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 2015; (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 2015 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*

FINANCIAL HIGHLIGHTS

- Revenue for the year kept growing to approximately RMB290 million, representing an increase of 9.4% from that of last year.

- Profit for the year amounted to approximately RMB2.13 million, representing a decrease of 79% from that of last year.

- The Board has proposed a final dividend of RMB0.1 per share for the year ended 31 December 2015.

(I) ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of Directors (the "Board") announced the consolidated results of the Group for the year ended 31 December 2015 together with the audited comparative figures for 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		2015	2014
	Notes	***RMB'000***	*RMB'000*
CONTINUING OPERATIONS			
REVENUE	*4*	**290,380**	265,331
Cost of sales	*5*	**(151,018)**	(133,556)
Gross profit		**139,362**	131,775
Other income and gains		**13,970**	14,948
Selling and distribution expenses		**(71,292)**	(56,590)
Administrative expenses		**(44,867)**	(41,317)
Research and development expenses		**(22,689)**	(24,826)
Other expenses		**(5,255)**	(2,476)
Finance costs	*6*	**(159)**	(38)
Share of losses of:			
Joint ventures		**(3,106)**	(3,275)
Associates		**(2,562)**	(3,968)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**3,402**	14,233
Income tax expense	*7*	**(1,277)**	(3,703)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**2,125**	10,530
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	*8*	**–**	(391)
PROFIT FOR THE YEAR		**2,125**	10,139

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

	Notes	**2015** **RMB'000**	2014 RMB'000
Attributable to:			
Owners of the parent		**588**	8,485
Non-controlling interests		**1,537**	1,654
		2,125	10,139
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted			
– For profit for the year		**RMB0.004**	RMB0.06
– For profit from continuing operations		**RMB0.004**	RMB0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2015	2014
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**2,125**	10,139
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(7)**	9
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(7)**	9
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(7)**	9
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,118**	10,148
Attributable to:		
Owners of the parent	**581**	8,494
Non-controlling interests	**1,537**	1,654
	2,118	10,148

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**82,881**	88,043
Prepaid land lease payments		**3,230**	3,331
Goodwill		**309**	309
Other intangible assets		**1,478**	2,423
Investments in joint venture		**14,273**	22,114
Investments in associates		**16,627**	19,189
Available-for-sale investment		**529**	–
Long-term receivables		**4,152**	4,049
Deferred tax assets		**1,159**	827
Total non-current assets		**124,638**	140,285
CURRENT ASSETS			
Available-for-sale investments		**3,000**	10,000
Inventories		**41,845**	57,295
Trade and bills receivables	*10*	**87,851**	55,192
Prepayments, deposits and other receivables		**55,635**	37,007
Time deposits		**25,000**	27,000
Cash and cash equivalents		**45,068**	54,844
Total current assets		**258,399**	241,338
CURRENT LIABILITIES			
Trade payables	*11*	**31,941**	24,179
Other payables and accruals		**42,689**	34,323
Interest-bearing bank borrowing		**–**	1,000
Tax payable		**335**	1,021
Total current liabilities		**74,965**	60,523
NET CURRENT ASSETS		**183,434**	180,815
TOTAL ASSETS LESS CURRENT LIABILITIES		**308,072**	321,100

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2015

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES		**308,072**	321,100
NON-CURRENT LIABILITIES			
Deferred income		**11,442**	6,861
Deferred tax liabilities		**505**	474
Total non-current liabilities		**11,947**	7,335
Net assets		**296,125**	313,765
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**131,304**	131,304
Reserves		**143,449**	155,998
		274,753	287,302
Non-controlling interests		**21,372**	26,463
Total equity		**296,125**	313,765

Notes:

1. CORPORATE AND GROUP 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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). They have been prepared under the historical cost convention, except for available-for-sale investments, which have been measured at fair value.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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 for subsidiaries above. 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 for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the 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*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27(2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 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

4 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 the Group's 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

Revenue from continuing operations of approximately RMB35,129,000 (2014: Nil) was derived from sales by the in-vitro diagnostic reagent products segment to a single customer, which amounted to more than 10% of the Group's total revenue.

