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 2010

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 or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purposes only*

HIGHLIGHTS

- Revenue for the year kept growing to RMB229 million, representing an increase of 8.1% from that of last year.

- Profit attributable to owners of the parent for the year amounted to RMB27.65 million, representing an increase of 4.3% from that of last year.

- A final dividend of RMB0.1 per share is proposed for the year ended 31 December 2010.

THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

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 2010 together with the audited comparative figures for 2009 as follows:

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	Notes	**2010** *RMB'000*	2009 *RMB'000*
REVENUE	*3*	**229,282**	212,020
Cost of sales		**(80,741)**	(68,656)
Gross profit		**148,541**	143,364
Other income and gains		**13,659**	13,639
Selling and distribution expenses		**(63,826)**	(56,782)
Administrative expenses		**(44,572)**	(44,192)
Research and development expenses		**(17,662)**	(16,283)
Other expenses		**(308)**	(3,211)
Finance costs	*5*	**(723)**	(1,296)
Share of losses of associates		**(403)**	(746)
PROFIT BEFORE TAX		**34,706**	34,493
Income tax expense	*6*	**(5,339)**	(5,401)
PROFIT FOR THE YEAR		**29,367**	29,092
Attributable to:			
Owners of the parent		**27,647**	26,519
Non-controlling interests		**1,720**	2,573
		29,367	29,092
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**RMB0.27**	RMB0.27
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**29,367**	29,092
Attributable to:			
Owners of the parent		**27,647**	26,519
Non-controlling interests		**1,720**	2,573
		29,367	29,092

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**102,723**	107,829
Prepaid land lease payments		**6,951**	7,124
Goodwill		**309**	309
Other intangible assets		**6,545**	2,907
Investments in associates		**2,731**	3,134
Total non-current assets		**119,259**	121,303
CURRENT ASSETS			
Prepaid land lease payments		**177**	177
Inventories		**31,674**	25,976
Trade and bills receivables	9	**40,669**	39,306
Prepayments, deposits and other receivables		**10,805**	5,832
Time deposits		**41,300**	7,800
Cash and cash equivalents		**161,710**	95,345
Total current assets		**286,335**	174,436
CURRENT LIABILITIES			
Trade payables	10	**10,592**	8,926
Other payables and accruals		**37,858**	30,312
Taxes payable		**1,050**	640
Total current liabilities		**49,500**	39,878
NET CURRENT ASSETS		**236,835**	134,558
TOTAL ASSETS LESS CURRENT LIABILITIES		**356,094**	255,861

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2010

	Note	2010 RMB'000	2009 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**356,094**	255,861
NON-CURRENT LIABILITIES			
Deferred income		**11,785**	17,337
Corporate bonds		**19,801**	–
Total non-current liabilities		**31,586**	17,337
Net assets		**324,508**	238,524
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**131,304**	100,018
Reserves		**143,587**	97,977
Proposed final dividend	*7*	**13,130**	13,502
		288,021	211,497
Non-controlling interests		**36,487**	27,027
Total equity		**324,508**	238,524

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, except for certain assets 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

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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 intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

(a) Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interests and the parent shareholders.

(b) Upon loss of control, the Group accounted for the investment retained at its proportionate share of net assets value at the date control was lost. The carrying value of such investment at 1 January 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The HKICPA has issued a number of new HKFRSs, which are generally effective for current accounting periods. The Group has adopted the following HKFRSs and HKASs issued up to 31 December 2010 which are pertinent to its operations and relevant to these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments 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*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

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 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[2]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards –Severe Hyperinflation and Removal of Fixed Dates For First-time Adopters*[4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[4]
HKFRS 9	*Financial Instruments*[5]
HKAS 12 Amendment	Amendment to HKAS 12 *Income Taxes-Deferred Tax: Recovery of Underlying Assets*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2010 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2013
6 Effective for annual periods beginning on or after 1 January 2012

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 the Group's 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, and goodwill as these assets are managed on a group basis.

Segment liabilities exclude taxes payable as these liabilities are managed on a group basis.

