中生北控生物科技股份有限公司

BIOSINO BIO-TECHNOLOGY AND SCIENCE INCORPORATION *

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8247)

(I) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013; (II) CLOSURE OF REGISTER OF MEMBERS; AND (III) WITHHOLDING AND PAYMENT OF INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS AND NON-RESIDENT INDIVIDUAL SHAREHOLDERS IN RESPECT OF THE PROPOSED 2013 FINAL DIVIDEND

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" and each a "Director") of Biosino Bio-Technology and Science Incorporation (the "Company", together with its subsidiaries, the "Group") 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") 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*

RESULT HIGHLIGHTS

- Revenue for the year kept growing to approximately RMB234.5 million, representing an increase of 11.6% from that of last year.

- Profit for the year from continuing operations amounted to approximately RMB14.7 million, representing a decrease of 9.2% from that of last year.

- The Board has proposed a final dividend of RMB0.1 per share for the year ended 31 December 2013.

(I) ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The board (the "Board") of Directors announced the audited consolidated results of the Group for the year ended 31 December 2013 together with the audited comparative figures for 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2013 RMB'000	2012 RMB'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	*4*	**234,464**	210,075
Cost of sales	*5*	**(106,615)**	(93,582)
Gross profit		**127,849**	116,493
Other income and gains		**13,507**	12,849
Selling and distribution expenses		**(51,189)**	(39,769)
Administrative expenses		**(41,048)**	(37,356)
Research and development expenses		**(22,557)**	(23,733)
Other expenses		**(68)**	(2,519)
Finance costs	*6*	**–**	(968)
Share of profits and losses of:			
Joint ventures		**(4,935)**	(1,647)
Associates		**(2,432)**	(773)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**19,127**	22,577
Income tax expense	*7*	**(4,404)**	(6,355)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**14,723**	16,222
DISCONTINUED OPERATIONS			
Profit/(Loss) for the year from discontinued operations	*8*	**(3,710)**	4,486
PROFIT FOR THE YEAR		**11,013**	20,708

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

	Notes	2013 RMB'000	2012 RMB'000 (Restated)
Attributable to:			
Owners of the parent		**9,132**	17,242
Non-controlling interests		**1,881**	3,466
		11,013	20,708
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted			
– For profit for the year		**RMB0.07**	RMB0.13
– For profit from continuing operations		**RMB0.10**	RMB0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
PROFIT FOR THE YEAR	**11,013**	20,708
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**179**	–
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**179**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**11,192**	20,708
Attributable to:		
Owners of the parent	**9,311**	17,242
Non-controlling interests	**1,881**	3,466
	11,192	20,708

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**88,021**	97,781
Prepaid land lease payments		**3,432**	3,533
Goodwill		**309**	309
Other intangible assets		**5,139**	9,166
Investments in joint ventures		**25,389**	30,324
Investments in associates		**23,157**	25,589
Long-term receivables		**5,307**	8,893
Deferred tax assets		**462**	327
Total non-current assets		**151,216**	175,922
CURRENT ASSETS			
Available-for-sale investments		**10,000**	40,200
Inventories		**36,918**	35,507
Trade receivables	*11*	**46,290**	39,229
Prepayments, deposits and other receivables		**35,494**	9,094
Time deposits		**21,000**	31,000
Cash and bank balances		**69,047**	43,156
		218,749	198,186
Assets of a disposal group classified as held for sale	*8*	**7,507**	–
Total current assets		**226,256**	198,186
CURRENT LIABILITIES			
Trade payables	*12*	**11,803**	9,142
Other payables and accruals		**37,567**	35,517
Tax payable		**152**	381
		49,522	45,040
Liabilities directly associated with the assets classified as held for sale	*8*	**985**	–
Total current liabilities		**50,507**	45,040
NET CURRENT ASSETS		**175,749**	153,146
TOTAL ASSETS LESS CURRENT LIABILITIES		**326,965**	329,068

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2013

	Notes	**2013**	2012
		RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**326,965**	329,068
NON-CURRENT LIABILITY			
Deferred income		**9,853**	8,023
Total non-current liability		**9,853**	8,023
Net assets		**317,112**	321,045
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**131,304**	131,304
Reserves		**147,504**	151,323
Proposed final dividend	*9*	**13,130**	13,130
		291,938	295,757
Non-controlling interests		**25,174**	25,288
Total equity		**317,112**	321,045

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.