Geographical information

During the years ended 31 December 2015 and 2014, 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 represents the net invoiced value of goods sold, after allowances for returns and trade discounts, 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):

	Notes	**2015** **RMB'000**	2014 RMB'000
Cost of inventories sold		**151,018**	133,556
Employee benefit expense (including directors' and supervisors' remuneration):			
Wages, salaries and bonuses		**40,743**	39,446
Pension scheme contributions*		**4,458**	3,667
Social welfare and other costs		**8,407**	8,238
		53,608	51,351
Research and development costs		**22,689**	24,826
Government grants released		**(5,805)**	(6,310)
Loss on disposal of items of property, plant and equipment, net		**48**	21
Minimum lease payments under operating leases in respect of land and buildings		**3,140**	2,348
Auditors' remuneration		**700**	700
Depreciation		**19,373**	18,172
Amortisation of prepaid land lease payments		**101**	101
Amortisation of other intangible assets		**412**	762
Impairment of other intangible assets		**533**	1,954
Impairment of trade and bills receivables		**56**	–
Impairment of prepayments, deposits and other receivables		**600**	–
Impairment of inventories		**446**	–
Impairment of an investment in a joint venture		**3,245**	–
Gain on disposal of subsidiaries		**(2,988)**	(4,380)
Gain on disposal of a joint venture		**(1,156)**	–
Foreign exchange differences, net		**(25)**	39

* *At 31 December 2015, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2014: Nil).*

6. FINANCE COSTS

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

	2015	2014
	RMB'000	*RMB'000*
Interest on bank loans	**159**	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., 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 2015 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.

	2015	2014
	RMB'000	*RMB'000*
Current – the PRC	**1,578**	3,606
Adjustments in respect of current tax of previous periods	**–**	(12)
Deferred	**(301)**	109
Total tax charge for the year	**1,277**	3,703

8. DIVIDEND

	2015	2014
	RMB'000	*RMB'000*
Proposed final dividend – RMB0.1 (2014: 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.

9. 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, and the weighted average number of ordinary shares of 131,303,670 (2014: 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 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during both the years ended 31 December 2015 and 2014.

10. TRADE AND BILLS RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**91,083**	60,246
Bills receivables	**1,932**	–
Impairment	**(1,012)**	(1,005)
	92,003	59,241
Less: amount shown as non-current	**(4,152)**	(4,049)
	87,851	55,192

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 non-interest bearing.

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

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**60,972**	37,608
4 to 6 months	**19,309**	10,397
7 to 12 months	**7,247**	5,668
1 to 2 years	**2,248**	3,323
Over 2 years	**2,227**	2,245
	92,003	59,241

11. TRADE PAYABLES

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

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**25,933**	21,360
4 to 6 months	**4,043**	1,105
7 to 12 months	**90**	515
1 to 2 years	**1,678**	985
Over 2 years	**197**	214
	31,941	24,179

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

12. MOVEMENT OF RESERVES

During the year, the Group made transfers of RMB790,000 (2014: RMB1,006,000) from retained profits to statutory reserves.

13. EVENTS AFTER THE REPORTING PERIOD

The Group did not have any significant events taking place subsequent to 31 December 2015.

