



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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

**CHARACTERISTICS OF 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.

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This announcement, for which the directors (the “Directors”) 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

THE FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

The Board of Directors (the “Board”) of the Company announced the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2018, together with the comparative figures for the same period in 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 31 March	
		2018	2017
	Notes	Unaudited RMB'000	Unaudited RMB'000
REVENUE	3	73,401	60,954
Cost of sales		<u>(45,875)</u>	<u>(29,909)</u>
Gross profit		27,526	31,045
Other income and gains		1,127	1,068
Selling and distribution expenses		(14,698)	(14,379)
Administrative expenses		(14,025)	(10,349)
Research and development expenses		<u>(5,362)</u>	<u>(5,297)</u>
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		(5,432)	2,088
Finance costs		(2,189)	(1,284)
Share of profits/(losses) of associates		<u>(1,048)</u>	<u>183</u>
PROFIT/(LOSS) BEFORE TAX		(8,669)	987
Income tax expense	4	<u>(52)</u>	<u>(897)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>(8,721)</u>	<u>90</u>
Attributable to:			
Owners of the parent		(3,942)	1,914
Non-controlling interests		<u>(4,779)</u>	<u>(1,824)</u>
		<u>(8,721)</u>	<u>90</u>
EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	5		
– Basic and diluted (RMB)		<u>(0.03)</u>	<u>0.001</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended	
	31 March	
	2018	2017
	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT/(LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(8,721)</u>	<u>90</u>
Attributable to:		
Owners of the parent	(3,942)	1,914
Non-controlling interests	<u>(4,779)</u>	<u>(1,824)</u>
	<u>(8,271)</u>	<u>90</u>

1. CORPORATE INFORMATION

The Company is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Company is located at No. 27, Chaoqian Road, Science and Technology Industrial Park, Changping District, Beijing, the PRC.

During the period, the Group principally engaged in the manufacture, sale and distribution of in-vitro diagnostic reagents.

2. BASIS OF PREPARATION

The unaudited condensed consolidated statement of profit or loss and statement of comprehensive income have been prepared in accordance with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated statement of profit or loss and statement of comprehensive income are consistent with those used in the Company's audited financial statements for the year ended 31 December 2017.

3. REVENUE

Revenue represents the net invoiced value of goods sold, net of tax and surcharges, and after allowances for returns and trade discounts during the period.

An analysis of the Group's revenue is as follows:

	Three months ended	
	31 March	
	2018	2017
	Unaudited	Unaudited
	RMB'000	RMB'000
Sale of in-vitro diagnostic reagent products	<u>73,401</u>	<u>60,954</u>
	<u>73,401</u>	<u>60,954</u>

4. 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 2017 as they are accredited 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 period.

	Three months ended	
	31 March	
	2018	2017
	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>
Current – PRC	<u>52</u>	<u>897</u>

5. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the unaudited profit attributable to ordinary equity holders of the parent for the period and the weighted average of 144,707,176 (2017: 144,707,176) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 31 March 2018 and 2017 as the Group had no potentially dilutive ordinary shares in issue during those periods.

6. RESERVES

The movements of reserves attributable to ordinary equity holders of the parent for the three months ended 31 March 2018 and 2017 are as follows:

	Issued capital Unaudited RMB'000	Capital reserve [#] Unaudited RMB'000	Statutory reserve Unaudited RMB'000	Retained profits Unaudited RMB'000	Proposed final dividend Unaudited RMB'000	Exchange fluctuation reserve Unaudited RMB'000	Total Unaudited RMB'000
At 1 January 2017	144,707	105,090	44,436	1,768	13,130	(153)	308,978
Profit and total comprehensive income for the period	—	—	—	1,914	—	—	1,914
At 31 March 2017	<u>144,707</u>	<u>105,090</u>	<u>44,436</u>	<u>3,682</u>	<u>13,130</u>	<u>(153)</u>	<u>310,892</u>
At 1 January 2018	144,707	105,090	46,066	9,496	14,471	(139)	319,691
Loss and total comprehensive income for the period	—	—	—	(3,942)	—	—	(3,942)
At 31 March 2018	<u>144,707</u>	<u>105,090</u>	<u>46,066</u>	<u>5,554</u>	<u>14,471</u>	<u>(139)</u>	<u>315,749</u>

[#] The capital reserve of the Group include non-distributable reserve of the Company and its subsidiaries created in accordance with accounting and financial regulations of the PRC.

