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 2016; (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 2016 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 RMB325 million, representing an increase of 12.1% from that of last year.

- Profit for the year amounted to approximately RMB16.64 million, representing an increase of 6.83 times from that of last year.

- The Board has proposed a final dividend of RMB0.1 per share for the year ended 31 December 2016.

(I) ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board of Directors (the "Board") announced the consolidated results of the Group for the year ended 31 December 2016 (the "Year" or the "Reporting Period") together with the audited comparative figures for 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2016 RMB'000	2015 RMB'000
REVENUE	4	**325,388**	290,380
Cost of sales	5	**(182,106)**	(151,018)
Gross profit		**143,282**	139,362
Other income and gains		**21,252**	13,970
Selling and distribution expenses		**(61,076)**	(71,292)
Administrative expenses		**(35,967)**	(44,867)
Research and development expenses		**(28,053)**	(22,689)
Other expenses		**(15,564)**	(5,255)
Finance costs	6	**(3,279)**	(159)
Share of (losses)/profits of:			
A joint venture		**(2,055)**	(3,106)
Associates		**3,075**	(2,562)
PROFIT BEFORE TAX	5	**21,615**	3,402
Income tax expense	7	**(4,979)**	(1,277)
PROFIT FOR THE YEAR		**16,636**	2,125

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

	Notes	2016 RMB'000	2015 RMB'000
Attributable to:			
Owners of the parent		**15,980**	588
Non-controlling interests		**656**	1,537
		16,636	2,125
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
– For profit for the year		**RMB0.120**	RMB0.004

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**16,636**	2,125
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(334)**	(7)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(334)**	(7)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(334)**	(7)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**16,302**	2,118
Attributable to:		
Owners of the parent	**15,646**	581
Non-controlling interests	**656**	1,537
	16,302	2,118

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**98,933**	82,881
Prepaid land lease payments		**2,734**	3,230
Goodwill		**309**	309
Other intangible assets		**4,010**	1,478
Investment in a joint venture		**–**	14,273
Investments in associates		**22,248**	16,627
Available-for-sale investment		**1,579**	529
Long-term receivables		**1,907**	4,152
Deferred tax assets		**1,353**	1,159
Total non-current assets		**133,073**	124,638
CURRENT ASSETS			
Available-for-sale investments		**–**	3,000
Inventories		**53,648**	41,845
Trade and bills receivables	*10*	**94,955**	87,851
Prepayments, deposits and other receivables		**236,425**	55,635
Time deposits		**–**	25,000
Cash and cash equivalents		**79,567**	45,068
Total current assets		**464,595**	258,399
CURRENT LIABILITIES			
Trade payables	*11*	**40,507**	31,941
Other payables and accruals		**50,752**	42,689
Interest-bearing bank borrowings		**111,017**	–
Tax payable		**798**	335
Total current liabilities		**203,074**	74,965
NET CURRENT ASSETS		**261,521**	183,434
TOTAL ASSETS LESS CURRENT LIABILITIES		**394,594**	308,072

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2016

	Notes	**2016** ***RMB'000***	2015 *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**394,594**	308,072
NON-CURRENT LIABILITIES			
Deferred income		**11,511**	11,442
Deferred tax liabilities		**1,540**	505
Total non-current liabilities		**13,051**	11,947
Net assets		**381,543**	296,125
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**144,707**	131,304
Reserves		**164,271**	143,449
		308,978	274,753
Non-controlling interests		**72,565**	21,372
Total equity		**381,543**	296,125

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. 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 Group for the year ended 31 December 2016. 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 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 new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

    (i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

(c) *Annual Improvements to HKFRSs 2012-2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the year.

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.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
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]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

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

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

[3] *Effective for annual periods beginning on or after 1 January 2019*

[4] *No mandatory effective date yet determined but 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 are generated from this single segment.

Geographical information

During the years ended 31 December 2016 and 2015, 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.

Information about major customers

Revenue of approximately RMB46,710,000 (2015: RMB35,129,000) 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.