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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. Disposal groups held for sale are stated at the lower of their carrying amount and fair values less cost. 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 2013. 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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other Comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. 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 resulting 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 on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – *Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

The adoption of the new and revised HKFRSs has no significant financial effect on these financial statements.

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 9	*Financial Instruments*[3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]

[1] *Effective for annual periods beginning on or after 1 January 2014*

[2] *Effective for annual periods beginning on or after 1 July 2014*

[3] *No mandatory effective date yet determined but is available for adoption*

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one reportable operating segment: the in-vitro diagnostic reagent products segment, which manufactures, sells and distributes a variety of mono/double diagnostic reagent products.

Management monitors the operating results of its business units as a whole for the purpose of making decisions about resources allocation of performance assessment. All of the Group's revenue from external customers and profits from continuing operations are generated from this single segment.

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 2012 and 2013, almost all 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. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowance for returns and trade discount, net of tax and surcharges during the year.

5. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Cost of inventories sold	**106,615**	93,582
Employee benefit expense (including directors' and supervisors' remuneration):		
Wages, salaries and bonuses	**37,540**	39,361
Pension scheme contributions	**4,755**	5,426
Social welfare and other costs	**6,144**	7,011
	48,439	51,798
Research and development costs	**22,557**	23,733
Less: Government grants released	**(8,630)**	(7,517)
	13,927	16,216
Gain on disposal of items of property, plant and equipment, net	**(46)**	(91)
Depreciation	**15,476**	13,321
Recognition of prepaid land lease payments	**101**	101
Amortisation of other intangible assets	**785**	844
Impairment of other intangible assets	**–**	684
Impairment of other receivables	**–**	121

6. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Interest on bank loan wholly repayable within 5 years	**–**	968

7. INCOME TAX EXPENSE

Taxes on profits assessable in the PRC, where the Group operates, have been calculated at the rate of tax prevailing in the PRC. Under the PRC income tax laws, enterprises are subject to corporate income tax ("CIT") at a rate of 25%.

The Company and Beijing Zhongsheng Jinyu Diagnostic Technology Co., Ltd. ("Zhongsheng Jinyu"), a subsidiary of the Company, are subject to a preferential rate of 15% under the PRC income tax law for a period of three years commencing from 1 January 2012 as they are assessed by relevant government authorities as High and New Technology Enterprises.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the year.

	2013	2012
	RMB'000	*RMB'000*
		(Restated)
Group:		
Current – the PRC	**4,426**	6,375
Adjustments in respect of current tax of previous periods	**113**	12
Deferred	**(135)**	(32)
Total tax charge for the year	**4,404**	6,355

8. DISCONTINUED OPERATION

At the shareholders' meeting of BJ Biosino-DMD Biotechnology Co., Ltd. on 28 November 2013, the Company agreed to sell and another shareholder of BJ Biosino-DMD Biotechnology Co., Ltd Zhenshi Liu agreed to buy a 55.56% equity interest in BJ Biosino-DMD Biotechnology Co., Ltd. As at 31 December 2013, BJ Biosino-DMD Biotechnology Co., Ltd was classified as a disposal group held for sale in the consolidated statement of financial position of the Group and the investment in BJ Biosino-DMD Biotechnology Co., Ltd was classified as an asset held for sale in the statement of financial position of the Company.

The Group has decided to cease its investment in research and development in FISH Probre technology. The disposal has been approved by the first meeting of the Company's board of directors held on 12 February 2014. Upon completion of the disposal, BJ Biosino-DMD Biotechnology Co., Ltd will cease to be a subsidiary of the Company.

9. DIVIDEND

	2013	2012
	RMB'000	*RMB'000*
Proposed final dividend – RMB0.1 (2012: RMB0.1) per share	**13,130**	13,130

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. 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 RMB9,132,000 (2012: RMB17,242,000) and the weighted average number of ordinary shares of 131,303,670 (2012: 131,303,670) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

11. TRADE RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**52,602**	44,627
Impairment	**(1,005)**	(1,005)
	51,597	43,622
Less: amount shown as non-current	**(5,307)**	(4,393)
	46,290	39,229

Except for certain established customers of the Group which have been granted with payment terms ranging from two to four years in respect of certain sales of instrument, 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The trade receivables are interest-free.

