中生北控生物科技股份有限公司

BIOSINO BIO-TECHNOLOGY AND SCIENCE INCORPORATION*

(Registered in the People's Republic of China with limited liability)

(Stock Code: 8247)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

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.

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*

HIGHLIGHTS

- Revenue for the year kept growing to RMB212 million, representing an increase of 5.5% from that of last year.
- Profit for the year amounted to RMB29.09 million, representing an increase of 12.2% from that of last year.
- Profit attributable to owners of the parent for the year amounted to RMB26.52 million, representing an increase of 10.7% from that of last year.
- A final dividend of RMB0.135 per share is proposed for the year ended 31 December 2009.

THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The Board of Directors (the "Board") of Biosino Bio-Technology and Science Incorporation (the "Company") announced the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009 together with the audited comparative figures for 2008 as follows:

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

		2009	2008
	Notes	***RMB'000***	*RMB'000*
REVENUE	*3*	**212,020**	200,591
Cost of sales		**(68,656)**	(65,248)
Gross profit		**143,364**	135,343
Other income and gains		**13,639**	13,796
Selling and distribution expenses		**(56,782)**	(52,808)
Administrative expenses		**(44,192)**	(37,826)
Research and development expenses		**(16,283)**	(14,229)
Other expenses		**(3,211)**	(7,303)
PROFIT FROM OPERATING ACTIVITIES	*4*	**36,535**	36,973
Finance costs	*5*	**(1,296)**	(5,578)
Share of losses of associates		**(746)**	(316)
PROFIT BEFORE TAX		**34,493**	31,079
Income tax expense	*6*	**(5,401)**	(5,156)
PROFIT FOR THE YEAR		**29,092**	25,923
Attributable to:			
Owners of the parent		**26,519**	23,955
Minority interests		**2,573**	1,968
		29,092	25,923
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**RMB0.27**	RMB0.24
Diluted		**RMB0.27**	RMB0.24
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**29,092**	25,923
Attributable to:			
Owners of the parent		**26,519**	23,955
Minority interests		**2,573**	1,968
		29,092	25,923

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
ASSETS			
Non-current assets:			
Property, plant and equipment		**107,829**	114,903
Prepaid land premiums		**7,124**	7,297
Goodwill		**309**	309
Other intangible assets		**2,907**	1,581
Interests in associates		**3,134**	3,936
Trade and bills receivables	9	**–**	410
Long-term deposits		**–**	708
Total non-current assets		**121,303**	129,144
Current assets:			
Prepaid land premiums		**177**	177
Inventories		**25,976**	28,469
Trade and bills receivables	9	**39,306**	37,047
Prepayments, deposits and other receivables		**5,832**	7,098
Equity investments at fair value through profit or loss		**–**	10,209
Time deposits		**7,800**	6,600
Cash and cash equivalents		**95,345**	85,376
Total current assets		**174,436**	174,976
TOTAL ASSETS		**295,739**	304,120

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent:			
Issued capital		**100,018**	100,018
Reserves		**97,977**	84,960
Proposed final dividend	7	**13,502**	10,002
		211,497	194,980
Minority interests		**27,027**	22,354
Total equity		**238,524**	217,334
Non-current liability:			
Deferred income		**17,337**	14,157
Total non-current liability		**17,337**	14,157
Current liabilities:			
Trade payables	10	**8,926**	6,923
Other payables and accruals		**26,631**	21,828
Taxes payable		**4,321**	3,878
Interest-bearing bank borrowings		**–**	40,000
Total current liabilities		**39,878**	72,629
Total liabilities		**57,215**	86,786
TOTAL EQUITY AND LIABILITIES		**295,739**	304,120

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 year, the Group principally engaged in the manufacture, sale and distribution of in-vitro diagnostic reagent products and pharmaceutical products.

2.1 BASIS OF PREPARATION

These financial statements 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 (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, expect for equity investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2009. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of a subsidiary has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combination to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures– Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial statements– Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*[2]
HKFRS 1 Amendments	*Limited Exemption from Comparative* HKFRS 7 *Disclosures for First-time Adopters*[4]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

3. OPERATING SEGMENT INFORMATION

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

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

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

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments, as well as share of losses of associates are excluded from such measurement.

