



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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS AND
NINE MONTHS ENDED 30 SEPTEMBER 2018**

**CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG
KONG LIMITED (THE “STOCK EXCHANGE”)**

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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.

THIRD QUARTERLY RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 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 and nine months ended 30 September 2018, together with the comparative figures for the same periods in 2017, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Three months ended 30 September		Nine months ended 30 September	
		2018	2017	2018	2017
		Unaudited <i>RMB'000</i>	Unaudited <i>RMB'000</i>	Unaudited <i>RMB'000</i>	Unaudited <i>RMB'000</i>
REVENUE	3	80,123	72,199	225,759	205,036
Cost of sales		<u>(43,516)</u>	<u>(38,396)</u>	<u>(124,409)</u>	<u>(104,938)</u>
Gross profit		36,607	33,803	101,350	100,098
Other income and gains, net		(299)	11,818	786	15,479
Selling and distribution expenses		(20,057)	(17,340)	(50,385)	(45,903)
Administrative expenses		(7,713)	(11,834)	(34,862)	(31,326)
Research and development expenses		(7,314)	(7,067)	(20,133)	(19,156)
Other expenses, net		<u>(1,223)</u>	<u>(3,633)</u>	<u>(1,223)</u>	<u>(3,633)</u>
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		1	5,747	(4,467)	15,559
Finance costs		(3,299)	(2,470)	(8,365)	(5,405)
Share of profit/(loss) of associates		<u>794</u>	<u>(1,337)</u>	<u>98</u>	<u>(463)</u>
PROFIT/(LOSS) BEFORE TAX		(2,504)	1,940	(12,734)	9,691
Income tax	4	<u>1,322</u>	<u>(117)</u>	<u>3,445</u>	<u>(2,683)</u>

	<i>Notes</i>	Three months ended		Nine months ended	
		30 September		30 September	
		2018	2017	2018	2017
		Unaudited	Unaudited	Unaudited	Unaudited
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT/(LOSS) FOR THE PERIOD		<u>(1,182)</u>	<u>1,823</u>	<u>(9,289)</u>	<u>7,008</u>
Attributable to:					
Owners of the parent		622	3,022	1,139	10,336
Non-controlling interests		<u>(1,804)</u>	<u>(1,199)</u>	<u>(10,428)</u>	<u>(3,328)</u>
		<u>1,182</u>	<u>1,823</u>	<u>(9,289)</u>	<u>7,008</u>
EARNINGS PER SHARE					
ATTRIBUTABLE TO					
OWNERS OF THE PARENT	5				
Basic and diluted (<i>RMB</i>)		<u>0.004</u>	<u>0.020</u>	<u>0.008</u>	<u>0.070</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2018

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT/(LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,182	1,823	(9,289)	7,008
Attributable to:				
Owners of the parent	622	3,022	1,139	10,336
Non-controlling interests	(1,804)	(1,199)	(10,428)	(3,328)
	1,182	1,823	(9,289)	7,008

NOTES TO THE CONDENSED CONSOLIDATED INCOME STATEMENT

1. CORPORATE INFORMATION

Biosino Bio-Technology and Science Incorporation (the “Company”) is a company incorporated in the People’s Republic of China (the “PRC”) with limited liability. 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 manufacturing, sale and distribution of in-vitro diagnostic reagent products and property investment.

2. BASIS OF PREPARATION

The unaudited condensed consolidated income statement and statement of comprehensive income for the three months and nine months ended 30 September 2018 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 income statement 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 value added tax and government surcharges, and after allowances for the goods returned and trade discounts.

4. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group has not generated any assessable profits in Hong Kong during the nine months ended 30 September 2018 (2017: Nil). Taxes on profits assessable in Mainland China, where the Group operates, have been calculated at the rates of tax applicable in Mainland China, based on existing legislation, interpretations and practices in respect thereof. According to the relevant PRC income tax law, the Company and a subsidiary, being registered as new and high technology enterprises in Beijing, are entitled to a concessionary income tax rate of 15%.

	Three months ended		Nine months ended	
	30 September		30 September	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB’000	RMB’000	RMB’000	RMB’000
The Current – the PRC	178	117	1,106	2,683
Deferred	(1,500)	–	(4,551)	–
	<u>(1,322)</u>	<u>117</u>	<u>(3,445)</u>	<u>2,683</u>

5. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share for the three months and nine months ended 30 September 2018 is based on the unaudited profit attributable to shareholders of the Company for the period and the weighted average of 144,707,176 (2017: 144,707,176) ordinary shares in issue during the period.

No diluted earnings per share have been presented as there was no diluting event existed during the three months and nine months ended 30 September 2018 (2017: Nil).

6. RESERVES

The movements of reserves for the nine months ended 30 September 2018 and 2017 are as follows:

	Attributable to owners of the parent					Total Unaudited RMB'000
	Issued share capital Unaudited RMB'000	Capital reserves [#] Unaudited RMB'000	Statutory reserves Unaudited RMB'000	Retained profits Unaudited RMB'000	Exchange fluctuation reserves Unaudited RMB'000	
At 1 January 2017	144,707	105,090	44,436	14,898	(153)	308,978
Total comprehensive income for the period	–	–	–	10,336	(9)	10,327
Final 2016 dividend	–	–	–	(14,471)	–	(14,471)
At 30 September 2017	<u>144,707</u>	<u>105,090</u>	<u>44,436</u>	<u>10,763</u>	<u>(162)</u>	<u>304,834</u>
At 1 January 2018	144,707	105,090	46,066	23,967	(139)	319,691
Total comprehensive income/(loss) for the period	–	–	–	1,139	15	1,154
Final 2017 dividend	–	–	–	(14,471)	–	(14,471)
At 30 September 2018	<u>144,707</u>	<u>105,090</u>	<u>46,066</u>	<u>10,635</u>	<u>(124)</u>	<u>306,374</u>