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

	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**36,333**	32,382
4 to 6 months	**5,966**	3,954
7 to 12 months	**3,119**	1,324
1 to 2 years	**3,833**	4,850
Over 2 years	**2,346**	1,112
	51,597	43,622

12. TRADE PAYABLES

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

	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**10,583**	7,600
4 to 6 months	**220**	801
7 to 12 months	**157**	26
1 to 2 years	**631**	569
Over 2 years	**212**	146
	11,803	9,142

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

13. MOVEMENT OF RESERVES

During the year, the Group made transfers of RMB1,440,000 (2012: RMB4,578,000) from retained profits to statutory reserves.

14. EVENTS AFTER THE REPORTING PERIOD

The Group did not have any significant events taking place subsequent to 31 December 2013.

15. COMPARATIVE AMOUNTS

The comparative statement of profit or loss has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 8).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Environment

Users for in-vitro diagnostic reagent products in the PRC mainly include about 22,700 hospitals, 37,200 county-level health centres and 450 blood stations, and also emerging physical examination centres and independent medical laboratories. At present, about 90% of the market is clustered at hospital customers.

According to a market survey and research report issued by Frost & Sullivan, the market for in-vitro diagnostic reagent in the PRC is developing rapidly. The market size for in-vitro diagnostic reagent in the PRC has exceeded RMB14 billion in 2011, and such market size exceeded RMB16.7 billion in 2012, representing a year-on-year increase of approximately 16.8%.

It is expected that the market of in-vitro diagnostic reagent in the PRC in future will maintain a growth rate of 15%-20%, the main reasons of which include: (1) with the promotion of medical reform in China, the coverage rate for three types of medical insurance will reach over 95%, and it will generate a stable growth in the number of medical visits (in 2012, there were in total 6.9 billion medical visits at medical and healthcare institutions nationwide, representing an increase of 620 million visits or 9.9% over last year), it will bring necessarily steady growth in in-vitro diagnostic demand. In 2012, in-vitro diagnostic expenditure per capita in China (the in-vitro diagnostic market size/the number of population) was approximately US$2 as compared to over US$30 in in-vitro diagnostic expenditure per capita for developed countries in Europe and the United States, therefore it has enormous development potential; (2) the proportion of elderly population is increasing, along with increasing proportion of urbanisation, the diagnostic expenditure per capita will increase. According to survey data from Medical Expenditure Panel Survey in the United States, the medical expenditure per capita for elderly population is 3-5 times over that of the young. The statistics of China for recent years have revealed that urban medical expenditure per capita is more than 3 times over rural medical expenditure. The results of the sixth China Population Census show that the population in 60 years old or above has exceeded 177 million, representing 13.3% of the total population, of which the population in 65 years old or above is nearly 120 million, representing 8.8% of the total population; (3) citizens' disease prevention awareness and health awareness are increasing; (4) under the overall background of drugs price reduction and removal of medicine markups policies, the examination service will become the main income source for hospitals, and under the guidance policies for charging based on examination items/testing methods, it will lead to the replacement of imported diagnostic reagent. Under the needs of "controlling expenditure" by hospitals, the trend of application of home-made reagent by hospitals will be strengthened, and thus is beneficial to the home-made diagnostic reagent enterprises.

Business Review

Overview

In 2013, the Company and the Group as a whole basically achieved the profit targets assigned by the Board, which realised a net profit from continuing operations of RMB14.7 million, decreased by 9.2% compared to last year.

Revenue

The revenue of the whole Group was satisfactory. Revenue from in-vitro diagnostic reagent business was RMB234.5 million, representing an increase of 11.6% when compared with that of last year. During 2013, the Group actively adjusted its corresponding strategies to enable the Group to maintain their stable performance and the growth in operating revenue was able to reach its expected target.

Gross Profit and Margin

The gross profit for 2013 was approximately RMB127.8 million, which was approximately 9.8% higher than that of the previous year, and the gross profit margin was approximately 54.5% (2012: approximately 55.5%).