14. COMPARATIVE AMOUNTS

As explained in note 2.2, due to the compliance with the disclosure requirements Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Environment

As the biochemical reagent technology barrier is relatively low as well as the opening up of biochemical analyzers, domestic enterprises entered the market by taking track and imitating foreign technologies and producing reagent products supporting imported biochemical analyzers, thereby forming a batch with certain sizable in-vitro diagnostic ("IVD") enterprises which mainly manufacture biochemical reagents. At present, the biochemical diagnostic reagent has become the most developed segment in the IVD industry in the PRC, the overall technology standard had basically matched the international level of the same period, and product quality and independent innovation capacity have increased substantially. Through the traceability of diagnostic products, the accuracy, consistency and comparability of examination and testing results were improved, the room of import substitution is continuously expanding, the market share for domestic reagents had reached over 60% in the biochemical reagent sector in the PRC, hence import substitution had basically completed. However, the high-end biochemical analyzers is still dominated by foreign brands due to higher technology barriers. The characteristics of IVD industry is the focus of primary importance in determining the research and development of analyzers. Reagents are permitted to bundle its sales with analyzers, and sales of analyzers can drive up high sales of reagents due to the resulted higher barrier in research and development of analyzers. The high-end instruments are mostly run in closed operation, that is, such instruments are only applied to special reagents from specific manufacturers. As the quality of domestic biochemical diagnostic reagents are homogenized seriously, along with fierce price competition, the growth rate declined year on year. It is urgently necessary to increase our competitiveness with new technologies and new products. The research and development is the core competition barrier for IVD reagents.

At present, under the overall background of increasing awareness in disease prevention and health consciousness of citizens, as well as drugs price reduction and removal of medicine markups policies, the examination service will become the main income source for hospitals. In 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 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. With the improved strength of PRC enterprises in research and development and the increase in examination and testing quantities in primary hospitals, together with the guideline policy of charging by inspection item/examination and testing methods and so on, it will further facilitate the process of the IVD instruments and reagents to achieve import substitution. That is, under the need of "expense control" by hospitals, hospitals will tend to use more domestic reagents, which will be beneficial to domestic reagent enterprises.

With the development of diagnostic technology, from the stages of screening, definite diagnosis to treatment, the diagnostic technology has begun to be professionally segmented. Research and development of new technologies and their applications, which include advanced diagnostic technology, treatment technology and health management platform have 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 emergence 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

Revenue

In 2015, the Group was unable to achieve the profit target set by the Board and recorded a net profit of RMB2.13 million, down by 79% as compared to last year. Sales revenue from the principal businesses was RMB290 million, up by 9.4% as compared to last year. In 2015, although the Group continued to develop its businesses orderly through efforts of all relevant parties, however, the operating revenue was still unable to achieve the expected growth target.

During the reporting period, the growth rate of profit attributable to shareholders was unable to meet the target due to the impact of the Group's internal and external factors, especially the extensive span of losses from its subsidiaries and the amounts are relatively high.

Gross Profit and Margin

The gross profit in 2015 was RMB139.4 million, which was 5.8% higher than that of the previous year, and gross profit margin was 48% (2014: 49.7%).

Selling and Distribution Expenses

For the year ended 31 December 2015, selling and distribution expenses increased by 26% or RMB14.70 million to approximately RMB71.29 million. The increase in such expenses was primarily attributable to further expanding market share, increasing the number of regional offices and cooperating agents as well as formulating the sales incentive policy for regional offices and cooperating agents.

