



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 2010

**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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this document misleading.

* For identification purposes only

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 2010 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2010, together with the comparative figures in 2009, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 30 June 2010

		Three months ended		Six months ended	
		30 June		30 June	
		2010	2009	2010	2009
		Unaudited	Unaudited	Unaudited	Unaudited
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	2, 3	59,770	56,299	104,706	100,255
Cost of sales		<u>(18,672)</u>	<u>(18,190)</u>	<u>(33,103)</u>	<u>(32,134)</u>
Gross profit		41,098	38,109	71,603	68,121
Other income and gains		365	2,374	2,022	5,566
Selling and distribution expenses		(12,828)	(15,680)	(26,209)	(26,360)
Administrative expenses		(13,919)	(16,092)	(24,432)	(27,503)
Research and development expenses		(5,092)	(193)	(9,445)	(4,176)
Other expenses		<u>(5)</u>	<u>(120)</u>	<u>(5)</u>	<u>(120)</u>
PROFIT FROM OPERATING					
ACTIVITIES	4	9,619	8,398	13,534	15,528
Finance costs	5	(109)	(472)	(271)	(1,170)
Share of losses of associates		<u>(127)</u>	<u>(346)</u>	<u>(228)</u>	<u>(461)</u>
PROFIT BEFORE TAX		9,383	7,580	13,035	13,897
Income tax expense	6	<u>(1,659)</u>	<u>(1,256)</u>	<u>(2,439)</u>	<u>(2,339)</u>
PROFIT FOR THE PERIOD		7,724	6,324	10,596	11,558
Attributable to:					
Shareholders of the Company		7,153	6,185	10,236	10,962
Minority interests		<u>571</u>	<u>139</u>	<u>360</u>	<u>596</u>
		<u>7,724</u>	<u>6,324</u>	<u>10,596</u>	<u>11,558</u>
EARNINGS PER SHARE					
ATTRIBUTABLE TO					
SHAREHOLDERS OF					
THE COMPANY	7				
– Basic (RMB)		<u>0.072</u>	0.062	<u>0.102</u>	0.110
– Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2010

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	Unaudited	Unaudited	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,724	6,324	10,596	11,558
Attributable to:				
Shareholders of the Company	7,153	6,185	10,236	10,962
Minority interests	571	139	360	596
	<u>7,724</u>	<u>6,324</u>	<u>10,596</u>	<u>11,558</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

		30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
	<i>Notes</i>		
ASSETS			
Non-current assets:			
Property, plant and equipment		103,231	107,829
Prepaid land premiums		7,036	7,124
Goodwill		309	309
Other intangible assets		5,594	2,907
Interest in associates		2,906	3,134
Total non-current assets		119,076	121,303
Current assets:			
Prepaid land premiums		177	177
Inventories		32,191	25,976
Trade and bills receivables	9	45,678	39,306
Prepayments, deposits and other receivables		11,913	5,832
Time deposits		7,800	7,800
Cash and cash equivalents		112,171	95,345
Total current assets		209,930	174,436
TOTAL ASSETS		329,006	295,739

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2010

		30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
	Notes		
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company:			
Issued capital	10	100,018	100,018
Reserves		108,213	97,977
Proposed final dividend		—	13,502
		208,231	211,497
Minority interests		31,388	27,027
Total equity		239,619	238,524
Non-current liability:			
Deferred income		19,482	17,337
Total non-current liability		19,482	17,337
Current liabilities:			
Trade payables	11	16,162	8,926
Other payables and accruals		40,297	26,631
Taxes payable		3,446	4,321
Interest-bearing bank borrowings		10,000	—
Total current liabilities		69,905	39,878
Total liabilities		89,387	57,215
TOTAL EQUITY AND LIABILITIES		329,006	295,739

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Attributable to shareholders of the Company						Minority interests	Total equity
	Issued capital	Capital reserves [#]	Statutory reserves	Retained Profits	Proposed final dividend	Total		
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2009	100,018	31,126	27,991	25,843	10,002	194,980	22,354	217,334
Total comprehensive income for the period	-	-	-	10,962	-	10,962	596	11,558
Final 2008 dividend	-	-	-	-	(10,002)	(10,002)	-	(10,002)
Capital contribution from a minority shareholder	-	-	-	-	-	-	499	499
At 30 June 2009	<u>100,018</u>	<u>31,126</u>	<u>27,991</u>	<u>36,805</u>	<u>-</u>	<u>195,940</u>	<u>23,449</u>	<u>219,389</u>
At 1 January 2010	100,018	31,126 [†]	32,308 [†]	34,543 [†]	13,502	211,497	27,027	238,524
Total comprehensive income for the period	-	-	-	10,236	-	10,236	360	10,596
Final 2009 dividend	-	-	-	-	(13,502)	(13,502)	-	(13,502)
Capital contributions from minority shareholders	-	-	-	-	-	-	4,001	4,001
At 30 June 2010	<u>100,018</u>	<u>31,126[†]</u>	<u>32,308[†]</u>	<u>44,779[†]</u>	<u>-</u>	<u>208,231</u>	<u>31,388</u>	<u>239,619</u>

