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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)

CONNECTED TRANSACTIONS

TECHNOLOGY TRANSFER AGREEMENT

On 27 April 2017 (after trading hours), Biosino Suzhou (a 93.33% owned subsidiary of the Company) and SZMI entered into the Technology Transfer Agreement pursuant to which, among other things, SZMI agreed to sell and Biosino Suzhou agreed to purchase from SZMI, the design and manufacturing technology, equipment and the related patents for flow cytometer (流式細胞儀) at the consideration of RMB15,000,000 (equivalent to approximately HK\$16,950,000).

PATENT TRANSFER AGREEMENT

On 27 April 2017 (after trading hours), Biosino Suzhou and IBP entered into the Patent Transfer Agreement whereby IBP agreed to sell and Biosino Suzhou agreed to purchase from IBP the Patents for development of medical related products subject to and following completion of the relevant patent transfer procedures of the State and CAS.

Under the Patent Transfer Agreement, Biosino Suzhou agreed to make a prepayment of RMB3,000,000 (equivalent to approximately HK\$3,390,000) to IBP to fund the research and development of the Patents before completion of the transfer of the Patents. The consideration for the transfer of the Patents which will be determined based on the appraised value of the Patents to be conducted by an independent appraisal institution as well as other terms of the transfer of the Patents will be set out in a further agreement to be entered into between Biosino Suzhou and IBP.

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the date of this announcement, Biosino Suzhou is a 93.33% owned subsidiary of the Company. SZMI is an indirect non wholly-owned subsidiary of CAS, which in turn controls the IBP, a substantial Shareholder. Accordingly, both SZMI and IBP are connected persons of the Company and the transaction as contemplated under each of the Technology Transfer Agreement and the Patent Transfer Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

Since one or more of the applicable percentage ratios as defined in Rule 19.07 of the GEM Listing Rules is/are more than 0.1% but less than 5%, the transaction as contemplated under each of the Technology Transfer Agreement and the Patent Transfer Agreement is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

TECHNOLOGY TRANSFER AGREEMENT

Date

27 April 2017

Parties

1. Biosino Suzhou as transferee
2. SZMI as transferor

Material terms

1. SZMI shall sell the design and manufacturing technology, equipment and the related patents for flow cytometer (流式細胞儀) to Biosino Suzhou.
2. SZMI shall deliver all documentation and equipment for the research, development and manufacturing of flow cytometer (流式細胞儀) to Biosino Suzhou by the end of October 2017.
3. SZMI shall prepare all documents in relation to the application for the medical device registration certificate of flow cytometer (流式細胞儀) and the said certificate will be registered under the name of Biosino Suzhou.
4. SZMI shall provide the staff of Biosino Suzhou with training and technical consultation.

Consideration

The total consideration for the Technology Transfer Agreement is RMB15,000,000 (equivalent to approximately HK\$16,950,000), which was arrived at after arm's length negotiations between Biosino Suzhou and SZMI with reference to the appraised value of the intellectual property rights in connection with flow cytometry (流式細胞儀) pursuant to the asset appraisal conducted by an independent appraisal institution.

Biosino Suzhou shall pay the consideration to SZMI in cash by the end of October 2017. As at the date of this announcement, the consideration has been paid and was funded by the internal resources of the Group.

PATENT TRANSFER AGREEMENT

Date

27 April 2017

Parties

1. Biosino Suzhou as transferee
2. IBP as transferor

Material terms

1. Subject to and following completion of the relevant patent transfer procedures of the State and CAS, IBP agreed to sell and Biosino Suzhou agreed to purchase from IBP the following two Patents for development of medical related products:
 - (i) an immunotherapy kit by way of urine for early diagnosis of bladder cancer and its preparation method (一種尿液早期診斷膀胱癌的免疫試劑盒及其製備方法); and
 - (ii) a chemiluminescence detection kit for bladder cancer cells and its preparation method (一種膀胱癌細胞化學發光檢測試劑盒及其製備方法).
2. The parties shall further negotiate the terms of the transfer of the Patents and enter into a further agreement.

Consideration

Under the Patent Transfer Agreement, Biosino Suzhou agreed to make a prepayment of RMB3,000,000 (equivalent to approximately HK\$3,390,000) to IBP to fund the research and development of the Patents before completion of the transfer of the Patents. As at the date of this announcement, the prepayment has been made and was funded by the internal resources of the Group.