[#] The capital reserves of the Group include non-distributable reserves 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 nine months ended 30 September 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The third quarter of 2018

At present, under the overall background of citizens' increasing awareness in disease prevention and health consciousness, as well as drug price reduction and removal of medicine markup policies, the medical treatment service will become the main income source for hospitals. The PRC has turned into an aged society and 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% in the next five years. It is also expected that medical expenditure per capita will maintain a growth rate of 5%-7%. With diagnosis as the first step of medical treatment and IVD as a foundation inspection and testing measure, about 30% of outpatient medical expenditure will be attributable to the clinical application of IVD products. With the advancement of the hierarchical medical system, the improved strength of the PRC enterprises in research and development and the increase in examination and testing volume in primary hospitals, under the combined influence of the medical insurance 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. At present, the biochemical diagnostic reagent has become the most developed segment in IVD industry in the PRC, the overall technological standard has basically on par with current international standard, and product quality and independent innovation capacity has improved substantially. However, such segment industry recorded a flat growth. As a result of the relatively low technological barrier of the biochemical reagent industry as well as the opening up of biochemical analyzers market, 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 are still dominated by foreign brands due to higher technological barriers. The characteristics of IVD industry is the focus of primary importance in determining the research and development of analyzers and reagents can be bundled with the instrument for sale. 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 declined year by 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.

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 given to the cooperation model between manufactures 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 market competition in the future.

Revenue for the nine months ended 30 September 2018 was approximately RMB226 million, representing an increase of approximately 10.1% as compared with approximately RMB205 million for the corresponding period last year. Profit attributable to shareholders of the Company for the nine months ended 30 September 2018 was RMB1.14 million, representing a decrease of approximately 89% as compared with 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.

For research and development, during the reporting period, the Company obtained 10 new filing products such as nucleic acid extraction reagents, sample extracts, sample dilutions, and substrate disinfection solution for automatic immunoassay systems (全自動免疫檢驗系統用底物消液), 3 authorized invention patents as well as patent names including 1) kit for detecting *Klebsiella pneumoniae* (肺炎克雷伯氏菌); 2) a reduced coenzyme reagent (一種還原型輔酶試劑) and its application, and a thiooxidized coenzyme I reagent (一種硫代氧化型輔酶I試劑) and its application.

OUTLOOK AND FUTURE PROSPECT

The 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 the PRC, approximately 90% of IVD reagent products market is clustered at hospitals. They include 22,700 all-level hospitals, 37,200 townlevel 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 “hierarchical medical system” and “dual-invoice system” which are 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), the technological standard of domestic major manufacturers has basically reached 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 the 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 the 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 using 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 continuous 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 Group 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 future, the Group will continue to pursue the spirit of “Unity, Regulated, Courage, Efficiency, Win-win”, initiate all employees to be proactive in enhancing occupation quality, improving their 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 will strive to forge ahead under adverse conditions in order to become a respectable enterprise. With many years of relentless and effects established foundation, the Board requires the Company to strive for achieving the objective of becoming the “Lenovo Group” in China’s health industry with independent intellectual property rights and international competitiveness, and endeavour to achieve best performance and fruitful returns for all shareholders

OTHER INFORMATION

Directors’, supervisors’ and chief executive’s interests in shares and underlying shares

As at 30 September 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 (the “SFO”)), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and to the Stock Exchange, were as follows:

Long position 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%
Dr. Xu Cunmao	600,000	0.75%	–	–	0.41%
Mr. Hou Quanmin (resigned on 18 September 2018)	300,000	0.37%	–	–	0.21%
Mr. Zhou Jie	150,000	0.19%	–	–	0.10%
Mr. Zhang Haitao (resigned on 19 January 2018)	650,000	0.81%	–	–	0.45%

Note: As at 30 September 2018, Beijing Shuoze Health Industry Investment Company Limited (“Beijing Shuoze”) and HK 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 30 September 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 30 September 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 and 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 shares of the Company:

Name	Capacity and nature of interest	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 [#]	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%
HK Future	Directly beneficially owned	–	6,780,000	0.00%	10.55%	4.69%

Name	Capacity and nature of interest	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	
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%
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 held by Beijing Enterprises Holdings Limited pursuant to the SFO.

Save as disclosed above, so far as is known to any Directors or supervisors of the Company, as at 30 September 2018, no person, other than the Directors, chief executive or supervisors 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 registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange.

DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the directors or supervisors or their respective associates (as defined under the GEM Listing Rules) was granted by the Company or its subsidiaries any rights or options to acquire any shares in or debentures of the Company or had exercised any such rights as at 30 September 2018.

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, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2018.

SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. Having made specific enquiry to all Directors and the Company was not aware of any non-compliance with the standards of dealings as required by its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the requirements as set out in Rules 5.28 and 5.29 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 financial statements for the period have been reviewed by the audit committee of the Company with the three independent non-executive directors, namely Dr. Zheng Yongtang, Dr. Hu Canwu Kevin and Mr. Wang Daixue.

CORPORATE GOVERNANCE

For the period ended 30 September 2018, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (Appendix 15 to the GEM Listing Rules) with the exception of Code 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
Wu Lebin
Chairman

Beijing, the PRC, 14 November 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. Sun Zhe (孫哲博士)

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. Chen Jianhua (陳建華先生)

Non-executive Director

Ms. Cheng Yali (程亞利女士)

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.