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 is arrived at after charging/(crediting):

	2016	2015
	RMB'000	*RMB'000*
Cost of inventories sold	**182,106**	151,018
Employee benefit expense (including directors' and supervisors' remuneration):		
Wages, salaries and bonuses	**42,709**	40,743
Pension scheme contributions*	**9,767**	4,458
Social welfare and other costs	**8,997**	8,407
	61,473	53,608
Research and development costs	**28,053**	22,689
Government grants released	**(6,523)**	(5,805)
(Gain)/loss on disposal of items of property, plant and equipment, net	**(57)**	48
Minimum lease payments under operating leases in respect of land and buildings	**927**	3,140
Auditors' remuneration	**720**	700
Depreciation	**18,670**	19,373
Amortisation of prepaid land lease payments	**96**	101
Amortisation of other intangible assets	**312**	412
Impairment of other intangible assets	**–**	533
Impairment of trade and bills receivables	**329**	56
Impairment of prepayments, deposits and other receivables	**729**	600
Impairment of inventories	**–**	446
Impairment of an investment in a joint venture	**12,218**	3,245
Loss/(gain) on disposal of subsidiaries	**788**	(2,988)
Gain on disposal of a joint venture	**–**	(1,156)
Gain on acquisition of subsidiaries	**(43)**	–
Foreign exchange differences, net	**(98)**	(25)

* *At 31 December 2016, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2015: Nil).*

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2016	2015
	RMB'000	*RMB'000*
Interest on bank loans	**3,279**	159

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.

	2016	2015
	RMB'000	*RMB'000*
Current – the PRC	**4,138**	1,578
Deferred	**841**	(301)
Total tax charge for the year	**4,979**	1,277

8. DIVIDEND

	2016	2015
	RMB'000	*RMB'000*
Proposed final dividend – RMB0.1 (2015: RMB0.1) per share	**14,471**	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 133,176,489 (2015: 131,303,671) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2016 and 2015 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during both the years ended 31 December 2016 and 2015.

10. TRADE AND BILLS RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**89,902**	91,083
Bills receivables	**8,601**	1,932
Impairment	**(1,641)**	(1,012)
	96,862	92,003
Less: amount shown as non-current	**(1,907)**	(4,152)
	94,955	87,851

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:

	2016	2015
	RMB'000	*RMB'000*
Within 3 months	**57,799**	60,972
4 to 6 months	**26,072**	19,309
7 to 12 months	**7,710**	7,247
1 to 2 years	**3,458**	2,248
Over 2 years	**1,823**	2,227
	96,862	92,003

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:

	2016	2015
	RMB'000	*RMB'000*
Within 3 months	**20,994**	25,933
4 to 6 months	**14,562**	4,043
7 to 12 months	**4,607**	90
1 to 2 years	**74**	1,678
Over 2 years	**270**	197
	40,507	31,941

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 RMB1,619,000 (2015: RMB790,000) from retained profits to statutory reserve.

13. EVENTS AFTER THE REPORTING PERIOD

The Group did not have any significant events taking place subsequent to 31 December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Environment

At present, the biochemical diagnostic reagent has become the most developed segment in the in-vitro diagnostic ("IVD") industry in the PRC, the overall technology standard had basically matched the current international standard, and product quality and independent innovation capacity have increased substantially. However, such segment industry recorded a flat growth. 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 of sizable IVD enterprises which mainly manufacture biochemical reagents. 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, 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. Sales of reagents and analyzers may be bundled together, 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 compatible with special reagents from specific manufacturers. As the quality of domestic biochemical diagnostic reagents are homogenized seriously, along with fierce price competition, the growth rate of the sales by domestic manufacturers 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 instrument and 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. The PRC has turned into an aged society. 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 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, under the combined influence of the medical issuance expense control policy and the need of "expense control" by hospitals, hospitals (especially those at the county level and below) will tend to use more domestic reagents, especially the biochemical diagnosis with relatively high price-performance, which will be beneficial to domestic reagent and instruments 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 be paid to the cooperation model between manufacturers and distributors. The emergence of several major domestic biochemical diagnostic companies is supported by strong sales channels and distributors, and their interests have been strengthened by way of capital ties and intensified bonding, which will become an important trend in the market competition in the future.

