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)**

## INTERIM RESULTS ANNOUNCEMENT FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2009

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

**GEM has been established 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.**



*This announcement, 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 announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

* *For identification purposes only*

## UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2009 and the unaudited condensed consolidated balance sheet of the Group as at 30 June 2009, together with the comparative figures in 2008, as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

*For the three months and six months ended 30 June 2009*

| | | Three months ended 30 June | | Six months ended 30 June | |
|---|---|---|---|---|---|
| | | **2009** | 2008 | **2009** | 2008 |
| | | **Unaudited** | Unaudited | **Unaudited** | Unaudited |
| | *Notes* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| **REVENUE** | *2, 3* | **56,299** | 59,924 | **100,255** | 104,333 |
| Cost of sales | | **(18,190)** | (18,948) | **(32,134)** | (34,211) |
| Gross profit | | **38,109** | 40,976 | **68,121** | 70,122 |
| Other income and gain | | **2,374** | 4,315 | **5,566** | 4,809 |
| Selling and distribution expenses | | **(15,680)** | (13,935) | **(26,360)** | (25,904) |
| Administrative expenses | | **(16,092)** | (15,546) | **(27,503)** | (25,268) |
| Research and development expenses | | **(193)** | (1,278) | **(4,176)** | (4,676) |
| Other operating expenses | | **(120)** | (2,395) | **(120)** | (2,395) |
| **PROFIT FROM OPERATING ACTIVITIES** | *4* | **8,398** | 12,137 | **15,528** | 16,688 |
| Finance costs | *5* | **(472)** | (2,830) | **(1,170)** | (2,977) |
| Share of losses of associates | | **(346)** | (29) | **(461)** | (268) |
| **PROFIT BEFORE TAX** | | **7,580** | 9,278 | **13,897** | 13,443 |
| Tax | *6* | **(1,256)** | (2,343) | **(2,339)** | (3,777) |
| **PROFIT FOR THE PERIOD** | | **6,324** | 6,935 | **11,558** | 9,666 |
| Attributable to: | | | | | |
| Shareholders of the Company | | **6,185** | 6,249 | **10,962** | 8,982 |
| Minority interests | | **139** | 686 | **596** | 684 |
| | | **6,324** | 6,935 | **11,558** | 9,666 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY** | *7* | | | | |
| – Basic (RMB) | | **0.062** | 0.062 | **0.110** | 0.090 |
| – Diluted | | **N/A** | N/A | **N/A** | N/A |

**CONDENSED CONSOLIDATED BALANCE SHEET**

*As at 30 June 2009*

| | Notes | 30 June 2009 Unaudited RMB'000 | 31 December 2008 Audited RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current assets: | | | |
| Property, plant and equipment | | **110,741** | 114,903 |
| Prepaid land premiums | | **7,569** | 7,297 |
| Goodwill | | **308** | 309 |
| Other intangible assets | | **1,313** | 1,581 |
| Interest in associates | | **3,475** | 3,936 |
| Trade and bills receivables | 9 | **–** | 410 |
| Long-term deposits | | **3,179** | 708 |
| Deferred tax assets | | **469** | – |
| Total non-current assets | | **127,054** | 129,144 |
| Current assets: | | | |
| Prepaid land premiums | | **178** | 177 |
| Inventories | | **28,590** | 28,469 |
| Trade and bills receivables | 9 | **42,477** | 37,047 |
| Prepayments, deposits and other receivables | | **8,228** | 7,098 |
| Financial assets at fair value through profit or loss | | **4,001** | 10,209 |
| Time deposits | | **6,900** | 6,600 |
| Cash and cash equivalents | | **79,422** | 85,376 |
| Total current assets | | **169,796** | 174,976 |
| **TOTAL ASSETS** | | **296,850** | 304,120 |

