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 2018; (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 2018 FINAL DIVIDEND

CHARACTERISTICS OF GEM ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that companies listed on GEM are generally small and mid-sized companies, 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.

FINANCIAL HIGHLIGHTS

- Revenue for the year was approximately RMB303 million, representing an increase of 2.7% from that of last year.

- Loss for the year amounted to approximately RMB16.73 million, as compared with a profit of approximately RMB21.20 million recorded in the previous year.

- The Board has recommended the payment of a final dividend of RMB0.1 per share for the year ended 31 December 2018.

(I) ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board of Directors (the "Board") announced the consolidated results of the Group for the year ended 31 December 2018 (the "Year" or the "Reporting Period") together with the audited comparative figures for 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Notes	**2018** *RMB'000*	2017 *RMB'000*
REVENUE	*4*	**303,224**	295,128
Cost of sales	*5*	**(182,821)**	(157,843)
Gross profit		**120,403**	137,285
Other income and gains		**9,313**	40,887
Selling and distribution expenses		**(56,498)**	(65,881)
Administrative expenses		**(39,266)**	(43,340)
Reversal of impairment losses on financial assets,net		**354**	–
Research and development expenses		**(25,402)**	(26,852)
Other expenses		**(11,680)**	(8,304)
Finance costs	*6*	**(14,167)**	(6,893)
Share of profits and losses of:			
A joint venture		**–**	–
Associates		**2,396**	(2,078)
(LOSS)/PROFIT BEFORE TAX	*5*	**(14,547)**	24,824
Income tax expense	*7*	**(2,184)**	(3,627)
(LOSS)/PROFIT FOR THE YEAR		**(16,731)**	21,197

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

Year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
Attributable to:			
Owners of the parent		**(2,049)**	25,170
Non-controlling interests		**(14,682)**	(3,973)
		(16,731)	21,197
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted			
– For (loss)/profit for the year		**RMB(0.014)**	RMB0.174

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018	2017
	RMB'000	*RMB'000*
(LOSS)/PROFIT FOR THE YEAR	**(16,731)**	21,197
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(34)**	14
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(34)**	14
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(204)**	–
Income tax effect	**39**	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(165)**	–
OTHER COMPREHENSIVE (LOSS)／INCOME FOR THE YEAR, NET OF TAX	**(199)**	14
TOTAL COMPREHENSIVE (LOSS)／INCOME FOR THE YEAR	**(16,930)**	21,211
Attributable to:		
Owners of the parent	**(2,248)**	25,184
Non-controlling interests	**(14,682)**	(3,973)
	(16,930)	21,211

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**264,390**	251,546
Prepaid land lease payments		**2,572**	2,653
Prepayments		**600**	88,825
Goodwill		**309**	309
Other intangible assets		**20,888**	5,623
Investment in a joint venture		**–**	–
Investments in associates		**42,519**	40,123
Equity investments designated at fair value through other comprehensive income		**1,117**	–
Available-for-sale investment		**–**	1,579
Long-term receivables		**6,752**	1,359
Deferred tax assets		**4,147**	3,824
Total non-current assets		**343,294**	395,841
CURRENT ASSETS			
Inventories		**58,821**	44,844
Trade and bills receivables	*10*	**141,685**	124,821
Prepayments, other receivables and other assets		**191,145**	76,993
Financial assets at fair value through profit or loss		**16,348**	–
Pledged deposits		**6,507**	–
Cash and cash equivalents		**18,208**	26,757
Total current assets		**432,714**	273,415
CURRENT LIABILITIES			
Trade payables	*11*	**119,274**	72,914
Other payables and accruals		**84,313**	43,082
Interest-bearing bank and other borrowings		**166,437**	135,142
Tax payable		**1,074**	798
Total current liabilities		**371,098**	251,936
NET CURRENT ASSETS		**61,616**	21,479
TOTAL ASSETS LESS CURRENT LIABILITIES		**404,910**	417,320

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**404,910**	417,320
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**28,565**	16,067
Deferred income		**6,175**	7,527
Deferred tax liabilities		**5,707**	5,443
Total non-current liabilities		**40,447**	29,037
Net assets		**364,463**	388,283
EQUITY			
Equity attributable to owners of the parent			
Share capital		**144,707**	144,707
Reserves		**157,196**	174,984
		301,903	319,691
Non-controlling interests		**62,560**	68,592
Total equity		**364,463**	388,283

Notes:

1. CORPORATE AND GROUP INFORMATION

Biosino Bio-Technology and Science Incorporation (the "Company") is a limited liability company incorporated 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 manufacture, sale and distribution of in-vitro diagnostic reagents.

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 equity investments and financial assets which have been measured at fair value. These financial statements are presented in Chinese yuan and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2018. 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, which are applicable to the Group.

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

The nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, and impairment.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

		HKAS 39 measurement				HKFRS 9 measurement	
		Category	Amount	Re-classification	ECL	Amount	Category
	Notes		*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
Financial assets							
Equity investments designated at fair value through other comprehensive income		N/A	–	1,579	–	1,579	FVOCI[1] (equity)
From: Available-for-sale investments	*(i)*		–	1,579	–		
Available-for-sale investments		AFS[2]	1,579	(1,579)	–	–	N/A
To: Equity investments designated at fair value through other comprehensive income	*(i)*			(1,579)	–		
Trade and bills receivables	*(ii)*	L&R[3]	124,821	–	(857)	123,964	AC[4]
Financial assets included in prepayments, other receivables and other assets		L&R	48,890	–	–	48,890	AC
Cash and cash equivalents		L&R	26,757	–	–	26,757	AC
Long term receivables		L&R	1,359	–	–	1,359	AC
			203,406	–	(857)	202,549	
Other assets							
Deferred tax assets			–	46	–	46	
			203,406	46	(857)	202,595	