Business Review

Revenue

In 2016, the Group achieved the profit target set by the Board and recorded a net profit of RMB16.64 million, up by approximately 6.83 times as compared to last year, which was mainly the result of effective internal restructuring and cost and expenses control. Sales revenue from the principal businesses was RMB325 million, up by 12.1% as compared to last year, with a satisfactory increase.

Gross Profit and Gross Profit Margin

The gross profit in 2016 was RMB143 million, which was 2.8% higher than that of the previous year, and gross profit margin was 44% (2015: 48%).

Selling and Distribution Expenses

For the year ended 31 December 2016, selling and distribution expenses decreased by 14.3% or RMB10.22 million to approximately RMB61.08 million. The decrease in such expenses was primarily attributable to effective cost and expenses control.

Research and Development Costs

During 2016, the Company was granted the rights of 20 patents, including as follows: Allergen specific IgE detection strip for milk screening and its preparation method; Allergen specific IgE detection strip for fruit screening and its preparation method; Allergen specific IgE detection strip for mushrooms screening and its preparation method; Allergen specific IgE detection strip for cephalosporins screening and its preparation method; Allergen specific IgE detection strip for spices screening and its preparation method; Allergen specific IgE detection strip for insulin screening and its preparation method; Allergen specific IgE detection strip for meat screening and its preparation method; Allergen specific IgE detection strip for cotton screening and its preparation method; Allergen specific IgE detection strip for weeds pollen screening and its preparation method; Allergen specific IgE detection strip for dermatophagoides pteronyssinus screening and its preparation method; Allergen specific IgE detection strip for seafood screening and its preparation method; Allergen specific IgE detection strip for animal fur for scurf screening and its preparation method; Allergen specific IgE detection strip for tetanus antitoxin screening and its preparation method; Allergen specific IgE detection strip for nuts screening and its preparation method; Allergen specific IgE detection strip for silk screening and its preparation method; Allergen specific IgE detection strip for vegetable screening and its preparation method; Allergen specific IgE detection strip for albumen screening and its preparation method; Allergen specific IgE detection strip for pest screening and its preparation method; Allergen specific IgE detection strip for cereal screening and its preparation method; Allergen specific IgE detection strip for fungi screening and its preparation method. The Group completed the registration of 50 new products and renewal the registration of 125 products.

Total research and development costs for the year amounted to RMB28.05 million, up by 23.6% as compared to RMB22.69 million of last year.

Profit for the Year

Profit for the Year was RMB16.64 million, representing an increase of about 6.83 times as compared to RMB2.13 million in 2015.

Profit Attributable to Owners of the Parent

During the Reporting Period, profit attributable to owners of the parent was RMB15.98 million, representing an increase of approximately 26.2 times or RMB15.39 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 stories above 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

IVD has become an increasingly important component of disease prevention, diagnosis and treatment for human, hence clinical medical examination and testing is the principal consumption direction for IVD reagents. In China, approximately 90% of IVD reagent products market is clustered at hospitals. They include 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 mainly focus on distribution. During the operating process, the agents have strong bargaining power. The "two-invoice system" which is being proactively pushed forward will certainly trigger a substantial change to operation channel, even business model, whereby leading to a significant change to business ecology in the industry. The agents with terminal resources become more important. 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 chain reconstruction are two main drivers for key IVD enterprises (especially those engaging in clinical biochemical diagnosis) to achieve growth in future. The Company will pay close attention and take active measures to adapt to changes to further strengthen the cooperation with downstream sectors through regional strategies tailored made to local conditions, with a view to improve its product sales volume or market share in diversified methods including consolidation.

The gradual implementation of the new medical reform, medical insurance and health sector policies substantively benefit the pharmaceutical sector. In particular, the influence of the medical reform has led to a steady increase in the number of domestic medical visits. The government encourages private capital investment in medical service industry, further improving the business sentiment and market environment of the industry. 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, 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 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 new products and new instruments compatible with each other or with new functionalities one after another, and strive to adapt to new market changes and new demand. In 2017, the Group will pursue the spirit of "Unity, Regulated, Courage, Efficiency, Win-win", initiate all employees to be proactive in enhancing their occupation quality, improving their own competitiveness in all directions and means, and increasing the momentum in marketing efforts to increase the revenue of the Group in all directions and means. Through solidifying its business foundation and adjusting its operation directives, the Group is striving to forge ahead under adverse conditions in order to become 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

During the Year, the change in capital structure of the Company is as follows:

On 11 November 2016, the Company allotted and issued 13,403,505 new domestic shares to Beijing Junfengxiang Bio-technology Company Limited*（北京君鳳祥生物科技有限公司）(an independent third party), two Directors and 70 senior management and employees of the Group at RMB2.40 each under the general mandate. The total number of issued shares of the Company increased from 131,303,671 as at 31 December 2015 to 144,707,176 as at 31 December 2016.