The consideration for the transfer of the Patents will be determined based on the appraised value of the Patents to be conducted by an independent appraisal institution and will be set out in a further agreement to be entered into between the parties.

The Company will issue further announcement as and when necessary under the GEM Listing Rules in connection with the transaction under the Patent Transfer Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company is optimistic with the development potential and growth momentum of the medical service industry in the PRC. The Board is of view that by obtaining the intellectual property rights from SZMI and IBP under the Technology Transfer Agreement and the Patent Transfer Agreement, the Group will be able to develop and manufacture new products, expand its products scale and thereby improve its operating results and profitability as a whole.

The Directors believe that the terms of each of the Technology Transfer Agreement and the Patent Transfer Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has material interest in the Technology Transfer Agreement and the Patent Transfer Agreement and is required to abstain from voting on the relevant resolutions at the Board meeting approving the transactions thereunder.

INFORMATION OF THE COMPANY, THE GROUP AND COUNTERPARTIES TO THE TECHNOLOGY TRANSFER AGREEMENT AND THE PATENT TRANSFER AGREEMENT

Information about the Company and the Group

The Company is a joint stock company established in the PRC with limited liability and the H Shares of which are listed on the GEM. The Group is principally engaged in the manufacture, sales and distribution of in-vitro diagnostic reagents products.

Information about SZMI

SZMI is a limited liability company established in the PRC and is principally engaged in starting up medical device technology enterprises, investment in medical device technology projects, provision of medical device consulting services, provision of technology transfer and consultation service. As at the date of this announcement, SZMI is indirectly held as to 52% by CAS, which controls IBP, a substantial Shareholder.

Information about IBP

IBP is a state-owned institute directly under CAS, which is a non-commercial division directly under the State Council, and is principally engaged in the study and research on protein science and brain and cognitive sciences.

As at the date of this announcement, IBP holds 21.64% of the total number of issued Shares and is a substantial Shareholder and a connected person of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Biosino Suzhou is a 93.33% owned subsidiary of the Company. SZMI is an indirect non wholly-owned subsidiary of CAS, which in turn controls the IBP, a substantial Shareholder. Accordingly, both SZMI and IBP are connected persons of the Company and the transaction as contemplated under each of the Technology Transfer Agreement and the Patent Transfer Agreement constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

Since one or more of the applicable percentage ratios as defined in Rule 19.07 of the GEM Listing Rules is/are more than 0.1% but less than 5%, the transaction as contemplated under each of the Technology Transfer Agreement and the Patent Transfer Agreement is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors;
“Biosino Suzhou”	Biosino Suzhou Medical Instrument Co., Ltd. (中生(蘇州)醫療儀器有限公司), a 93.33% owned subsidiary of the Company;
“CAS”	Chinese Academy of Sciences (中國科學院);
“Company”	Biosino Bio-Technology and Science Incorporation (中生北控生物科技股份有限公司), a joint stock limited company established in the PRC with limited liability on 26 April 2001;
“Directors”	the directors of the Company;
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Group”	the Company and its subsidiaries;
“IBP”	Institute of Biophysics of Chinese Academy of Sciences (中國科學院生物物理研究所), a substantial Shareholder;
“Patent Transfer Agreement”	the patent transfer agreement (專利權轉讓約定書) dated 27 April 2017 between Biosino Suzhou and IBP;
“Patents”	the patents as detailed in the paragraph headed “Patent Transfer Agreement” in this announcement agreed to be transferred by IBP to Biosino Suzhou under the Patent Transfer Agreement;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	the shareholders of the Company;

“State Council”	the State Council of the PRC (中國國務院);
“SZMI”	Suzhou Zhongke Medical Instrument Industry Development Co., Ltd. (蘇州中科醫療器械產業發展有限公司), an indirect non wholly-owned subsidiary of CAS;
“Technology Transfer Agreement”	the technology transfer agreement (流式細胞儀項目成果轉化協議) dated 27 April 2017 between Biosino Suzhou and SZMI; and
“%”	per cent.

For the purpose of this announcement, the exchange rate of RMB1 = HK\$1.13 has been used for currency conversions. This is for the purpose of illustration only and does not constitute a representation that any amounts in RMB or HK\$ have been, could have been or may be converted at such rate or any other exchange rate.

In this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

For and on behalf of the Board
Biosino Bio-Technology and Science Incorporation
Wu Lebin
Chairman and Executive Director

Beijing, the PRC, 27 April 2017

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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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.