Research and Development Costs

In 2015, the Company obtained registration certificates for 6 new products, including thyroid stimulating hormone (TSH) quantitative assay kit (magnetic particle chemiluminescence assays)(促甲狀腺素(TSH)定量檢測試劑盒(磁微粒化學發光法)), free triiodothyronine (FT3) quantitative assay kit (magnetic particle chemiluminescence assays)(游離三碘甲狀腺原氨酸(FT3)定量檢測試劑盒(磁微粒化學發光法)), triiodothyronine (T3) quantitative assay kit (magnetic particle chemiluminescence assays)(三碘甲狀腺原氨酸(T3)定量檢測試劑盒(磁微粒化學發光法)), thyroxine (T4) quantitative assay kit (magnetic particle chemiluminescence assays)(甲狀腺素(T4)定量檢測試劑盒(磁微粒化學發光法)), free thyroxine (FT4) quantitative assay kit (magnetic particle chemiluminescence assays)(游離甲狀腺素(FT4)定量檢測試劑盒(磁微粒化學發光法)) and lithium reagents kit (phosphatase assays)(鋰測定試劑盒(磷酸酶法). We completed the re-registration of 2 existing products and submitted renewal registration of 124 products, obtained 4 national invention patents (quantitative determination reagent and kit for high density lipoprotein cholesterol(高密度脂蛋白膽固醇的定量測定試劑及試劑盒); quantitative determination method, reagent and kit for low density lipoprotein cholesterol(低密度脂蛋白膽固醇的定量測定方法、試劑及試劑盒), a bovine serum cholesterol standard substance and its application(一種牛血清膽固醇標準物質及其應用), and a chemical liquid substrate for HRP enzymatic reaction(一種用於以HRP為酶促反應的化學發光底物液)). Total research and development costs for the year amounted to RMB22.69 million, down by 8.6% as compared to RMB24.83 million of last year.

Profit for the Year

Profit for the year was RMB2.13 million, representing a decrease of 79% as compared to RMB10.14 million in 2014.

Profit Attributable to Owners of the Parent

During the reporting period, profit attributable to owners of the parent was RMB0.59 million, representing a decrease of 93% or RMB7.90 million from that of the previous 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. Of which, 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 leased for use or constructed pursuant to relevant laws and regulations, and those facilities currently are all in normal operating conditions.

Prospects and Future Outlook

Clinical medical examination and testing is the principal consumption direction for IVD reagents. In China, approximately 90% of IVD reagent products are concentrated on hospital clients, including 22,700 all-level hospitals, 37,200 town-level health centres and 450 blood stations, and also those emerging physical examination centres and independent medical laboratories. With increasing homogenization of diagnostic reagents, diversification in client selection and other changes, strong customer loyalty has become the key of enterprise differentiation and competitiveness. The traditional IVD manufacturing enterprises are mainly focused on distribution. During the operating process, the agents have strong bargaining power. The Company will integrate the agents in different regions to mitigate price reduction pressure at the terminal segment, enhance the close cooperation with the downstream and increase the market share of our products.

At present, in the domestic IVD reagents market, biochemical diagnostic reagents and immune diagnostic reagents represented over 50% of total market size. Technically speaking, for the items broadly used in clinical application with vast market prospect (such as enzymes, lipids, liver function, blood glucose, urine test and immune reagent series in clinical biochemistry), technology standard of domestic major manufacturers has basically reached the current international level. The biochemical diagnostic market has the characteristics of higher demand and high stock level, relatively low in technology barrier and market concentration, so industry competition is increasingly fierce. However, the application of new technology and the development of new projects are far less active than immune diagnosis and molecular diagnosis sectors. The enhancement in concentration and industrial capacity expansion are two main drivers for key enterprises in IVD to achieve growth in future, especially the clinical biochemical diagnosis.

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, the operating atmosphere and market sentiment of the industry were further improved.

The important changes in medical reform policies by the government, such as the encouragement of private capital investment in medical service industry, will bring new changes for the setup and management model of hospitals. It is expected 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. However, with the gradual implementation of new medical reform and after the removal of medicine markups policies, the charges of medical services begin to draw public attention. In terms of the criterion for medical service pricing issued for provinces and cities, reduction in the proportion of inspection fee and lowering inspection and testing item pricing begins to take shape.

With increasing market participants, market competition for IVD reagent sector is becoming more and more intense. Enterprises are also facing on-going challenges in product quality enhancement and product-mix optimisation. Under the adjustment and optimisation of the sales team, the Company will take more incentive measures to explore new marketing mode actively, 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 2016, the Group will pursue the spirit of "Unity, Regulated, Courage, Efficiency, Win-win", initiate all employees to be aggressive enough to enhance their occupation quality, improve their own competitiveness in all directions and means, and increase 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 and endeavor to make the Company a respectable enterprise. With years of hard work and established foundation, the Board directs the Company to step towards the objective of being the "Legend Group" in China's health industry with independent intellectual property rights and international competitiveness, and achieve the best performance and bring satisfactory returns for our shareholders.