* *For identification purpose only*

Liquidity and Financial Position

	2016	2015
	RMB million	*RMB million*
Cash and bank balances and time deposits	**80**	70
Short-term loans	**111**	–
Long-term loans	**–**	–
Net cash/(debt)	**(31)**	70
Net debt equity ratio	**8.24%**	N/A

The Group generally financed its operations with internally generated cash flows and capital contributions from shareholders. Net cash decreased by approximately RMB101 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 Mainland China and most transactions are conducted in RMB, except that the Group occasionally purchases equipment and some in-vitro diagnostic reagent products from overseas countries for resale in Mainland China and there are administrative expenses incurred by the Canadian subsidiary. A small amount of cash denominated in Hong Kong dollars ("HKD") is placed in bank accounts in Hong Kong for payments of miscellaneous expenses such as professional fees incurred in Hong Kong.

Pledge of Assets of the Group

At 31 December 2016, all the Group's buildings with a net carrying amount of approximately RMB29,949,000 were pledged to Bank of Beijing, for bank loans granted to the Company with a principal of RMB50,000,000 as at the end of the Reporting Period. The loans will be due in March 2017.

At 31 December 2016, all of the Group's prepaid land lease payments with a net carrying amount of approximately RMB2,815,000 were pledged to Bank of Beijing, for bank loans granted to the Company with a principal of RMB50,000,000 as at the end of the Reporting Period. The loans will be due in March 2017.

CONTINGENT LIABILITIES

At the end of the Reporting Period, contingent liabilities not provided for in the financial statements were as follows:

	2016	2015
	RMB'000	*RMB'000*
Guarantee given to a bank in connection with the loans granted to an associate	**41,000**	50,000

EMPLOYEES

As at 31 December 2016, the Group had a total of 542 full-time employees (2015: 532 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 2016 amounted to approximately RMB61.47 million. The Group determines and reviews the emoluments of its staff and the Directors based on their qualifications and experience, performance of the Company and market rates, so as to maintain the remuneration of its staff and the 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 laws and regulations of China and Hong Kong. The Directors believe that employees are one of the most valuable assets of the Group who contribute 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.

CORPORATE GOVERNANCE PRACTICE

For the year ended 31 December 2016, 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 2017.

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 2016.

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 review 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 2016.

(II) CLOSURE OF REGISTER OF MEMBERS

Entitlement to Attend the Annual General Meeting

The registers of members of the Company will be closed from 29 April 2017 to 19 May 2017 (both days inclusive) in order to determine the entitlement to attend the annual general meeting (the "AGM") to be held on 19 May 2017. 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 28 April 2017, 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 2016. The registers of members of the Company will be closed from 26 May 2017 to 1 June 2017 (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 25 May 2017, for registration. The final dividend will be payable on or about 31 July 2017.

(III) WITHHOLDING AND PAYMENT OF INCOME TAX FOR NON-RESIDENT CORPORATE SHAREHOLDERS AND NON-RESIDENT INDIVIDUAL SHAREHOLDERS IN RESPECT OF THE PROPOSED 2016 FINAL DIVIDEND

Non-resident Corporate Shareholders

Pursuant to the Law on Corporate Income Tax of the PRC and the relevant implementing 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 1 June 2017. 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 26 May 2017 to 1 June 2017, 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 25 May 2017, 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 26 May 2017 to 1 June 2017, 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 1 June 2017 and will withhold and pay the individual income tax based on the register of members of the Company as at 1 June 2017. 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 25 May 2017, 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 1 June 2017.

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 1 June 2017.

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, 22 March 2017

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

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.