Selling and Distribution Expenses

For the year ended 31 December 2013, selling and distribution expenses increased by approximately 28.7% or approximately RMB11.4 million to approximately RMB51.2 million. The increase in such expenses was primarily attributable to the expansion of sales channels and addition of more sales teams.

Research and Development Cost

During 2013, the Company obtained 18 new product registration certificates and completed the re-registration of 109 types of old products, among which, the Company distinguished separately 43 registration certificates for Abbott ARCHITECT c4000/c8000/c16000 series, completed the registration of 43 types of biochemical products in Canada and obtained medical equipment certificates in Canada. The total research and development cost for the year was RMB22.6 million, almost the same as last year.

Profit for the Year

Profit for the year from continuing operations was RMB14.7 million compared to RMB16.2 million for 2012. Profit for the year including discontinued operations was RMB11.0 million compared to RMB20.7 million for 2012.

Profit Attributable to Owners of the Parent

During the reporting period, the profit attributable to owners of the parent was RMB9.1 million, representing a decrease of RMB8.1 million or 47% from that of the previous year. Owing to the impact of various internal and external factors of the Group, especially the impact of the subsidiaries and joint ventures that were still in business cultivation stage, the profit attributable to owners of the parent for 2013 represented a significant decrease when compared with that of the previous year.

Production Facilities

The Company possesses 2 self-constructed plant complexes covering a total area of 37.2 mu, in which both have passed the examination and acceptance stages and are continuously in normal use. No. 1 Plant Complex with a gross floor area of 11,000 square metres is mainly used for office, research and development, production of biochemical reagents and other purposes. No. 2 Plant Complex with a gross floor area of 5,000 square metres (with five storeys above the ground) is the location of the production facilities for diagnostic reagents, comprising warehouse, workshops, laboratories and offices. The production facilities of subsidiaries are either in use or under construction pursuant to relevant laws and regulations.

Prospects and Future Outlook

The integration of urban and rural medical insurance, aging and medical investment are becoming the growth momentum for the pharmaceutical industry through the next decade. The stable increase in the number of medical visits and increasing patients in chronic diseases will become a new and important driver, and in particular they play a huge promotional role for the rapid growth of the grassroots medical market. By this year, the operating atmosphere and market sentiment of the industry have been further improved. Coupled with the substantive benefits in the pharmaceutical sector from the launching and implementation of new medical reform and health sector policies, the pharmaceutical industry especially the medical diagnostics industry will remain as one of the fast-growing industries in the PRC.

In 2014, the important changes in medical reform policies, such as encouragement of private capital investment in medical service industry, will necessarily bring new changes for the setup and management model of hospitals. We believe that as driven by social capital, the medical service market in particular grassroots medical market and high-end medical service will increase substantially, and the demand for diagnostic reagents and general consumables will continue to increase, which are beneficial to the continuous growth of the size of our business and will increase the sales of our products. As a result of our hard work and established foundation for many years, the Board is confident that in establishing the Group into a leader in the health-enhancing protein market with capability in creating intellectual property rights and ability to compete internationally, the Group will achieve an outstanding performance and maximise returns for all shareholders.

With more and more market participants, market competition for the in-vitro diagnostic reagent sector is becoming more and more intense. Enterprises are also facing on-going challenges in product quality enhancement and product mix optimisation. The Company will take more incentive measures to continue intensifying its marketing efforts, accelerate the progress in research and development, launch instruments that can match the diagnostic reagents, and strive to adapt to new market changes and new demand. In 2014, the Group pursues the enterprise culture construction of "Competing to win, Innovating to win" as activity theme, initiates all employees to enhance their occupation quality, innovation and competitiveness, and increase the momentum in marketing efforts to increase effectively the revenue of the Group. Through solidifying its business foundation and adjusting its operation directives, the Group is striving to forge ahead under adverse conditions to allow us to achieve new progresses in terms of production, operation and culture construction.

Capital Structure

As at 31 December 2013, the capital structure of the Company has no significant change as compared to that of last year.

