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 2014; (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 2014 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 RMB265.3 million, representing an increase of 13.2% from that of last year.

- Profit for the year amounted to approximately RMB10.14 million, representing a decrease of 7.9% from that of last year.

- The Board has proposed a final dividend of RMB0.1 per share for the year ended 31 December 2014.

(I) ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of Directors (the "Board") announced the audited consolidated results of the Group for the year ended 31 December 2014 together with the audited comparative figures for 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2014** *RMB'000*	2013 *RMB'000*
CONTINUING OPERATIONS			
REVENUE	*4*	**265,331**	234,464
Cost of sales	*5*	**(133,556)**	(106,615)
Gross profit		**131,775**	127,849
Other income and gains		**14,948**	13,507
Selling and distribution expenses		**(56,590)**	(51,189)
Administrative expenses		**(41,317)**	(41,048)
Research and development expenses		**(24,826)**	(22,557)
Other expenses		**(2,476)**	(68)
Finance costs	*6*	**(38)**	–
Share of losses of:			
Joint ventures		**(3,275)**	(4,935)
Associates		**(3,968)**	(2,432)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**14,233**	19,127
Income tax expense	*7*	**(3,703)**	(4,404)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**10,530**	14,723
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	*8*	**(391)**	(3,710)
PROFIT FOR THE YEAR		**10,139**	11,013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

	Notes	2014 RMB'000	2013 RMB'000
Attributable to:			
Owners of the parent		**8,485**	9,132
Non-controlling interests		**1,654**	1,881
		10,139	11,013
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted			
– For profit for the year		**RMB0.06**	RMB0.07
– For profit from continuing operations		**RMB0.07**	RMB0.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014	2013
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**10,139**	11,013
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**9**	179
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**9**	179
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**9**	179
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**10,148**	11,192
Attributable to:		
Owners of the parent	**8,494**	9,311
Non-controlling interests	**1,654**	1,881
	10,148	11,192

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**88,043**	88,021
Prepaid land lease payments		**3,331**	3,432
Goodwill		**309**	309
Other intangible assets		**2,423**	5,139
Investments in joint ventures		**22,114**	25,389
Investments in associates		**19,189**	23,157
Long-term receivables		**4,049**	5,307
Deferred tax assets		**827**	462
Total non-current assets		**140,285**	151,216
CURRENT ASSETS			
Available-for-sale investments		**10,000**	10,000
Inventories		**57,295**	36,918
Trade receivables	*11*	**55,192**	46,290
Prepayments, deposits and other receivables		**37,007**	35,494
Time deposits		**27,000**	21,000
Cash and cash equivalents		**54,844**	69,047
		241,338	218,749
Assets of a disposal group classified as held for sale	*8*	**–**	7,507
Total current assets		**241,338**	226,256
CURRENT LIABILITIES			
Trade payables	*12*	**24,179**	11,803
Other payables and accruals		**34,323**	37,567
Interest-bearing bank borrowing		**1,000**	–
Tax payable		**1,021**	152
		60,523	49,522
Liabilities directly associated with the assets classified as held for sale	*8*	**–**	985
Total current liabilities		**60,523**	50,507
NET CURRENT ASSETS		**180,815**	175,749
TOTAL ASSETS LESS CURRENT LIABILITIES		**321,100**	326,965

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2014

	Notes	**2014** **RMB'000**	2013 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**321,100**	326,965
NON-CURRENT LIABILITIES			
Deferred income		**6,861**	9,853
Deferred tax liabilities		**474**	–
Total non-current liabilities		**7,335**	9,853
Net assets		**313,765**	317,112
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**131,304**	131,304
Reserves		**142,868**	147,504
Proposed final dividend	*9*	**13,130**	13,130
		287,302	291,938
Non-controlling interests		**26,463**	25,174
Total equity		**313,765**	317,112

Notes:

1. CORPORATE INFORMATION

Biosino Bio-Technology and Science Incorporation (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 Company and its subsidiaries (collectively referred to as 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"), and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap.622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for available-for-sale investments, which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less cost to sell. 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 Company and its subsidiaries for the year ended 31 December 2014. 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 POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and a new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendments to HKFRS 2 Included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendments to HKFRS 3 Included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendments to HKFRS 13 Included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendments to HKFRS 1 Included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] *Effective from 1 July 2014*

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 Provisions, Contingent Liabilities and Contingent Assets which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 11	*Accounting for Acquisition of Interest in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27(2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

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

[2] *Effective for annual periods beginning on or after 1 January 2016*

[3] *Effective for annual periods beginning on or after 1 January 2017*

[4] *Effective for annual periods beginning on or after 1 January 2018*

[5] *Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group*

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

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 and 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 2014 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 allowances 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):