| | Notes | **30 June 2009 Unaudited** *RMB'000* | 31 December 2008 Audited *RMB'000* |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| Equity attributable to shareholders of the Company: | | | |
| Issued capital | *10* | **100,018** | 100,018 |
| Reserves | | **95,922** | 84,960 |
| Proposed final dividend | | **–** | 10,002 |
| | | **195,940** | 194,980 |
| Minority interests | | **23,449** | 22,354 |
| **TOTAL EQUITY** | | **219,389** | 217,334 |
| Non-current liabilities: | | | |
| Deferred income | | **15,061** | 14,157 |
| Other payables | | **80** | – |
| Total non-current liabilities | | **15,141** | 14,157 |
| Current liabilities: | | | |
| Trade payables | *11* | **14,869** | 6,923 |
| Other payables and accruals | | **35,863** | 21,828 |
| Taxes payable | | **1,588** | 3,878 |
| Bank borrowings | | **10,000** | 40,000 |
| Total current liabilities | | **62,320** | 72,629 |
| **TOTAL LIABILITIES** | | **77,461** | 86,786 |
| **TOTAL EQUITY AND LIABILITIES** | | **296,850** | 304,120 |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2009*

| | Attributable to shareholders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Issued share capital** | **Capital reserves#** | **Statutory reserves** | **Retained Profits** | **Proposed final dividend** | **Total** | **Minority interests** | **Total equity** |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2008 | 100,018 | 30,557 | 22,531 | 17,919 | 10,002 | 181,027 | 21,965 | 202,992 |
| Profit for the period and total income and expense for the period | – | – | – | 8,982 | – | 8,982 | 684 | 9,666 |
| Final 2007 dividend declared | – | – | – | – | (10,002) | (10,002) | – | (10,002) |
| Capital contribution from a minority shareholder | – | – | – | – | – | – | 1,199 | 1,199 |
| At 30 June 2008 | 100,018 | 30,557 | 22,531 | 26,901 | – | 180,007 | 23,848 | 203,855 |
| At 1 January 2009 | 100,018 | 31,126† | 27,991† | 25,843† | 10,002 | 194,980 | 22,354 | 217,334 |
| Profit for the period and total income and expense for the period | – | – | – | 10,962 | – | 10,962 | 596 | 11,558 |
| Final 2008 dividend declared | – | – | – | – | (10,002) | (10,002) | – | (10,002) |
| Capital contribution from a minority shareholder | – | – | – | – | – | – | 499 | 499 |
| At 30 June 2009 | 100,018 | 31,126† | 27,991† | 36,805† | – | 195,940 | 23,449 | 219,389 |

# *The capital reserves of the Group include non-distributable reserves of the Company and its subsidiaries created in accordance with the accounting and financial regulations of the PRC.*

† *These reserve accounts comprise the consolidated reserves of RMB95,922,000 and RMB84,960,000 in the consolidated balance sheet as at 30 June 2009 and 31 December 2008, respectively.*

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

*For the six months ended 30 June 2009*

| | Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| | **Unaudited** | Unaudited |
| | ***RMB'000*** | *RMB'000* |
| Net cash inflow from operating activities | **18,535** | 4,489 |
| Net cash inflow/(outflow) from investing activities | **4,468** | (34,013) |
| Net cash (outflow)/inflow from financing activities | **(28,957)** | 416 |
| Decrease in cash and cash equivalents | **(5,954)** | (29,108) |
| Cash and cash equivalents at beginning of period | **85,376** | 148,721 |
| Cash and cash equivalents at end of period | **79,422** | 119,613 |

## 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 2009 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 2008.

### 2. SEGMENT INFORMATION

For management purposes, the group is organised into business units based on their products and has two reportable operating segments as follows:

(i) the in-vitro diagnostic reagent products segment manufactures, sells and distributes a variety of mono/double diagnostic reagent products; and

(ii) the pharmaceutical products segment manufactures, sells and distributes pharmaceutical products.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

2. **SEGMENT INFORMATION** *(Continued)*

The following tables present revenue and profit information regarding for the Group's operating segments for each of the six months ended 30 June 2009 and 2008:

**Six months ended 30 June 2009**

| | **In-vitro diagnostic reagent products Unaudited** *RMB'000* | **Pharma-ceutical products Unaudited** *RMB'000* | **Eliminations Unaudited** *RMB'000* | **Total Unaudited** *RMB'000* |
|---|---|---|---|---|
| **Segment revenue:** | | | | |
| Sales to external customers | **68,592** | **31,663** | **–** | **100,255** |
| Other income | **4,987** | **59** | **–** | **5,046** |
| Total | **73,579** | **31,722** | **–** | **105,301** |
| **Segment results** | **11,175** | **3,833** | **–** | **15,008** |
| Interest income | | | | **520** |
| Profit from operating activities | | | | **15,528** |
| Finance costs | | | | **(1,170)** |
| Share of losses of associates | **(461)** | **–** | **–** | **(461)** |
| Profit before tax | | | | **13,897** |
| Tax | | | | **(2,339)** |
| Profit for the period | | | | **11,558** |

## 2. SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2008

| | In-vitro diagnostic reagent products Unaudited *RMB'000* | Pharma-ceutical products Unaudited *RMB'000* | Eliminations Unaudited *RMB'000* | Total Unaudited *RMB'000* |
|---|---|---|---|---|
| **Segment revenue:** | | | | |
| Sales to external customers | 70,689 | 33,644 | – | 104,333 |
| Other income | 3,784 | – | – | 3,784 |
| Total | 74,473 | 33,644 | – | 108,117 |
| **Segment results** | 10,652 | 5,011 | – | 15,663 |
| Interest income | | | | 1,025 |
| Profit from operating activities | | | | 16,688 |
| Finance costs | | | | (2,977) |
| Share of loss of an associate | (268) | – | – | (268) |
| Profit before tax | | | | 13,443 |
| Tax | | | | (3,777) |
| Profit for the period | | | | 9,666 |

## 3. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, net of value-added tax and government surcharges, and after allowances for the goods returned and trade discounts.

An analysis of the Group's revenue for the three months and six months ended 30 June 2009 is as follows:

| | **Three months ended 30 June** | | **Six months ended 30 June** | |
|---|---|---|---|---|
| | **2009** **Unaudited** ***RMB'000*** | 2008 Unaudited *RMB'000* | **2009** **Unaudited** ***RMB'000*** | 2008 Unaudited *RMB'000* |
| Sale of in-vitro diagnostic reagent products | **39,408** | 41,639 | **68,592** | 70,689 |
| Sale of pharmaceutical products | **16,891** | 18,285 | **31,663** | 33,644 |
| | **56,299** | 59,924 | **100,255** | 104,333 |

## 4. PROFIT FROM OPERATING ACTIVITIES

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

| | Three months ended 30 June | | Six months ended 30 June | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | **Unaudited** | Unaudited | **Unaudited** | Unaudited |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| Depreciation | **3,395** | 3,534 | **6,409** | 6,210 |
| Amortisation of know-how | **264** | 220 | **528** | 457 |
| Amortisation of prepaid land premiums | **44** | 46 | **87** | 92 |

## 5. FINANCE COSTS

| | Three months ended 30 June | | Six months ended 30 June | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | **Unaudited** | Unaudited | **Unaudited** | Unaudited |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| Interests on bank loans | **472** | 2,830 | **1,170** | 2,977 |

## 6. TAX

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 2009 (2008: 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 concessionary income tax rate of 15%.

| | Three months ended 30 June | | Six months ended 30 June | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| | **Unaudited** | Unaudited | **Unaudited** | Unaudited |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| Current – Mainland, the PRC | **1,256** | 2,343 | **2,339** | 3,777 |

## 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 2009 is based on the unaudited profit attributable to shareholders of the Company for the period and the weighted average number of 100,017,528 (2008: 100,017,528) ordinary shares in issue during the period.

No diluted earnings per share have been presented as there was no diluting event existed during the three months and six months ended 30 June 2009 (2008: Nil).

## 8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

## 9. TRADE AND BILLS RECEIVABLES

Except for certain established customers of the Group for several instalment sales contracts entered into with payment terms ranging from two to four years, the credit period of the Group granted to its customers generally for a period ranging from 60 days to 90 days. The Group closely monitors overdue balances, and impairment is made when it is considered that amounts due may not be recovered. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are interest-free.