Year ended 31 December 2010

	In-vitro diagnostic reagent products *RMB'000*	**Pharma–ceutical products** *RMB'000*	**Total** *RMB'000*
Segment revenue:			
Sales to external customers	**168,211**	**61,071**	**229,282**
Segment results	**33,884**	**386**	**34,270**
Reconciliation:			
Interest income			**1,159**
Finance costs			**(723)**
Profit before tax			**34,706**
Segment assets	**118,074**	**85,686**	**203,760**
Reconciliation:			
Elimination of intersegment receivables			**(1,485)**
Corporate and other unallocated assets			**203,319**
Total assets			**405,594**
Segment liabilities	**42,465**	**39,056**	**81,521**
Reconciliation:			
Elimination of intersegment payables			**(1,485)**
Corporate and other unallocated liabilities			**1,050**
Total liabilities			**81,086**
Other segment information:			
Share of losses of associates	**403**	**–**	**403**
Reversal of impairment of trade and other receivables	**–**	**437**	**437**
Depreciation and amortisation	**8,840**	**6,078**	**14,918**
Investments in associates	**2,731**	**–**	**2,731**
Capital expenditure*	**9,016**	**4,609**	**13,625**

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets including assets from the acquisition of a subsidiary.

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
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	36,915	23,464	60,379
Reconciliation:			
Elimination of intersegment payables			(3,804)
Corporate and other unallocated liabilities			640
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
Investments 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.

Information about major customers

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

Geographical information

During the years ended 31 December 2009 and 2010, more than 90% of the Group's revenue was generated from customers located in Mainland China and all of the non-current assets of the Group were located in Mainland China.

4. PROFIT BEFORE TAX

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

	2010	2009
	RMB'000	*RMB'000*
Cost of inventories sold	**80,741**	68,656
Employee benefit expense (including directors' and supervisors' remuneration):		
Wages, salaries and bonuses	**48,152**	38,891
Pension scheme contributions *(note i)*	**4,723**	4,240
Social welfare and other costs	**9,767**	9,208
	62,642	52,339
Research and development costs	**17,662**	16,283
Less: government grants released	**(11,697)**	(7,080)
	5,965	9,203
Fair value gain on equity investments at fair value through profit or loss, net	**–**	(4,587)
Gain on disposal of items of property, plant and equipment, net	**(9)**	(27)
Minimum lease payments under operating leases in respect of land and buildings	**1,159**	859
Auditors' remuneration	**900**	800
Depreciation	**13,796**	13,566
Recognition of prepaid land lease payments	**173**	173
Amortisation of other intangible assets	**949**	714
Write-down of inventories to net realisable value	**–**	20
Reversal of impairment of trade receivables, net	**(417)**	–
(Reversal of impairment)/impairment of other receivables, net	**(20)**	150
Impairment of an investment in an associate	**–**	56
Foreign exchange differences, net	**550**	(8)

(i) Defined contribution pension scheme

All of the Group's full-time employees in Mainland China are covered by a government-regulated pension scheme and are entitled to an annual pension determined by their basic salaries upon their retirement. The PRC government is responsible for the pension liabilities to these retired employees. The Group is required to make annual contributions to the government-regulated pension scheme at 20% (2009: 20%) of the employees' basic salaries. This defined contribution pension scheme continued to be available to the Group's employees for the year. The related pension costs are expensed as incurred.

5. FINANCE COSTS

	2010	2009
	RMB'000	*RMB'000*
Interest on bank loans	**345**	1,296
Interest on corporate bonds	**378**	–
	723	1,296

6. INCOME TAX EXPENSE

The Company and all its subsidiaries that operate in Mainland China are subject to the statutory corporate income tax rate of 25% (2009: 25%) for the year under the income tax rules and regulations of the PRC, except that the Company and certain subsidiaries are subject a preferential rate of 15% as they are assessed by relevant government authorities as High and New Technology Enterprises ("HNTE") for a period of three years commencing 1 January 2008. Pursuant to the PRC Income Tax Law, enterprises assessed as "HNTE" are entitled to a preferential income tax rate of 15%.

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 (2009: 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.