Segment assets exclude time deposits, cash and cash equivalents, equity investments at fair value through profit or loss and goodwill as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings and tax payable as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2009

	In-vitro diagnostic reagent products *RMB'000*	Pharma-ceutical products *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	**143,940**	**68,080**	**212,020**
Revenue			**212,020**
Segment results	**22,441**	**7,335**	**29,776**
Reconciliation:			
Interest income			**1,211**
Dividend income and unallocated gains			**4,802**
Finance costs			**(1,296)**
Profit before tax			**34,493**
Segment assets	**102,207**	**93,882**	**196,089**
Reconciliation:			
Elimination of intersegment receivables			**(3,804)**
Corporate and other unallocated assets			**103,454**
Total assets			**295,739**
Segment liabilities	**34,474**	**22,224**	**56,698**
Reconciliation:			
Elimination of intersegment payables			**(3,804)**
Corporate and other unallocated liabilities			**4,321**
Total liabilities			**57,215**
Other segment information:			
Share of losses of associates	**746**	**–**	**746**
Impairment losses recognised in the income statement	**206**	**20**	**226**
Depreciation and amortisation	**8,138**	**6,315**	**14,453**
Interests in associates	**3,134**	**–**	**3,134**
Capital expenditure	**7,657**	**1,706**	**9,363***

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

Year ended 31 December 2008

	In-vitro diagnostic reagent products *RMB'000*	Pharma-ceutical products *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	132,498	68,093	200,591
Revenue			200,591
Segment results	26,193	4,928	31,121
Reconciliation:			
Interest income			1,852
Dividend income and unallocated gains			3,684
Finance costs			(5,578)
Profit before tax			31,079
Segment assets	105,139	98,421	203,560
Reconciliation:			
Elimination of intersegment receivables			(1,934)
Corporate and other unallocated assets			102,494
Total assets			304,120
Segment liabilities	21,644	23,198	44,842
Reconciliation:			
Elimination of intersegment payables			(1,934)
Corporate and other unallocated liabilities			43,878
Total liabilities			86,786
Other segment information:			
Share of losses of associates	316	–	316
Impairment losses recognised in the income statement	161	350	511
Impairment losses reversed in the income statement	(56)	(143)	(199)
Depreciation and amortisation	7,055	6,486	13,541
Interests in associates	3,936	–	3,936
Capital expenditure	7,416	10,228	17,644*

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

Geographical information

(a) Revenue from external customers

	2009	2008
	RMB'000	*RMB'000*
The PRC	**211,069**	199,967
Other countries	**951**	624
	212,020	200,591

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2009	2008
	RMB'000	*RMB'000*
The PRC	**121,303**	129,144

The non-current asset information above is based on the location of assets.

4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	2009	2008
	RMB'000	*RMB'000*
Cost of inventories sold	**67,922**	64,891
Depreciation	**13,566**	12,499
Amortisation of prepaid land premiums	**173**	173
Amortisation of other intangible assets*	**714**	869
Research and development costs	**16,284**	14,229
Less: government grants released	**(7,080)**	(7,364)
	9,204	6,865
Loss on disposal of equity investments at fair value through profit or loss	**–**	3,620
Fair value (gain)/loss on equity investments at fair value through profit or loss, net	**(4,587)**	1,821
Gain on disposal of items of property, plant and equipment, net	**(27)**	(4)
Minimum lease payments under operating leases in respect of land and buildings	**859**	849
Auditors' remuneration	**800**	800
Employee benefit expense (including directors' and supervisors' remuneration):		
Wages, salaries and bonuses	**38,891**	35,025
Pension scheme contributions	**4,240**	3,696
Social welfare and other costs	**9,208**	2,195
	52,339	40,916
Provision/(reversal of provision) against slow-moving inventories and inventory loss, net	**20**	(56)
Impairment of trade and bills receivables, net	**–**	350
Impairment/(reversal of impairment) of other receivables, net	**150**	(143)
Impairment of goodwill	**–**	161
Impairment of an interest in an associate	**56**	–
Foreign exchange differences, net	**(8)**	(57)

* The amortisation of other intangible assets during the year comprised amortisation of know-how and amortisation of computer software of RMB714,000 (2008: RMB413,000) and nil (2008: RMB456,000), respectively, which are included in "Cost of sales" and "Administrative expenses" on the face of the consolidated income statement, respectively.