An aged analysis of the trade and bills receivables of the Group as at the balance sheet date based on invoice date, are as follows:

| | **30 June 2009 Unaudited** ***RMB'000*** | 31 December 2008 Audited *RMB'000* |
|---|---|---|
| Within 3 months | **35,013** | 32,623 |
| 4 to 6 months | **3,882** | 4,271 |
| 7 to 12 months | **1,526** | 1,104 |
| 1 to 2 years | **687** | 1,562 |
| Over 2 years | **1,371** | 961 |
| | **42,479** | 40,521 |
| Less: Impairment | **(2)** | (3,064) |
| | **42,477** | 37,457 |
| Less: Portion classified as current assets | **(42,477)** | (37,047) |
| Non-current portion | **–** | 410 |

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

## 10. SHARE CAPITAL

| | **30 June 2009 Unaudited** ***RMB'000*** | 31 December 2008 Audited *RMB'000* |
|---|---|---|
| Registered, issued and fully paid: | | |
| 67,017,528 domestic shares of RMB1 each | **67,018** | 67,018 |
| 33,000,000 H shares of RMB1 each | **33,000** | 33,000 |
| | **100,018** | 100,018 |

## 11. TRADE PAYABLES

An aged analysis of trade payables of the Group as at the balance sheet date, based on the invoice date, is as follows:

| | **30 June 2009 Unaudited** ***RMB'000*** | 31 December 2008 Audited *RMB'000* |
|---|---|---|
| Within 3 months | **11,417** | 6,058 |
| 4 to 6 months | **287** | 295 |
| 7 to 12 months | **1,648** | 364 |
| 1 to 2 years | **1,289** | 54 |
| Over 2 years | **228** | 152 |
| | **14,869** | 6,923 |

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

## 12. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2009 (2008: Nil).

## 13. COMMITMENTS

(a) The Group did not have any significant capital commitments in respect of plant and machinery as at 30 June 2009 (2008: Nil).

(b) Pursuant to a research and development co-operation agreement (the “Research and Development Co-operation Agreement”) dated 9 August 2004 entered into between the Group and the IBP, a shareholder of the Company, both parties will jointly engage in a pre-clinical research project for the development of a chemical drug, namely, Alprostadil for Injection. Upon completion of such pre-clinical research, the Group will have the right to obtain the ownership of the relevant clinical testing certificate and the production licence to be issued thereafter by the State Food and Drug Administration of the PRC, while the Group will have to complete the co-development of the pre-clinical research according to the Research and Development Co-operation Agreement. The assessed market value of the clinical research rights is subject to a cap of RMB5,000,000. Therefore, the maximum amount of consideration that the Group would pay to the IBP to acquire the clinical research rights would be RMB2,500,000.

(c) On 9 December 2004, the IBP and the Group entered into an exclusive technology licensing agreement (the “Licensing Agreement”) in regard to the production of diagnostic reagents by employing the technologies owned by the IBP (the “Reagent Technologies”). Pursuant to the Licensing Agreement, the Company is required to pay a fee of RMB500,000 per annum to the IBP for 20 years, commencing on the effective date of the Licensing Agreement.

## 14. RELATED PARTY TRANSACTIONS

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

| | | **Six months ended 30 June** | |
|---|---|---|---|
| | | **2009** | 2008 |
| | | **Unaudited** | Unaudited |
| | *Note* | ***RMB’000*** | *RMB’000* |
| Technical service fee | *(i)* | **250** | 250 |

*Note:*

(i) Details of the technical service fee are set out in note 13(c) to the announcement.

(b) Compensation of key management personnel of the Group

| | Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| | **Unaudited** | Unaudited |
| | ***RMB'000*** | *RMB'000* |
| Short term employee benefits | **3,399** | 3,409 |
| Post-employment benefits | **199** | 176 |
| Total compensation paid to key management personnel | **3,598** | 3,585 |

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review for the first half of 2009

During the first half of the year, the economy of China, particularly in the coastal regions, was negatively affected due to the ongoing impact of the global financial crisis, resulting in the slowdown of the growth of the medical market. Meanwhile, as the Group accumulated the inventory of diagnostic reagent products for the Olympics in the regions outside Beijing during the first half of 2008, the sales for 2009 decreased as compared to that in the same period last year. In some regions, the Group lost its market shares to competitors due to the reason of the product structure enhancement from mono reagents to double reagents. These factors had an adverse effect on the revenue of the Group. However, the "863 Program" organized by the Group enabled the further improvement in the quality of certain products, which facilitated the cooperation relationship with tertiary-level hospitals and expanded the high-end market, thereby improving the market structure of the Group.