Liquidity and Financial Position

	2013	2012
	RMB million	*RMB million*
Cash and bank balances and time deposit	**90**	74
Short-term loans	**–**	–
Long-term loans	**–**	–
Net cash	**90**	74
Net debt equity ratio	**N/A**	N/A

The Group generally financed its operations with internally generated cash flows and capital contributions from shareholders. Net cash increased by approximately RMB16 million, which was mainly due to the maturity of available-for-sale investments.

Foreign Currency Risk

The Group's businesses are mostly located in the PRC and most transactions are conducted in RMB, except that the Group occasionally purchases equipment and some in-vitro diagnostic reagent products from foreign countries for resale in the PRC and administrative expenses incurred by the Canadian subsidiary which is established during the year. Certain bank accounts denominated in Hong Kong dollars are in Hong Kong for the payments of H share dividends and miscellaneous expenses such as professional fees incurred in Hong Kong.

Pledge of Assets of the Group

As at 31 December 2013, the Group did not have any significant pledge of assets.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group did not have any significant contingent liabilities.

EMPLOYEES

As at 31 December 2013, the Group had a total of 658 full-time employees (2012: 640 employees) based in Hong Kong and China. The total staff costs of the Group (including the Directors' and supervisors' remuneration) for the year ended 31 December 2013 amounted to approximately RMB48.4 million (2012: RMB51.8 million). The Group fixes and reviews the emoluments of its staff and Directors based on their qualification, experience, performance and market rates, so as to maintain the remuneration 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 China and Hong Kong. The Directors 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 training of its staff 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 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.

CORPORATE GOVERNANCE

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance.

For the year ended 31 December 2013, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "Corporate Governance Code"), with the exception of Code Provisions A.1.8 and A.2.1 as addressed below.

1. Code Provision A.1.8

Under Code Provision A.1.8, the Company should arrange appropriate insurance to cover potential legal actions against its Directors. As at the date of this announcement, the Company has not arranged such insurance coverage for the Directors.

The Company will initiate the process of obtaining and reviewing the quotations from different insurers in due course and currently targets to purchase the relevant liability insurance for the Directors within 2014.

2. Code Provision A.2.1

Pursuant to Code Provision A.2.1, the roles of chairman and chief executive officer should be separate.

Mr. Wu Lebin assumes dual roles of 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' SECURITIES TRANSACTIONS

The Group has adopted a model code of conduct for dealing in the Company's securities by Directors, which was formulated in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules for the purpose of setting out the standards adopted by the Company for assessing the conduct of Directors in their dealings in the securities of the Company. Any violation of this code will be regarded as a violation of the GEM Listing Rules. The Company has confirmed, after making specific enquiries with the Directors, all Directors have complied with the required standard of dealings as set out in the model code of conduct in relation to securities dealings by directors throughout the year ended 31 December 2013.

AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") on 10 February 2006 in accordance with the requirements of the GEM Listing Rules.

The duties of the Audit Committee include (but not limited to):

1. supervising the accounting and financial reporting procedures and reviewing the financial statements of the Group;

2. studying carefully all proceedings proposed by the qualified accountant, compliance officers and auditors of the Group;

3. examining and monitoring the internal control system adopted by the Group; and

4. reviewing the relevant work of the Group's external auditors.

Members of the Audit Committee possess high sense of responsibilities. They have contributed their time and efforts to ensure efficient operation and objectivity of the Board.

The Audit Committee meets quarterly to review the reporting of financial statements and other information to shareholders, the effectiveness and objectivity of the internal control process, and also reviewed all the quarterly, half-yearly and annual results. The Audit Committee was of the view that there was no material uncertainty that cast doubt on the Company's going concern ability. The Audit Committee also provides an important link between the Board and the Company's auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors.

The Audit Committee has reviewed the annual results, financial position, internal control and the management issues of the Group for the year ended 31 December 2013.

(II) CLOSURE OF REGISTER OF MEMBERS

Entitlement to Attend the Annual General Meeting

The registers of members of the Company will be closed from 30 April 2014 to 20 May 2014 (both days inclusive) in order to determine the entitlement to attend the annual general meeting (the "AGM") to be held on 20 May 2014. All properly completed H Shares transfer forms accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 29 April 2014, for registration.