Capital Structure

As at 31 December 2015, the capital structure of the Company has no significant change as compared to that of last year.

Liquidity and Financial Position

	2015	2014
	RMB million	*RMB million*
Cash and bank balances and time deposit	**70**	82
Short-term loans	**–**	1
Long-term loans	**–**	–
Net cash	**70**	81
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 RMB11 million, which was mainly due to an increase in the balance from accounts receivables and other receivables at the end of 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 purchases equipment and some in-vitro diagnostic reagent products from foreign countries for resale in the PRC occasionally and the administrative expenses incurred by the subsidiary in Canada. Certain bank accounts denominated in Hong Kong dollar are opened in Hong Kong for the payments of miscellaneous expenses such as professional fees incurred in Hong Kong.

Pledge of Assets of the Group

At 31 December 2015, certain of the Group's buildings with a net carrying amount of approximately RMB31,433,000 were pledged to secure general bank facilities granted to an associate, Sinofn (Tianjin) Pharm-Tech Co., Ltd. Such bank facilities were not utilised by the associate as at the end of the reporting period.

At 31 December 2015, certain of the Group's prepaid land lease payments with a net carrying amount of approximately RMB2,895,000 were pledged to secure general bank facilities granted to an associate, Sinofn (Tianjin) Pharm-Tech Co., Ltd. Such bank facilities were not utilised by the associate 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:

	2015	2014
	RMB'000	*RMB'000*
Guarantee given to a bank in connection with the loans granted to an associate	**50,000**	50,000

EMPLOYEES

As at 31 December 2015, the Group had a total of 532 full-time employees (2014: 650 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 2015 amounted to approximately RMB53.61 million. The Group determines 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 who 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 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 2015, the Company complied with all the 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 Provision A.1.8 as addressed below.

Code Provision A.1.8

Under Code Provision A.1.8, the Company should arrange appropriate insurance to cover the 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 2016.

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, that 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 2015.

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 risk management and internal control systems of the Group and other major financial matters; 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 once every quarter 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 that arise within the scope of its terms of reference and continues to 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 2015.

(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 2016 to 20 May 2016 (both days inclusive) in order to determine the entitlement to attend the annual general meeting (the "AGM") to be held on 20 May 2016. 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 2016, 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 2015. The registers of members of the Company will be closed from 27 May 2016 to 2 June 2016 (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 2016, for registration. The final dividend will be payable on or about 31 July 2016.

(III) WITHHOLDING AND PAYMENT OF INCOME TAX FOR NON-RESIDENT ENTERPRISE SHAREHOLDERS AND NON-RESIDENT INDIVIDUAL SHAREHOLDERS IN RESPECT OF THE PROPOSED 2015 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 2016. 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 2016 to 2 June 2016, both days inclusive, during which period no transfer of the Company's H shares will be effected. In order for the 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 2016, 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 for payment 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 for payment 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 2016 to 2 June 2016, 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 2016 and will withhold and pay the individual income tax based on the register of members of the Company as at 2 June 2016. 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 26 May 2016, 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 2016.

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 2016.

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 2016

* *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 chairman and non-executive Director
Dr. Bi Lijun (畢利軍博士)

Vice chairman and executive Director
Mr. Chen Jintian (陳錦添先生)

Executive Directors
Dr. Xu Cunmao (許存茂博士) and Mr. Zhang Haitao (張海濤先生)

Non-executive Director
Mr. Hou Quanmin (侯全民先生)

Independent non-executive Directors
Dr. Zheng Yongtang (鄭永唐博士), Dr. Hu Canwu Kevin (胡燦武博士) 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.