[#] 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 RMB108,213,000 and RMB97,977,000 in the consolidated statement of financial position as at 30 June 2010 and 31 December 2009, respectively.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2010

	Six months ended	
	30 June	
	2010	2009
	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash inflow from operating activities	13,438	18,535
Net cash (outflow)/inflow from investing activities	(5,404)	4,468
Net cash inflow/(outflow) from financing activities	8,792	(28,957)
Increase/(decrease) in cash and cash equivalents	16,826	(5,954)
Cash and cash equivalents at beginning of period	95,345	85,376
Cash and cash equivalents at end of period	112,171	79,422

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 2010 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 2009.

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.

The following tables present revenue and profit information regarding for the Group's operating segments for each of the six months ended 30 June 2010 and 2009:

Six months ended 30 June 2010

	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	73,679	31,027	–	104,706
Other income	1,520	19	–	1,539
	<u>75,199</u>	<u>31,046</u>	<u>–</u>	<u>106,245</u>
Segment results	<u>10,587</u>	<u>2,464</u>	<u>–</u>	<u>13,501</u>
Interest income				<u>483</u>
Profit from operating activities				13,534
Finance costs				(271)
Share of losses of associates	(228)	–	–	<u>(228)</u>
Profit before tax				13,035
Income tax expense				<u>(2,439)</u>
Profit for the period				<u>10,596</u>

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
	<u>73,579</u>	<u>31,722</u>	<u>–</u>	<u>105,301</u>
Segment results	<u>11,175</u>	<u>3,833</u>	<u>–</u>	<u>15,008</u>
Interest income				<u>520</u>
Profit from operating activities				15,528
Finance costs				(1,170)
Share of losses of associates	(461)	–	–	<u>(461)</u>
Profit before tax				13,897
Income tax expense				<u>(2,339)</u>
Profit for the period				<u>11,558</u>

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 2010 is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2010 Unaudited RMB'000	2009 Unaudited RMB'000	2010 Unaudited RMB'000	2009 Unaudited RMB'000
Sale of in-vitro diagnostic reagent products	43,117	39,408	73,679	68,592
Sale of pharmaceutical products	<u>16,653</u>	<u>16,891</u>	<u>31,027</u>	<u>31,663</u>
	<u>59,770</u>	<u>56,299</u>	<u>104,706</u>	<u>100,255</u>

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	
	2010	2009	2010	2009
	Unaudited	Unaudited	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation	3,315	3,395	6,584	6,409
Amortisation of know-how	22	264	299	528
Amortisation of prepaid land premiums	44	44	87	87

5. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	Unaudited	Unaudited	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interests on interest-bearing bank loans	109	472	271	1,170

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has not generated any assessable profits in Hong Kong during the six months ended 30 June 2010 (2009: Nil). Taxes on profits assessable in the PRC, where the Group operates, have been calculated at the rates of tax prevailing in the PRC, based on existing legislation, interpretations and practices in respect thereof. According to the relevant PRC income tax law, the Company and certain of its subsidiaries, being registered as new and high technology enterprises in Beijing, are entitled to concessionary income tax rate of 15%, where appropriate.

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	Unaudited	Unaudited	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current – Mainland, the PRC	1,659	1,256	2,439	2,339

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 2010 is based on the unaudited profit attributable to shareholders of the Company for the period and the weighted average number of 100,017,528 (2009: 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 2010 (2009: Nil).

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: 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 180 days. The Group closely monitors overdue balances, and impairment is made when it is considered that amounts due may not be recovered. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are interest-free.

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

	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
Within 3 months	39,711	36,156
4 to 6 months	3,445	2,616
7 to 12 months	3,020	1,628
1 to 2 years	1,098	389
Over 2 years	1,615	1,579
	48,889	42,368
Impairment	(3,211)	(3,062)
	45,678	39,306
Portion classified as current assets	(45,678)	(39,306)
Non-current portion	-	-

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

10. ISSUED CAPITAL

	30 June 2010 Unaudited RMB'000	31 December 2009 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
	<u>100,018</u>	<u>100,018</u>
	<u>100,018</u>	<u>100,018</u>

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 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
Within 3 months	14,440	6,867
4 to 6 months	1,096	1,029
7 to 12 months	266	678
1 to 2 years	148	105
Over 2 years	212	247
	<u>16,162</u>	<u>8,926</u>
	<u>16,162</u>	<u>8,926</u>

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 2010 (2009: Nil).

13. COMMITMENTS

- (a) The Group did not have any significant capital commitments in respect of plant and machinery as at 30 June 2010 (2009: 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.