	2014	2013
	RMB'000	*RMB'000*
Cost of inventories sold	**133,556**	106,615
Employee benefit expense (including directors' and supervisors' remuneration):		
Wages, salaries and bonuses	**39,446**	37,540
Pension scheme contributions*	**3,667**	4,755
Social welfare and other costs	**8,238**	6,144
	51,351	48,439
Research and development costs	**24,826**	22,557
Government grants released	**(6,310)**	(8,630)
Loss/(gain) on disposal of items of property, plant and equipment, net	**21**	(46)
Minimum lease payments under operating leases in respect of land and buildings	**2,348**	3,192
Auditors' remuneration	**700**	700
Depreciation	**18,172**	15,476
Recognition of prepaid land lease payments	**101**	101
Amortisation of other intangible assets	**762**	785
Impairment of other intangible assets	**1,954**	–
Foreign exchange differences, net	**39**	(13)

* *At 31 December 2014, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2013: Nil).*

6. FINANCE COSTS

An analysis of finance costs from the continuing operations is as follows:

	2014	2013
	RMB'000	*RMB'000*
Interest on bank loan wholly repayable within five years	**38**	–

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.

	2014	2013
	RMB'000	*RMB'000*
Current – the PRC	**3,606**	4,426
Adjustments in respect of current tax of previous periods	**(12)**	113
Deferred	**109**	(135)
Total tax charge for the year	**3,703**	4,404

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 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.

The disposal of BJ Biosino-DMD Biotechnology Co., Ltd. was completed in March 2014.

9. DIVIDEND

	2014	2013
	RMB'000	*RMB'000*
Proposed final dividend – RMB0.1 (2013: 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 RMB8,485,000 (2013: RMB9,132,000) and the weighted average number of ordinary shares of 131,303,670 (2013: 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 2014 and 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during both years.

11. TRADE RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**60,246**	52,602
Impairment	**(1,005)**	(1,005)
	59,241	51,597
Less: amount shown as non-current	**(4,049)**	(5,307)
	55,192	46,290

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:

	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**37,608**	36,333
4 to 6 months	**10,397**	5,966
7 to 12 months	**5,668**	3,119
1 to 2 years	**3,323**	3,833
Over 2 years	**2,245**	2,346
	59,241	51,597

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:

	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**21,360**	10,583
4 to 6 months	**1,105**	220
7 to 12 months	**515**	157
1 to 2 years	**985**	631
Over 2 years	**214**	212
	24,179	11,803

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 RMB1,006,000 (2013: RMB1,440,000) 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 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Environment

Users for in-vitro diagnostic reagent products in the PRC mainly include 22,700 hospitals, 37,200 county-level health centres, 450 blood stations, and emerging physical examination centres and independent medical laboratories. At present, about 90% of the market is clustered at hospitals. Under the overall direction of increasing disease prevention awareness and health consciousness of citizens, drugs price reduction and removal of medicine markups policies, the examination service will become the main income source for hospitals and the total diagnostic expenditure will also increase. In 2013, there were in total 7.3 billion medical visits in the PRC, maintaining at an annual growth rate of over 6% for the past six years. In the next five years, it is expected that with intensifying aging issue and improvement in people's health consciousness, total medical visits will maintain at a growth rate of over 5%, and it is expected that medical expenditure per capita will also maintain at a growth rate of 5%-7%. With in-vitro diagnosis (IVD) as the first step of medical treatment, and IVD as a base inspection and testing measure, about 30% of outpatient medical expenditure will be attributable to the clinical application of IVD products.

In 2013, over 50% of the IVD market was dominated by foreign brands, especially in the high-end sub-segment. With increasing research and development capability of the PRC companies and increased number of examination in primary hospitals, and under the guidance policies for charging based on examination items/testing methods, it will further facilitate the process of the IVD instruments and reagents to replace foreign brands. Under the needs of "controlling expenditure" by hospitals, the trend of application of local reagent by hospitals will be strengthened, thus it is beneficial to the local diagnostic reagent enterprises. The replacement process of imported biochemical inspection and testing has basically been completed. Chemiluminescence and nucleic acid diagnosis are the focuses of the imports replacement in the next five years. Research and development is the core competitive barrier in in-vitro diagnostic instruments and reagents. As the chemiluminescence and molecular diagnostic technology have high entry barriers, only those companies with research and development capability could maintain their competitiveness in future. The characteristics of the IVD industry have implied that instruments research and development is of top priority. The reagents can be sold with instruments through bundling, and sales of instruments will drive the increase in sales of reagents, as instruments research and development will create a higher barrier. High-end instruments are confined, only when instruments are sold then reagents can be sold. From the experience of giant enterprises in the IVD market, the research and development of instruments is fundamental for their development in the industry. With the development of diagnostic technology, from the stages of screening, definite diagnosis to treatment, the diagnostic technology has began to be professionally segmented. Research and development of new technologies and their applications, which include advanced diagnostic technology, treatment technology and health management platform has brought the changes. These changes will certainly generate significant impact on clinical diagnosis. In particular, attention should be focused on the effect on individualised diagnosis, represented by molecular diagnostic technology in the industry. Furthermore, attention should also be paid to the cooperation model between manufacturers and distributors. The rise of several domestic major biochemical diagnostic companies is supported by strong sales channels and distributors, and their relationships have been strengthened by way of capital ties and intensified bonding.