5. FINANCE COSTS

The Group's finance costs for the years ended 31 December 2009 and 2008 were interests on bank loans wholly repayable within five years.

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries have not generated any assessable profits in Hong Kong during the year (2008: 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 a concessionary income tax rate of 15%, where appropriate.

	2009	2008
	RMB'000	*RMB'000*
Current – the PRC	**4,909**	5,156
Adjustments in respect of current tax of previous periods	**492**	–
Total tax charge for the year	**5,401**	5,156

7. DIVIDENDS

	2009	2008
	RMB'000	*RMB'000*
Proposed final dividend – RMB0.135 (2008: RMB0.10) per share	**13,502**	10,002

The proposed final dividend for the year (not recognised as liability as at 31 December 2009) is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of RMB26,519,000 (2008: RMB23,955,000) and the weighted average number of ordinary shares of 100,017,528 (2008: 100,017,528) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

9. TRADE AND BILLS RECEIVABLES

Except for certain established customers of the Group who have been granted with payment terms ranging from two to four years in respect of several instalment sales, the credit periods of the Group granted to its customers generally range from 60 to 180 days. The Group closely monitors overdue balances, and impairment is made when it is considered that the 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 end of the reporting period, based on the invoice date, is as follows:

	2009	2008
	RMB'000	*RMB'000*
Within 3 months	**36,156**	32,623
4 to 6 months	**2,616**	4,271
7 to 12 months	**1,628**	1,104
1 to 2 years	**389**	1,562
Over 2 years	**1,579**	961
	42,368	40,521
Impairment	**(3,062)**	(3,064)
	39,306	37,457
Portion classified as current assets	**(39,306)**	(37,047)
Non-current portion	**–**	410

10. TRADE PAYABLES

An aged analysis of the trade payables of the Group as at the end of the reporting period, based on invoice date, is as follows:

	2009	2008
	RMB'000	*RMB'000*
Within 3 months	**6,867**	6,058
4 to 6 months	**1,029**	295
7 to 12 months	**678**	364
1 to 2 years	**105**	54
Over 2 years	**247**	152
	8,926	6,923

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

11. MOVEMENT OF RESERVES

The Group made transfers of RMB4,435,000 (2008: RMB5,460,000) and nil (2008: RMB569,000) from retained profits to statutory reserves and capital reserves, respectively, for the year ended 31 December 2009. The Group also made a transfer of RMB118,000 (2008: nil) from statutory reserves to retained profits to offset previous years' losses during the year.

12. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 31 December 2009 amounted to RMB134,558,000 (2008: RMB102,347,000) and RMB255,861,000 (2008: RMB231,491,000), respectively.

13. EVENT AFTER THE REPORTING PERIOD

(a) In December 2009, Beijing Baiao Pharmaceuticals Co., Ltd. ("Baiao Pharmaceuticals"), a subsidiary of the Company, entered into a guarantee agreement with an independent third party (the "Guarantor") to obtain a corporate guarantee of RMB20 million. As a condition to obtain the guarantee, on 11 December 2009, Baiao Pharmaceuticals also entered into a mortgage agreement with the Guarantor to pledge its land use right and the buildings erected thereon with aggregate net carrying amounts of RMB3,360,000 and RMB25,479,000, respectively, as at 31 December 2009. On 8 January 2010, Baiao Pharmaceutical entered into a banking facility agreement with Bank of Beijing to obtain a banking facility of RMB20 million, which was secured by a corporate guarantee of RMB20 million provided by the Guarantor.