On 31 January 2007, the Group and the IBP entered into a supplementary agreement to the “Research and Development Cooperation Agreement”. Pursuant to this supplementary agreement, the IBP will carry out a research and development subphase of the project for the development of Alprostadil for Injection, while the Group agreed to pay RMB400,000 to the IBP. During 2007, RMB300,000 was paid while the remaining portion was payable upon the completion of the research and development subphase of the project. The research and development subphase of the project was yet to complete as at 30 June 2010.

- (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	
		2010	2009
		Unaudited	Unaudited
		RMB'000	RMB'000
	<i>Note</i>		
Technical service fee	(i)	250	250

Note:

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

(b) Compensation of key management personnel of the Group

	Six months ended	
	30 June	
	2010	2009
	Unaudited	Unaudited
	RMB'000	RMB'000
Short term employee benefits	3,571	3,399
Post-employment benefits	158	199
Total compensation paid to key management personnel	3,729	3,598

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 2010

During the first half of the year, as the implementation of social insurance policies and new medical policy reform have gradually intensified, the medical market in China continued to expand. In particular, the market for in-vitro diagnostic reagents experienced significant growth, yet with fiercer industry competition.

By reviewing the operating results of the Group in the first half of the year, we noted that the product structure of the market was adjusting and upgrading. Meanwhile, enterprises were adjusting their commercial model, whereas several policies in relation to the PRC medical industry and in-vitro diagnostic reagents were under improvement. The growth in revenue from the Group's in-vitro diagnostic reagents maintained steady in general with increasing gross profit margin. However, the growth of operating profit slowed down as a result of ongoing investment in the research and development of new products.

With regard to research and development, we have made remarkable achievements in the first half of the year. Firstly, we enriched the variety of clinical biochemistry diagnostic reagents and obtained the certification for Fibrinogen Assay Kit and Serum Cystatin C Assay Kit. Secondly, we improved the standard of the clinical biochemistry diagnostic reagents and completed the registration for a number of products relating to the category of Normal Bio-chemistry Diagnostic Reagent and Calibrator/Quality Control with Traceability. The normal biochemistry diagnostic reagents arising therefrom were under approval procedures and it is expected to obtain the registration certificates in the second half of the year. Thirdly, we engaged in the new area of immune diagnostic reagents. Ten new "TORCH" chemiluminesces immunoassay ("CLIA") reagents have obtained the registration certificates and were expected to launch to the market in the second half of the year. Fourthly, the fully automated clinical biochemistry analyzer and semi-automated immune luminometer developed by the subsidiary of the Group have obtained the registration certificates, representing a breakthrough in developing the Group's own equipment.

FINANCIAL REVIEW FOR THE FIRST HALF OF 2010

Revenue for the six months ended 30 June 2010 was approximately RMB105 million, representing an increase of 4.4% as compared with approximately RMB100 million for the corresponding period last year. For the revenue of this period, approximately RMB73.68 million was generated from the sale of in-vitro diagnostic reagent products, accounting for 70.37% of the Group's total revenue and representing an increase of 7.4% as compared with RMB68.59 million for the corresponding period last year. As for pharmaceutical products, the revenue from the sale of Lumbrokinase capsules was RMB31.03 million, accounting for 29.63% of the Group's total revenue and representing a decrease of 1.99% as compared with RMB31.66 million for the corresponding period last year.

For the six months ended 30 June 2010, profit before tax amounted to RMB13.04 million, representing a decrease of 6.2% over the corresponding period last year.

Profit attributable to shareholders of the Company for the six months ended 30 June 2010 was RMB10.24 million, representing a decrease of approximately 6.6% as compared with RMB10.96 million for the corresponding period last year, which was mainly attributable to the decrease in fair value gain on investment securities.

PROSPECT AND OUTLOOK

Looking into the future, the Group is building up the industry chain of in-vitro diagnostic reagents and establishing its technological innovation system by forming the own innovation capabilities (including the reference system and industry standard system), which will enhance the core competitiveness of the Group. These are expected to improve the operating results of the Group in the future. As our instruments and immune diagnostic reagents have obtained the registration certificates, the product structure of the Group will be optimized, resulting in a well-developed commercial model.

The Board believes the PRC medical industry reform and improved policies will improve the market environment of the industry, generating growth opportunities to the Group. The Group will endeavor to establish a competitive and sizable industry system so as to maximize the interests of the shareholders.

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 2010.

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 2010 by establishing a formal and transparent procedures to protect and maximise the interests of the shareholders during the period 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, 9 August 2010

As at the date of this notice, the Board of Directors of the Company comprises of:

Chairman and Executive Director

Mr. Wu Lebin (吳樂斌先生)

Vice Chairman and Non-executive Director

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), Ms. Qin Xuemin (秦學民女士), Mr. Wang Fu Gen (王福根先生) and Mr. Zhang Xiaohui (張曉暉先生)

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 notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this notice 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 notice misleading; and (3) all opinions expressed in this notice have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This notice 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.