	2010	2009
	RMB'000	*RMB'000*
Current – the PRC	**5,159**	4,909
Adjustments in respect of current tax of previous periods	**180**	492
Total tax charge for the year	**5,339**	5,401

7. DIVIDENDS

	2010	2009
	RMB'000	*RMB'000*
Proposed final dividend – RMB0.1 (2009: RMB0.135) per share	13,130	13,502

The proposed final dividend for the year (not recognised as liability as at 31 December 2010) 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 RMB27,647,000 (2009: RMB26,519,000) and the weighted average number of ordinary shares of 102,624,707 (2009: 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 2010 and 2009 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

9. TRADE AND BILLS RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**40,987**	37,812
Bills receivable	**2,327**	4,556
	43,314	42,368
Impairment *(note (a))*	**(2,645)**	(3,062)
	40,669	39,306

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 and the Company as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2010	2009
	RMB'000	*RMB'000*
Within 3 months	**35,432**	36,156
4 to 6 months	**3,292**	2,616
7 to 12 months	**1,933**	528
1 to 2 years	**12**	6
	40,669	39,306

Notes:

(a) The movements in provision for impairment of trade and bills receivables of the Group and the Company are as follows:

	2010	2009
	RMB'000	*RMB'000*
At 1 January	**3,062**	3,064
Impairment losses reversed	**(417)**	–
Amount written off as uncollectible	**–**	(2)
At 31 December	**2,645**	3,062

The individually impaired trade receivable as at 31 December 2010 related to a customer that was in financial difficulties. The Group does not hold any collateral or other credit enhancements over such balance.

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:

	2010	2009
	RMB'000	*RMB'000*
Within 3 months	**9,884**	6,867
4 to 6 months	**273**	1,029
7 to 12 months	**202**	678
1 to 2 years	**17**	105
Over 2 years	**216**	247
	10,592	8,926

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

11. MOVEMENT OF RESERVES

During the year, the Group made transfers of RMB3,535,000 (2009: RMB4,435,000) from retained profits to statutory reserves. The Group also made a transfer of RMB Nil (2009: RMB118,000) from statutory reserves to retained profits. There was also a movement of reserves of RMB139,000 (2009: Nil) due to changes in the Company's ownership interest in subsidiaries that do not result in a loss of control.

12. EVENT AFTER THE REPORTING PERIOD

The Group did not have any significant events taking place subsequent to 31 December 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Environment

In 2010, the PRC maintained its economic growth at a fast speed with its economic aggregate being the second highest in the world, and shifted gradually to a consuming country while still being a large manufacturer. Changes in macro-environment have resulted in complex impact on every industry and increased demand upon enterprises.

With the significant progress in national medical system reform and the development of the society and economy, the government and the community continue to increase resources allocated to medical affairs, and new policies also encourage social capital to flow into the medical industry. In-vitro diagnostic ("IVD") industry is one of the fastest growing industries in the PRC. As the capital market is active, the industry shuffle accelerates. 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 2010, the Group has identified the goal of "Committed to Better Results" and continued to promote the performance-driven culture. Leveraged on its solid business foundation and adjusted operating philosophies, we strived for growth in face of adversity and has attained further achievement in manufacturing operation and culture development. In 2010, "Biosino Bio-Technology and Science Incorporation" gained the reputation of famous trademark in Beijing. Two government projects undertaken by the Group were completed successfully and the inspections were approved. The Group also applied for two invention patents. "TORCH" immune diagnostic reagents have obtained the registration certificate and entered into production stage, which fully shows the Group's capability of self research, development and innovation.

Business Review

Revenue

During 2010, despite many negative impacts on the industry which are 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 of various internal and external factors, the growth in profit attributable to owners of the parent of the Group was lowered on a year-on-year basis.

Revenue from in-vitro diagnostic reagent business increased by 16.7% to RMB168 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 21.4%.

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, outstanding results were achieved in research and development, existing product improvement and new product launching. During the reporting period, Serum Cystatin C Assay Kit and Fibrinogen Assay Kit have obtained the registration certificates for medical instruments. "TORCH" products have obtained the registration certificates and entered into production stage, marking the end of the Group's over 20-year history where we only engaged in bio-chemistry diagnostic reagents and its formal entry into the immune diagnostic area. The Group has obtained the registration certificates for another 25 new products and put them into production. These new products include 21 normal bio-chemistry diagnostic projects and their related calibrator/quality control. During the reporting period, the Group also applied for two invention patents: N-Acetyl-1-adamantanamine Assay Kit for tumor assay and the testing method for Immunoturbidimetric HP in serum and the related assay kit.