(b) On 10 February 2010, Beijing Enterprise Holdings High-Tech Development Co., Ltd. ("BEHT") (a wholly-owned subsidiary of Beijing Enterprises Holdings Limited ("Beijing Enterprises")) and Shanghai Fosun Pingyao Investment Management Company Limited ("Fosun Pingyao") (a wholly-owned subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma")) entered into a share transfer agreement pursuant to which, BEHT agreed to sell, and Fosun Pingyao agreed to purchase from BEHT, 24,506,143 domestic shares of the Company at a price of RMB2.08 (equivalent to approximately HK$2.36) per domestic share.

    On 10 February 2010, the Company entered into an H share subscription agreement with Fosun Industrial Company., Ltd ("Fosun Industrial") (a wholly-owned subsidiary of Fosun Pharma) pursuant to which, Fosun Industrial agreed to subscribe, and the Company agreed to allot and issue, 6,780,000 H shares of the Company at the subscription price of RMB2.08 (equivalent to approximately HK$2.36) per H share.

    On 10 February 2010, the Company entered into an H share subscription agreement with Beijing Enterprises pursuant to which Beijing Enterprises agreed to subscribe, and the Company agreed to allot and issue, 24,506,143 H shares of the Company at the subscription price of RMB2.08 (equivalent to approximately HK$2.36) per H share.

    Up to the date of this announcement, the above transactions are still conditional and have yet to be completed.

Saved as disclosed above, the Group did not have any significant events taking place subsequent to 31 December 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Environment

The year 2009 was a tough year for global economic development. The financial crisis has resulted in complex impact on every industry and increased demand upon business operators.

Within the medical industry, in view of the on-going policies on intensified medical system reform, the government has increased investment in the social security area, such as in the medical industry. It has also implemented a series of policies to stimulate and boost the domestic demand to cope with the financial crisis. Under the new policy directive of self innovation, corresponding measures continuously implemented by various local government departments are expected to come in place. All these factors have brought in tremendous vitality and momentum to the growth of the medical sector, maintaining the growing trend of medical industry in China.

As the market expanded, market competition intensified and change in product structure has happened. With more and more competitors joining the market, enterprises are at the same time faced with pressures in terms of product quality enhancement and price reduction.

Under this condition, during 2009, the Group has identified its goal of cultivating a new corporate culture with emphasis on harmony and innovation, also the promotion of performance-driven culture. Leveraged on its solid business foundation and adjusted operating philosophies, the Group strived for growth in face of adversity. Having worked hard for a year, the Company has attained significant achievement in its manufacturing operation and culture development. In 2009, the Group was accredited "Innovation Award of the 30 years of reforms and liberalisation" by the China Medical Conference on Recognition of Achievements in Last 30 Years and also granted with financial subsidy for "Knowledge Innovative Project" by the Chinese Academy of Sciences. Having obtained 25 certificates for self-innovative products issued by the Beijing city, the Group has been identified as a corporate technology centre within the city and named as one of those in the first batch of Innovative Enterprises located in the Zhongguancun National Innovation Model Park.

Business Review

Revenue

During 2009, despite many negative impacts on the industry which the Group is in caused by the financial turmoil, the Group actively adjusted corresponding strategies so that each business segment maintained stable performance.

During the reporting period, due to the impact on the industry caused by the financial turmoil, revenue growth was lowered on a year-on-year basis.

Revenue from in-vitro diagnostic reagent business increased by 8.3% to RMB144 million, a slight increase when compared with last year. In addition, Beijing Zhongsheng Jinyu Diagnostic Technology Co., Ltd. ("Zhongsheng Jinyu"), a subsidiary of the Group, recorded an increase in revenue of 32.3%.

Research and Development

During the reporting period, the benefit from the Group's previous efforts in research and development of new products started to show and outstanding results were achieved in the research and development, existing product improvement and new product launching. During the reporting period, two new products have obtained approval certificates, namely the Iron Kits and Immunoturbidimetric HP Kit. Moreover, ten new "TORCH" products have been accepted for registration, whereas another 25 new products related to the category of Normal Bio-chemistry Diagnostic Reagent and Calibrator/Quality Control with Traceability have completed the standard approval procedures. New products which had been accepted for registration and completed their standard approval procedures are expected to obtain their approval certificates in the coming year. During the reporting period, the Group was granted with one invention patent which is related to the High Density Lippoprotein-Cholesterol quantitative testing method, reagent and reagent package box concerned.