Entitlement to Final Dividend

The Board has recommended the payment of a final dividend of RMB0.1 per share in respect of the year ended 31 December 2013. Subject to the approval of shareholders at the forthcoming AGM, the dividend cum-date and ex-date will be 22 May 2014 and 23 May 2014 respectively. The register of members of the Company will be closed from 27 May 2014 to 30 May 2014 (both days inclusive) in order to determine the entitlement to final dividend. All properly completed H share transfer forms accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 26 May 2014, for registration. The final dividend will be payable on or about 25 July 2014.

(III) WITHHOLDING AND PAYMENT OF INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS AND NON-RESIDENT INDIVIDUAL SHAREHOLDERS IN RESPECT OF THE PROPOSED 2013 FINAL DIVIDEND

Non-resident Corporate Shareholders

Pursuant to the Law on Corporate Income Tax of the PRC and the relevant implementing rules and regulations, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident corporate shareholders whose names appear on the H share register of members on 30 May 2014. The Company will distribute the final dividend to such non-resident corporate shareholders after withholding a 10% income tax. In order to determine the list of holders of H shares who are entitled to receive the final dividend, the H share register of members of the Company will be closed from 27 May 2014 to 30 May 2014, both days inclusive, during which period no transfer of the Company's H shares will be effected. In order for holders of H shares to be qualified for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 26 May 2014, for registration.

Non-resident Individual Shareholders

Pursuant to the regulation promulgated by the State General Administration of Taxation of the PRC (Guo Shui Han [2011] No. 348), the Company is required to withhold and pay the non-resident individual income tax for the non-resident individual H shareholders and the non-resident individual H shareholders are entitled to certain tax preferential treatments according to the double tax treaties between those countries where the non-resident individual H shareholders are residents and China and the provisions in respect of double tax treaties between the China and Hong Kong or Macau. The Company would withhold and pay the individual income tax at the tax rates of 10% on behalf of the non-resident individual H shareholders who are Hong Kong residents, Macau residents or residents of those countries having double tax treaties with China for personal income tax rates in respect of dividend of 10%. For non-resident individual H shareholders who are residents of those countries having agreements with China for personal income tax rates in respect of dividend of lower than 10%, the Company would make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124)(《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)). For non-resident individual H shareholders who are residents of those countries having double tax treaties with China for personal income tax rates in respect of dividend of higher than 10% but lower than 20%, the Company would withhold the individual income tax at the agreed-upon effective tax rate. For non-resident individual H shareholders who are residents of those countries without any double tax treaties with China or having double tax treaties with China for personal income tax in respect of dividend of 20% and other situations, the Company would withhold the individual income tax at a tax rate of 20%.

In order to determine the list of holders of H shares of the Company who are entitled to receive the final dividend, the H share register of members of the Company will be closed from 27 May 2014 to 30 May 2014, both days inclusive, during which period no transfer of the Company's H shares will be effected.

The Company will determine the country of domicile of the individual H shareholders based on the registered address as recorded in the register of members of the Company (the "Registered Address") on 30 May 2014 and will withhold and pay the individual income tax based on the register of members of the Company as at 30 May 2014. If the country of domicile of the individual H shareholder is not the same as the Registered Address, the individual H shareholder shall notify the Company's H share registrar and provide relevant supporting documents Company's H share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 26 May 2014, for registration. If the individual H shareholders do not provide the relevant supporting documents to the share registrar of the Company's H shares within the time period stated above, the Company will determine the country of domicile of the individual H shareholders based on the recorded Registered Address on 30 May 2014.

The Company will strictly comply with the relevant PRC tax laws and regulations to withhold for payment such appropriate income tax and the final dividend will only be payable to the shareholders whose names appear on the Company's H share register of members on 30 May 2014.

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 2014

* *For identification purposes only*

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

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

Vice Chairmen and Non-executive Directors
Dr. Gao Guang Xia（高光俠博士）and Mr. Ni Xiaowei（倪小偉先生）

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

Non-executive Directors
Mr. Hongfei Jia（賈鴻飛先生）, Mr. Yu Tongle（余同樂先生）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）, Mr. John Wong Yik Chung（黃翼忠先生）and Mr. Wang Daixue（王代雪先生）

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.