Total research and development expenses for the year amounted to RMB17.66 million, representing an increase of 8.5% as compared with that of last year.

Profit Attributable to Owners of the Parent

During the reporting period, the profit attributable to owners of the parent was RMB27.65 million, representing an increase of 4.3% from that of last year.

Production Facilities

The Group commenced the construction of "No.2 Plant Complex of Biosino Bio-Technology and Science Incorporation" in 2010 with the approval of relevant government authorities. The project covers a total area of 24,783 square meters with gross floor area of 5,000 square meters (with five storeys above the ground), which will house the production facilities for diagnostic reagents, comprising warehouse, workshops, laboratories and offices. The annual capacity of the production line of molecular diagnostic reagents is 100 million doses with the estimated total investment amounts to approximately RMB20 million, this will further expand the Group's production capacities.

Prospects And Future Outlook

With the development of the PRC's economy, gearing up of progress in medical system reform, increasing emphasis and resources placed on medical affairs, the medical industry in the PRC will enter into a new era of growth. This year, the market sentiment and business environment of the industry improved further. The introduction of new policies related to medical system reform has brought positive news to the medical industry. We believe 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 a 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 our in-vitro diagnostic reagent products and drugs, in response to the self innovation concept advocated by the government.

Capital Structure

During the year, the Company has allotted and issued 31,286,143 H shares at the subscription price of HK$2.36 per H share. Upon the completion of the issue of new H shares, the issued capital and capital reserves of the Company increased by RMB31,286,000 and RMB31,232,000 (net of share issue expenses), respectively.

Liquidity and Financial Position

Cashflow and Financial Position

	2010	2009
	RMB million	*RMB million*
Cash	**162**	95
Short-term loans	**–**	–
Long-term loans	**–**	–
Net cash	**162**	95
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 RMB67 million, which was mainly due to the issue of new H shares in the year.

Foreign Currency Risk

The Group's businesses are located in the PRC and all transactions are conducted in RMB, except that the Group occasionally purchases equipment and some In-vitro diagnostic reagent products from overseas countries for resale in the PRC. Certain bank accounts denominated in Hong Kong dollars are placed in Hong Kong for receipt of capital injection from new share subscription as well as payments for miscellaneous expenses such as professional fees incurred in Hong Kong.

Pledge of Assets of the Group

As at 31 December 2010, the Group's buildings and land use right with the carrying amounts of RMB24,558,000 and RMB3,288,000 respectively were pledged to an independent third party in respect of the debt financing for Baiao Pharmaceuticals.

CONTINGENT LIABILITIES

As at 31 December 2010, the Group did not have any significant contingent liabilities.

EMPLOYEES

As at 31 December 2010, the Group had a total of 705 full-time employees (2009: 635 employees) based in Hong Kong and China. The total staff costs of the Group (including the directors' remunerations) for the year ended 31 December 2010 amounted to approximately RMB62.64 million (2009: RMB52.34 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

As at 31 December 2010, 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%	2.67%
Mr. Hou Quanmin *(note)*	300,000	0.45%	0.23%
Dr. Wang Lin *(note)*	200,000	0.30%	0.15%

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

Save as disclosed above, as at 31 December 2010, 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

As at 31 December 2010, 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	Domestic Shares	H Shares	
IBP	Directly beneficially owned	31,308,576	–	46.72%	0.00%	23.84%
Shanghai Fosun Pingyao Investment Management Company Limited#	Directly beneficially owned	24,506,143	–	36.57%	0.00%	18.66%
Shanghai Fosun Pharmaceutical (Group) Co., Ltd.#	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%
Shanghai Fosun High Technology (Group) Co., Ltd.#	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%