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review for the three months ended 31 March 2018

The Group's revenue for the three months ended 31 March 2018 amounted to RMB73.4 million, representing an increase of 20.4% as compared with RMB60.95 million for the corresponding period last year.

Loss attributable to the shareholders of the Company for the three months ended 31 March 2018 was RMB3.94 million, representing a decrease of 306% as compared with RMB1.90 million earnings for the corresponding period last year. The decrease of profit was mainly due to (i) an increase in cost of sales due to a change in product mix; and (ii) an increase in administrative expenses for coping with the business and market expansion of the Group.

Outlook and Future Prospects

The global IVD sector will grow at a compound annual growth rate of approximately 5% in next few years, while its market size is expected to reach US\$74.7 billion by 2020 (according to Allied Market Research). In light of aging population coupled with the improvement in China's economic development, the gradual introduction and implementation of those policies such as "hierarchical medical system" and "two-invoice system" that have brought material benefits to the medical sector including medical examination substantially, they have exerted immense impact in the development of the basic level medical market. With the state policies giving preference to domestic brands, they benefit their development and expansion and lay a sound foundation for the development of the IVD sector.

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 expand significantly. The demand for diagnostic reagents and general consumables will continue to increase, in which they benefit the continuous growth of our business size expansion and product sales. 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. With more stringent product registration and regulatory policies, the drop-out rate of vulnerable companies and industry concentration rate will have an obvious increase. 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 that are being tailored made to meet local conditions, with a view to improving its product sales volume or market share in a diversified manner including consolidation. With increasing market participants, the market competition for IVD sector is becoming more and more intense. The Group will work intensively in its own segment and increase investments in technology and product development to form its own core competitiveness, aiming to grow through external mergers and acquisitions and rapid consolidation.

OTHER INFORMATION

Directors', Supervisors' and Chief Executive's Interests in Shares and Underlying Shares

As at 31 March 2018, the interests of the Directors, supervisors or chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares of the Company:

Name	Number of the Company's domestic shares held	Percentage of the Company's domestic shares	Number of the Company's H shares held	Percentage of the Company's H shares	Percentage of the Company's total registered share capital
Mr. Wu Lebin	3,500,878	4.35%	–	–	2.42%
Mr. Chen Jintian (<i>Note</i>)	24,506,143	30.47%	6,780,000	10.55%	21.62%
Mr. Zhang Haitao (<i>resigned on 19 January 2018</i>)	650,000	0.81%	–	–	0.45%
Dr. Xu Cunmao	600,000	0.75%	–	–	0.41%
Mr. Hou Quanmin	300,000	0.37%	–	–	0.21%
Mr. Zhou Jie	150,000	0.19%	–	–	0.10%

Note: As at 31 March 2018, Beijing Shuoze Health Industry Investment Company Limited ("Beijing Shuoze") and Hong Kong Future Investment Group Limited ("HK Future") held 24,506,143 domestic shares and 6,780,000 H shares of the Company, respectively. Since both Beijing Shuoze and HK Future are held by Mr. Chen Jintian as to 100%, Mr. Chen Jintian is deemed to be interested in 31,286,143 shares of the Company held by Beijing Shuoze and HK Future pursuant to the SFO.

Save as disclosed above, as at 31 March 2018, none of the Directors, supervisors or chief executive of the Company had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 31 March 2018, as far as is known to any Directors and supervisors of the Company, other than the interest of the Directors, supervisors and chief executive of the Company as disclosed under the section headed “Directors’, Supervisors’ and Chief Executive’s Interests in Shares and Underlying Shares” above, the following persons had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions in the shares of the Company:

Name	Capacity and nature of interests	Number of the Company's shares held		Percentage of the Company's respective type of shares		Percentage of the Company's total registered capital
		Domestic shares	H shares	Domestic shares	H shares	
Institute of Biophysics of Chinese Academy of Sciences	Directly beneficially owned	31,308,576	–	38.93%	0.00%	21.64%
Beijing Shuoze Health Industry Investment Company Limited (“Beijing Shuoze”) [#]	Directly beneficially owned	24,506,143	–	30.47%	0.00%	16.93%
Beijing Junfengxiang Bio-technology Company Limited	Directly beneficially owned	7,763,505	–	9.65%	0.00%	5.36%
Hong Kong Future Investment Group Limited (“HK Future”) [#]	Directly beneficially owned	–	6,780,000	0.00%	10.55%	4.69%
Mr. Chen Jintian [#]	Through controlled corporations	24,506,143	6,780,000	30.47%	10.55%	21.62%
Beijing Enterprises Holdings Limited [^]	Directly beneficially owned	–	27,256,143	0.00%	42.40%	18.84%
Beijing Enterprises Group Company Limited [^]	Through controlled corporations	–	27,256,143	0.00%	42.40%	18.84%

Name	Capacity and nature of interests	Number of the Company's shares held		Percentage of the Company's respective type of shares		Percentage of the Company's total registered capital
		Domestic		Domestic		
		shares	H shares	shares	H shares	
Chung Shek Enterprises Company Limited	Directly beneficially owned	–	3,800,000	0.00%	5.91%	2.63%
K.C. Wong Education Foundation	Through controlled corporations	–	3,800,000	0.00%	5.91%	2.63%

Each of Beijing Shuoze and HK Future is wholly owned by Mr. Chen Jintian who is therefore deemed to be interested in the domestic shares and H shares held by Beijing Shuoze and HK Future respectively pursuant to the SFO.

^ *Beijing Enterprises Group Company Limited is the ultimate holding company of Beijing Enterprises Holdings Limited. Accordingly, it is deemed to be interested in the H shares owned by Beijing Enterprises Holdings Limited pursuant to the SFO.*

Save as disclosed above, as far as is known to any Directors or supervisors of the Company, as at 31 March 2018, no person, other than the Directors, supervisors and chief executive of the Company, whose interests are set out in the section “Directors’, Supervisors’ and Chief Executive’s Interests in Shares and Underlying Shares” above, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Directors’ Securities Transactions

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

Competing Interests

During the period and up to the date of this announcement, none of the Directors, supervisors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has an interest in any business that competes or may compete, either directly or indirectly, with the business of the Group, nor any conflicts of interest which has or may have with the Group.

Purchase, Redemption or Sale of the Company's Listed Securities

Save as disclosed below, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

On 2 June 2017, the Company entered into subscription agreements with 59 subscribers (including Beijing Junfengxiang Bio-technology Company Limited, two Directors and 56 employees of the Group) (the "Subscribers") whereby the Company agreed to allot and issue an aggregate of 16,084,206 new domestic shares to the Subscribers at the subscription price of RMB2.45 (equivalent to approximately HK\$2.77) each under general mandate (the "Subscriptions"). The net proceeds from the Subscriptions, after deducting relevant expenses, will be approximately RMB38,900,000 (equivalent to approximately HK\$43,957,000). The Company intends to use such net proceeds to supplement the working capital of the Group.

The allotment and issue of new domestic shares to the two Directors constitute connected transactions of the Company under the GEM Listing Rules.

As at the date of this announcement, completion of the Subscriptions has not taken place. For details, please refer to the announcement of the Company dated 2 June 2017 and the circular of the Company dated 23 June 2017.

Audit Committee

The Company has established an audit committee (the "Audit Committee") on 10 February 2006 with written terms of reference in compliance with the requirements of the GEM Listing Rules. The Audit Committee's primary duties are the review and supervision of the Company's financial reporting procedures and internal control system. The Group's unaudited condensed consolidated statement of profit or loss for the period has been reviewed by the Audit Committee with the three independent non-executive Directors, namely Dr. Zheng Yongtang, Dr. Hu Canwu Kevin and Mr. Wang Daixue.

Compliance with Corporate Governance Code

For the period ended 31 March 2018, the Company complied with all code provisions 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 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 2018.

By order of the Board
Biosino Bio-Technology and Science Incorporation
Mr. Wu Lebin
Chairman

Beijing, the PRC, 14 May 2018

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 Director

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.