Mr. Chen Jintian who is therefore deemed to be interested in the domestic shares and H shares held by Beijing Shuoze and HK Future respectively pursuant to the SFO.
- ^ 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 pursuant to the SFO.

Save as disclosed above, so far as is known to any Directors or supervisors of the Company, as at 30 September 2015, no person, other than the Directors, chief executive or supervisors of the Company, whose interests are set out in the section “Directors’, chief executive’s 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 September 2015.

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 2015.



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. Zheng Yongtang, Dr. Hu Canwu Kevin, Mr. John Wong Yik Chung and Mr. Wang Daixue.

CORPORATE GOVERNANCE

For the period ended 30 September 2015, 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) with the exception of Code Provision A.1.8 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 is in the process of reviewing and comparing the quotations and insurance proposals provided by a number of insurers, and currently targets to purchase the relevant liability insurance for the Directors within 2015.

By order of the Board
Biosino Bio-Technology and Science Incorporation
Wu Lebin
Chairman

Beijing, the PRC, 13 November 2015