Name	Capacity and nature of interest	Number of the Company's shares held		Percentage of the Company's respective type of shares		Percentage of the Company's total registered capital
		Domestic Shares	H Shares	Domestic Shares	H Shares	
Fosun International Limited#	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%
Fosun Holdings Limited#	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%
Fosun International Holdings Ltd.#	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%
Guo Guangchang#	Through controlled corporations	24,506,143	6,780,000	36.57%	10.55%	23.83%
Fosun Industrial Co., Limited#	Directly beneficially owned	–	6,780,000	0.00%	10.55%	5.16%
Beijing Enterprises Holdings Limited*	Directly beneficially owned	–	24,506,143	0.00%	38.12%	18.66%
Beijing Enterprises Group Company Limited	Through controlled corporations	–	24,506,143	0.00%	38.12%	18.66%
Chung Shek Enterprises Company Limited	Directly beneficially owned	–	3,800,000	0.00%	5.91%	2.89%
K.C. Wong Education Foundation	Through a controlled corporations	–	3,800,000	0.00%	5.91%	2.89%

Each of Shanghai Fosun Pingyao Investment Management Company Limited ("Fosun Pingyao") and Fosun Industrial Co., Limited ("Fosun Industrial") is a wholly-owned subsidiary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharmaceutical"). Fosun Pharmaceutical is in turn held by 48.05% and 0.01% by Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun Hi-Tech") and Mr. Guo Guangchang respectively. Fosun Hi-Tech is wholly-owned by Fosun International Limited ("Fosun International") which is in turn held by Fosun Holdings Limited ("Fosun Holdings") as to 78.24%. Fosun Holdings is wholly-owned by Fosun International Holdings Ltd. ("Fosun International Holdings") which is in turn held by Mr. Guo Guangchang as to 58%. Pursuant to the SFO, each of Fosun Pharmaceutical, Fosun Hi-Tech, Fosun International, Fosun Holdings, Fosun International Holdings and Mr. Guo Guangchang is deemed to be interested in the 24,506,143 domestic shares held by Fosun Pingyao and the 6,780,000 H shares held by Fosun Industrial.

* Beijing Enterprises Group Company Limited is the ultimate holding company of Beijing Enterprises Holdings Limited. Accordingly, it is deemed to be interested in the H shares owned by Beijing Enterprises Holdings Limited.

Save as disclosed above, as far as is known to any directors or supervisors of the Company, as at 31 December 2010, 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 2010 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 2010.

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.

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. John Wong Yik Chung (whose appointment is subject to the approval by the shareholders at the forthcoming annual general meeting of the Company). The Group's audited results for the year ended 31 December 2010 have been reviewed by the audit committee of the Company.

CLOSURE OF REGISTER OF HOLDERS OF H SHARES

The Register of Members of the Company will be closed from 22 April 2011 to 12 May 2011 (both days inclusive) during which no transfer of shares will be registered. In order to qualify for entitlement to the proposed 2010 final dividend and for attending and voting at the forthcoming annual general meeting of the Company to be held on 12 May 2011, all transfers of H shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's H share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 21 April 2011. The final dividend will be payable on or about 18 June 2011.

WITHHOLDING AND PAYMENT OF ENTERPRISE INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS IN RESPECT OF THE PROPOSED 2010 FINAL DIVIDEND

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China", the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China" and the "Notice regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management", the Company is required to withhold enterprise income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders whose names appear on the H share register of holders of H shares of the Company on 12 May 2011. Any H shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and the Company will distribute the final dividend to such non-individual shareholders after withholding a 10% enterprise income tax. The Company will not withhold and pay the income tax in respect of the 2010 final dividend payable to any natural person shareholders whose names appear on the Company's register of holders of H shares of the Company as at 12 May 2011.

If any resident enterprise (as defined in the "Enterprise Income Tax Law of the People's Republic of China") listed on the Company's register of holders of H shares which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold and pay the said 10% enterprise income tax, it shall lodge with Tricor Tengis Limited documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend that it is entitled at or before 4:30 p.m. on 21 April 2011.

The Company will strictly comply with the relevant PRC tax laws and regulations to withhold for payment of such appropriate enterprise income tax and the Company will have no liability in respect of any claims arising from any delay in, or inaccurate determination, of the status of the shareholders or any disputes over the mechanism of withholding.

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

Beijing, the PRC, 18 March 2011

* *For identification purposes only*

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. Yao Fang (姚方先生), Mr. Qiao Zhicheng (喬志城先生), Mr. Zuo Zhihui (左志輝先生) and Mr. Wang Fu Gen (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. John Wong Yik Chung (黃翼忠先生)

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 and on the website of the Company at www.zhongsheng.com.cn.