Business Review

Overview

In 2014, the Company and the Group as a whole basically achieved the profit target assigned by the Board, which realised a net profit of RMB10.14 million.

Revenue

The revenue of the Group was satisfactory with the revenue from in-vitro diagnostic reagent business reached RMB265.3 million, representing an increase of 13.2% when compared with that of last year. During 2014, the Group actively adjusted its corresponding strategies to enable the Group to maintain its stable performance. Therefore, the growth in revenue was able to reach the Group's target.

Gross Profit and Margin

The gross profit for 2014 was approximately RMB131.8 million, which was approximately 3.1% higher than that of the previous year, and the gross profit margin was approximately 49.7% (2013: approximately 54.5%).

Selling and Distribution Expenses

For the year ended 31 December 2014, selling and distribution expenses increased by approximately 10.5% or approximately RMB5.4 million to approximately RMB56.59 million. The increase in such expenses was primarily attributable to the expansion of sales channels and sales teams.

Research and Development Costs

During 2014, the Company obtained 20 new product registration certificates, re-registered 48 types of old products and submitted 23 patent applications involving mainly specific allergens testing papers and preparation methods thereof. The total research and development costs for the year was RMB24.83 million, increased by 10.1% as compared to RMB22.56 million last year.

Profit for the Year

Profit for the year was RMB10.14 million, representing a decrease of approximately 7.9% compared to RMB11.01 million for 2013.

Profit Attributable to Owners of the Parent

During the reporting period, the profit attributable to owners of the parent was RMB8.49 million, representing a decrease of RMB0.64 million or 7.1% from that of the previous year. The profit attributable to owners of the parent for 2014 remained at a similar level as compared to last year.

Production Facilities

The Company possesses 2 self-constructed plant complexes covering a total area of 37.17 mu, in which both complexes have passed the examination and acceptance and repair and reconstruction stages, and are in normal use. Plant Complex No. 1 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. Plant Complex No. 2 with a gross floor area of 5,000 square metres (with five storeys above the ground) is mainly used as the production facilities for diagnostic reagents, comprising warehouse, workshops, laboratories and offices. The production facilities of each of its subsidiaries are either in use or under construction pursuant to relevant laws and regulations.

Prospects and Future Outlook

Medical examination and testing is the principal consumption channel for in-vitro diagnostic reagents. According to an in-vitro diagnostic reagents industry market report issued by Kalorama Information in July 2012, the in-vitro diagnostic reagents expenditure per capita in China was only US$2, which was far below the average standard of US$28 in in-vitro diagnostic expenditure per capita in major developed countries, therefore it has enormous growth potential in future. In China, the overall growth rate of IVD was over 22%, and had become the fastest growing segment among all medical device products. With improving local technology for IVD, low-cost advantage is becoming apparent, the in-vitro diagnostic industry in China is in a golden development period. Currently, in the Chinese in-vitro diagnostic reagents market, biochemical diagnostic reagents and immune diagnostic reagents account for over 50% market share. Technically speaking, for projects which are currently widely used in clinical application and have broad market prospect, such as enzymes, lipids, liver function, blood glucose, urine test and immune reagent series on clinical biochemistry, the technological standards of major domestic manufacturers have basically matched up with international standards. The characteristics of the biochemical diagnosis market include relatively high inventory demand, low technological barriers and market concentration. Therefore, industry competition is intensifying. However, the applications of new technology and new project development are far less active than the immunologic diagnosis and molecular diagnosis sectors. The increasing concentration and industrial scale expansion are two main drivers of IVD growth, in particular the dominating clinical diagnosis in leading enterprises.

By this year, with the substantive benefits in the pharmaceutical sector from the launching and implementation of new medical reform and health sector policies, the impact of medical reform is spreading out with a steady increase in the number of medical visits. In particular, they play a significant role in the development of the basic level medical market. As such, the operating atmosphere and market sentiment of the industry were further improved.