Total research and development expenses for the year amounted to RMB16.28 million, representing an increase of 14.4% as compared with that of last year.

Profit Attributable to Shareholders

During the reporting period, the profit attributable to owners of the parent was approximately RMB26.52 million, representing an increase of 10.7% from that of last year.

Production Facilities

In 2007, the Group's production line for immune diagnostic reagents at Science and Technology Industrial Park in Changping District of Beijing was inspected and approved according to the GMP standard. During the reporting period, in July 2009, the Group has passed the quality system examination conducted by the State Food and Drug Administration in connection with ten "TORCH" products, production of which is expected to commence in the coming year. This further expanded the Group's production capacities.

Prospects And Future Outlook

With the government's continuous implementation of policies and measures addressing the financial crisis, gearing up of progress in medical system reform, increasing emphasis and resources placed on medical affairs, the medical industry in China will enter into a new era of growth. This year, the market sentiment and business environment of the industry improved further. Despite the substantial impact of the financial meltdown on various industries, the medical industry will remain one of the fastest growing industries in the PRC.

Looking forward, the Board is confident in turning the Group into leading enterprise engaging in the health enhancing protein business with enforceable intellectual property rights and international competitive edges. Since its listing, benefits reaped from the Group's manufacturing system development, market network development and R&D system development for in-vitro diagnostic reagents have emerged gradually. The Group will seize the opportunities in the medical industry in China, particularly those in the fast growing medical market for the middle class; overcome challenges to strengthen its in-vitro diagnostic reagent products and drugs, in response to the self innovation concept advocated by the government.

Capital Structure

As at 31 December 2009, there was no major change in the capital structure of the Company as compared to last year.

Liquidity and Financial Position

Cashflow and Financial Position

	2009	2008
	RMB million	*RMB million*
Cash	**95**	85
Short-term loans	**–**	40
Long-term loans	**–**	–
Net cash	**95**	45
Net debt equity ratio	**N/A**	N/A

The Group generally financed its operations with internally generated cash flows, capital contributions from shareholders and bank borrowings. Cash balance increased by approximately RMB10 million, which was mainly due to the disposal of financial assets.

Foreign Currency Risk

The Group's business is located in the PRC and transactions are mainly conducted in Renminbi, except for the fact that the Group occasionally purchases equipment from overseas countries for resale in the PRC. As the purchase amount was not significant, fluctuations of the exchange rates of Renminbi against foreign currencies are not expected to have significant impact on the results of the Group.

Pledge of Assets of the Group

As at 31 December 2009, the Group's buildings and land use right with an aggregate carrying amounts of approximately RMB25,479,000 and RMB3,360,000, respectively, were pledged to the Guarantor in respect of a new banking facility of Bank of Beijing available to the Group subsequent to 31 December 2009.

CONTINGENT LIABILITIES

As at 31 December 2009, the Group did not have any significant contingent liabilities.

EMPLOYEES

As at 31 December 2009, the Group had a total of 635 full-time employees (2008: 609 employees) based in Hong Kong and China. The total staff costs of the Group (including the directors' remunerations) for the year ended 31 December 2009 amounted to approximately RMB52.34 million (2008: RMB 40.92 million). The Group fixes and reviews the emoluments of its staff and directors base on their qualification, experience, performance and market rates, so as to maintain the remunerations of its staff and directors at a competitive level. The Group participates in various defined contribution retirement plans and insurance schemes in compliance with its statutory obligations under the law and regulations of Mainland China and Hong Kong. The directors of the Company believe that employees are one of the most valuable assets of the Group which contributed significantly to the success of the Group. The Group recognises the importance of staff training and hence provides regular training for the Group's staff members to enhance their technical and product knowledge. Other than the company secretary and the qualified accountant, the employees of the Group are all stationed in Mainland China.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

The directors confirmed that they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

FURTHER INFORMATION

Directors' and supervisors' interests in shares and underlying shares

At 31 December 2009, 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 the Stock Exchange, were as follows:

Long positions 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 *(note)*	3,500,878	5.22%	3.50%
Mr. Hou Quanmin *(note)*	300,000	0.45%	0.30%
Dr. Wang Lin *(note)*	200,000	0.30%	0.20%

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

Save as disclosed above, as at 31 December 2009, 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 December 2009, 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:

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		
The Institute of Biophysics of the Chinese Academy of Sciences	Directly beneficially owned	31,308,576	–	46.7%	31.3%
Beijing Enterprises Holdings High-Tech Development Co., Ltd. ("BEHT")	Directly beneficially owned	24,506,143	–	36.6%	24.5%
Beijing Enterprises Holdings Limited ("BEHL") *(note)*	Through a controlled corporation	24,506,143	–	36.6%	24.5%
Beijing Enterprises Group (BVI) Company Limited ("BE(BVI)") *(note)*	Through controlled corporations	24,506,143	–	36.6%	24.5%
北京控股集團有限責任公司 (Beijing Enterprises Group Company Limited) ("BEGC") *(note)*	Through controlled corporations	24,506,143	–	36.6%	24.5%
Chung Shek Enterprises Company Limited	Directly beneficially owned	–	3,800,000	11.52%	3.8%
K.C. Wong Education Foundation	Through controlled corporations	–	3,800,000	11.52%	3.8%
Pheim Asset Management (Asia) Pte Ltd	Through controlled corporations	–	3,050,000	9.24%	3.05%
Deutsche Bank Aktiengesellschaft	Through controlled corporations	–	1,840,000	5.58%	1.84%

Note: These domestic shares are registered in the name of BEHT. BEHL, BE(BVI) and BEGC are the immediate holding company, an intermediate holding company and the ultimate holding company of BEHT, respectively. Accordingly, each of them is deemed to be interested in the domestic shares of the Company owned by BEHT.

Save as disclosed above, as far as is known to any directors or supervisors of the Company, as at 31 December 2009, 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.

CORPORATE GOVERNANCE

The Company always puts strong emphasis on the superiority, steadiness and rationality of corporate governance. 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 year ended 31 December 2009 by establishing a formal and transparent procedures to protect and maximise the interests of shareholders during the period under review, 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 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.

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 December 2009.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this announcement, none of the directors who is considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the directors have been appointed or were appointed as directors to represent the interests of the Company and/or the Group, pursuant to the GEM Listing Rules.

COMPLIANCE ADVISER'S INTEREST

As updated and notified by the Company's compliance adviser, Guangdong Securities Limited (the "Compliance Adviser"), none of the Compliance Adviser, or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 December 2009 pursuant to Rule 6A.32 of the GEM Listing Rules.

Pursuant to an agreement dated 24 June 2008 entered into between the Company and the Compliance Adviser, the Compliance Adviser will receive a fee for acting as the Company's compliance adviser for the period from 28 June 2008 to 31 March 2009 or until the agreement is terminated in accordance with the terms and conditions set out therein.

AUDIT COMMITTEE

The Company has established an audit committee on 10 February 2006 with its 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 audit committee consists of the three independent non-executive directors, namely, Dr. Rao Yi, Dr. Hu Canwu Kevin and Mr. Chan Yiu Kwong. The Group's audited results for the year ended 31 December 2009 have been reviewed by the three independent non-executive directors of the Company.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 10 June 2010 to Wednesday, 30 June 2010 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement to the proposed final dividend and for attending the forthcoming annual general meeting of the Company to be held on Wednesday, 30 June 2010, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Share Registrar, Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 9 June 2010. The final dividend will be payable on Thursday, 30 September 2010 to shareholders whose name appear on the register of members of the Company on Wednesday, 30 June 2010.

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

Beijing, the PRC, 19 March 2010

* *For identification purposes only*

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

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

Vice Chairman and Non-executive Director
Dr. Gao Guangxia (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), Ms. Qin Xuemin (秦學民女士), Mr. Zhang Xiaohui (張曉暉先生) and Mr. Wang Fugen (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) and Mr. Chan Yiu Kwong (陳耀光先生)

This announcement will remain on the "Latest Company Announcements" page of the GEM website and the Company's website for at least seven days from the day of its posting.