In terms of research and development, during the first half of the year, the Group obtained acceptance for registration of 2 new products including Iron Kits and Immunoturbidimetric HP Kit. In addition, the application of Creatinine Control and C-reactive Protein Calibrator was in process and is expected to complete the application and registration for production within this year.

### Financial Review for the first half of 2009

Revenue for the six months ended 30 June 2009 was approximately RMB100 million, representing a decrease of 3.9% as compared with approximately RMB104 million for the corresponding period last year. For the revenue of this period, approximately RMB68.59 million was generated from the sale of in-vitro diagnostic reagent products, accounting for 68.4% of the Group's total revenue and representing a decrease of 3% as compared with RMB70.69 million for the corresponding period last year. As for pharmaceutical products, the revenue from the sale of Lumbrokinase capsules was RMB31.66 million, accounting for 31.6% of the Group's total revenue and representing a decrease of 5.9% as compared with RMB33.64 million for the corresponding period last year.

For the six months ended 30 June 2009, profit from operating activities amounted to RMB15.53 million, representing a decrease of 7% over the corresponding period last year.

Profit attributable to shareholders for the six months ended 30 June 2009 was RMB10.96 million, representing an increase of approximately 22% as compared with RMB8.98 million for the corresponding period last year. Such increase was mainly attributable to the decrease in the income tax rate of the Group.

**Prospect and Outlook**

Looking forward, the Group will continue to put efforts in the establishment of the technological innovation system, the reference system and the industry standard system for the in-vitro diagnostic industry. By increasing its efforts in the research and development of new products, the Group aims to enhance the proprietary innovation capability and core competitiveness. The Group will strive to expand the product chain and to move into the new sectors for diagnostic products for immunology while working to strengthen diagnostic products for clinical biochemistry. It is anticipated that the Group will launch new brith-defective related immunity diagnostic products during the second half of the year to early next year.

Moreover, the Group will seize any new opportunities and to carry out merger and acquisition actively with caution which is within its principal business activities for the purpose of expanding the Group's pharmaceutical business in a systematic manner. The Board believes the state reform of the medical sector and the improving policies will continue to provide development opportunities for the Group. The Group will endeavor to establish a competitive and sizable market network and system in order to contribute to maximizing shareholders' interest.

## 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 2009.

**Securities Transactions by Directors**

During the period under review, the Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. Having made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standards of dealings its code of conduct regarding securities transactions by Directors.

**Audit Committee**

The Company has established an audit committee with written terms of reference in compliance with the requirements as set out in Rules 5.28 and 5.29 of the GEM Listing Rules. The audit committee's primary duties are the review and supervision of the Company's financial reporting procedures and internal control system. The Group's unaudited condensed consolidated financial statements for the period have been reviewed by the audit committee with the three independent non-executive directors of the Company, namely Dr. Rao Yi, Dr. Hu Canwu Kevin and Mr. Chan Yiu Kwong.

**Code on Corporate Governance Practices**

The Company always puts strong emphasis on the superiority, steadiness and rationality of corporate governance. Except for the deviation that Mr. Wu Lebin assumes the role of both the chairman of the Board and the president of the Company, the Company has complied with all the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the "Code") for the period ended 30 June 2009 by establishing a formal and transparent procedures to protect and maximise the interests of shareholders during the year 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, 7 August 2009

*As at the date of this announcement, the Board comprises:*

***Chairman and Executive Director***
Mr. Wu Lebin (吳樂斌先生)

***Vice Chairman and Non-executive Directors***
Mr. Zhang Yong (張勇先生) and Dr. Gao Guang Xia (高光俠博士)

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

***Non-executive Directors***
Mr. Rong Yang (榮洋先生), Mr. Wang Fu Gen (王福根先生), Ms. Yu Xiaomin (郁小民女士) and Ms. Qin Xuemin (秦學民女士)

***Independent non-executive Directors***
Dr. Rao Yi (饒毅博士), Dr. Hu Canwu Kevin (胡燦武博士) and Mr. Chan Yiu Kwong (陳耀光先生)

*This announcement will remain on the GEM website with the domain name of www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.*