In 2015, the important changes in medical reform policies, such as encouragement of private capital investment in medical service industry, will bring changes for the setup and management model of hospitals. We believe that as driven by social capital, the medical service market, in particular basic level medical market and high-end medical service, will increase substantially. 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 in establishing the Group into a leader in the health industry with capability in creating intellectual property rights and the ability to compete internationally. The Group will achieve an outstanding performance and maximise returns for all shareholders.

With increasing market participants, market competition for the in-vitro diagnostic reagent sector is becoming 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 market changes and new demand. In 2015, the Group continues to pursue the enterprise culture construction of "Unity, Self-discipline, Dedication, and Innovation" as the theme. The Group also initiates all employees to enhance their occupation quality, innovation and competitiveness, and increases the momentum in marketing efforts to increase 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 2014, the capital structure of the Company has no significant change as compared to that of last year.

Liquidity and Financial Position

	2014	2013
	RMB million	*RMB million*
Cash and bank balances and time deposit	**82**	90
Short-term loans	**1**	–
Long-term loans	**–**	–
Net cash	**81**	90
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 decreased by approximately RMB9 million, which was mainly due to an increase in purchases of machinery in the year.

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 the administrative expenses incurred by the Canadian subsidiary. Certain bank accounts denominated in Hong Kong dollars are opened 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 2014, certain of the Group's buildings with a net carrying amount of approximately RMB32,123,000 were pledged to secure the general bank facilities granted to the Group, which was not utilised as at the end of the reporting period.

As at 31 December 2014, certain of the Group's prepaid land lease payments with a net carrying amount of approximately RMB2,976,000 were pledged to secure the general bank facilities granted to the Group, which was not utilised as at the end of the reporting period.

CONTINGENT LIABILITIES

As at the end of the reporting period, contingent liabilities not provided for in the financial statement were as follows:

	2014	2013
	RMB'000	*RMB'000*
Guarantee given to a bank in connection with the loans granted to an associate	**50,000**	–

EMPLOYEES

As at 31 December 2014, the Group had a total of 650 full-time employees (2013: 658 employees) based in Hong Kong and China. Total staff costs of the Group (including the Directors' and supervisors' remuneration) for the year ended 31 December 2014 amounted to approximately RMB51.35 million (2013: RMB48.44 million). The Group fixes and reviews the emoluments of its staff and Directors based on their qualification, experience, performance of the Company 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 whom 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

For the year ended 31 December 2014, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (Appendix 15 to the GEM Listing Rules) with the exception of Code Provisions A.1.8 and A.6.7 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 is in the process of reviewing and comparing the quotations and insurance proposals provided by a number of insurers, and currently targets to purchase the relevant liability insurance for the Directors within 2015.

2 Code Provision A.6.7

This Code Provision requires that independent non-executive Directors and other non-executive Directors, as equal members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders of the Company.

All Directors attended and actively participated at the meetings regularly, and gave the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications. Mr. Wang Fu Gen, a non-executive Director, was unable to attend the annual general meeting of the Company held on 20 May 2014 as he was out of town for other businesses.

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 2014.

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 the 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 reviewed all the quarterly, half-yearly and annual results. 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 2014.

(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 2015 to 20 May 2015 (both days inclusive) in order to determine the entitlement to attend the annual general meeting (the "AGM") to be held on 20 May 2015. 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 2015, 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 2014. The registers of members of the Company will be closed from 28 May 2015 to 2 June 2015 (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 27 May 2015, for registration. The final dividend will be payable on or about 31 July 2015.

(III) WITHHOLDING AND PAYMENT OF INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS AND NON-RESIDENT INDIVIDUAL SHAREHOLDERS IN RESPECT OF THE PROPOSED 2014 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 2 June 2015. 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 28 May 2015 to 2 June 2015, 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 27 May 2015, 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 rate 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 rate 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)(《國家税務總局關於印發〈非居民享受税收協議待遇管理辦法(試行)〉的通知》(國税發2009124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 28 May 2015 to 2 June 2015, 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 2 June 2015 and will withhold and pay the individual income tax based on the register of members of the Company as at 2 June 2015. 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 to 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 27 May 2015, for registration. If 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 2 June 2015.

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 2 June 2015.

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 2015

* *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
Mr. Chen Jintian（陳錦添先生）and Ms. Bi Lijun（畢利軍女士）

Executive Directors
Mr. Zhou Jie（周潔先生）, Dr. Wang Lin（王琳博士）, Dr. Xu Cunmao（許存茂博士）and Mr. Hou Quanmin（侯全民先生）

Non-executive Director
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.