	HKAS 39 measurement		Re-classification	ECL	HKFRS 9 measurement	
	Category	Amount			Amount	Category
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
Financial liabilities						
Trade payables	AC	72,914	–	–	72,914	AC
Financial liabilities included in other payables and accruals	AC	5,464	–	–	5,464	AC
Interest-bearing bank and and other borrowings	AC	151,209	–	–	151,209	AC
		229,587	–	–	229,587	

[1] *FVOCI: Financial assets at fair value through other comprehensive income*

[2] *AFS: Available-for-sale investments*

[3] *L&R: Loans and receivables*

[4] *AC: Financial assets or financial liabilities at amortised cost*

Notes:

(i) The Group has elected the option to irrevocably designate certain of its previous available-for-sale equity investments as equity investments at fair value through other comprehensive income.

(ii) The gross carrying amounts of the trade and bills receivables under the column "HKAS 39 measurement – Amount" represent the amounts after adjustments for the adoption of HKFRS 15 but before the measurement of ECLs. Further details of the adjustments for the adoption of HKFRS 15 are included in note 2.2(b) to the financial statements.

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9. Further details are disclosed in notes 23 to the financial statements.

	Impairment allowances under HKAS 39 at 31 December 2017	Re-measurement	ECL allowances under HKFRS 9 at 1 January 2018
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	1,725	857	2,582
Financial assets included in prepayments, other receivables and other assets	1,511	–	1,511
	3,236	857	4,093

Impact on reserves and retained profits

The impact of transition to HKFRS 9 on reserves and retained profits is as follows:

	Reserves and retained profits *RMB'000*
Fair value reserve under HKFRS 9 (available-for-sale investment revaluation reserve under HKAS 39)	
Balance as at 31 December 2017 under HKAS 39	–
Remeasurement of equity investments designated at fair value through other comprehensive income previously measured at cost under HKAS 39	(258)
Deferred tax in relation to the above	46
Balance as at 1 January 2018 under HKFRS 9	(212)
Retained profits	
Balance as at 31 December 2017 under HKAS 39	23,967
Recognition of expected credit losses for trade and billis receivables under HKFRS 9	(857)
Balance as at 1 January 2018 under HKFRS 9	23,110

(b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in note 5 to the financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

The adoption of HKFRS 15 has not led to any adjustment to the opening balance of retained profits as at 1 January 2018. Set out below are the amounts by which each financial statement line item was affected for the year ended 31 December 2018 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Consolidated statement of profit or loss for the year ended 31 December 2018:

		Amounts prepared under		
			Previous	**Increase/**
		HKFRS 15	**HKFRS**	**(decrease)**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	*(i), (ii)*	303,224	303,224	–
Cost of sales	*(i), (ii)*	(182,821)	(166,170)	(16,651)
Gross profit		120,403	137,054	(16,651)
Loss before tax		(14,547)	(14,547)	–
Income tax credit		(2,184)	(2,184)	–
Loss for the year		(16,731)	(16,731)	–
Attributable to:				
Owners of the parent		(2,049)	(2,049)	–
Non-controlling interests		(14,682)	(14,682)	–
		(16,731)	(16,731)	–

The nature of the changes in the statement of profit or loss for the year ended 31 December 2018 are described below:

(i) Sales of products with provision of related instruments

The Group has provided free-of-charge instruments to certain customers or with very limited considerations in order to improve the sales volumes of in-vitro diagnostic reagent products. Before the adoption of HKFRS 15, the Group recognised revenue from such sales at the fair value of the consideration received or receivable, and recorded the depreciation expense of such instruments as parts of selling and distribution expenses. Under HKFRS 15, the Group assessed that there was an additional lease performance obligation in the sales contract, and the depreciation expenses should be reclassified as cost of sales. Based on the analysis of the historical data, the consideration to be allocated to the lease component accounted for less than 4% of the revenue of in-vitro diagnostic reagent products for the same period, which was not material. Therefore, the Group decided not to disclose this component as a separate line item in the revenue mix in note 5 to the financial statements, but reclassified such depreciation expense from selling and distribution expenses to cost of sales.

(ii) Sale of products with transportation service

The Group has provided transportation services to certain customers to deliver products to sites designated by those customers. The Group separately engaged third-party logistics companies to deliver products and bore the inventory risks during the transportation. Before the adoption of HKFRS 15, the Group recognised revenue from such sales at the fair value of the consideration received or receivable, and recorded such freight costs as parts of selling and distribution expenses. Under HKFRS 15, the Group assessed that there was an additional performance obligation of transportation service in the sales contract, and the freight costs should be reclassified as cost of sales. Based on the analysis of the historical data, the consideration to be allocated to the transportation service component accounted for less than 1% of the total revenue for the same period, which was not material. Therefore, the Group decided not to disclose this component as a separate line item in the revenue mix in note 5 to the financial statements, but reclassified related freight costs to cost of sales from selling and distribution expenses.

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 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associate and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

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

[2] *Effective for annual periods beginning on or after 1 January 2020*

[3] *Effective for annual periods beginning on or after 1 January 2021*

[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 year ended 31 December 2018, 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 RMB57,696,000 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. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	2018	2017
	RMB'000	*RMB'000*
Cost of inventories sold *(i)*	**182,821**	157,843
Employee benefit expense		
(including directors' and supervisors' remuneration):		
Wages, salaries and bonuses	**42,874**	42,048
Pension scheme contributions *(ii)*	**7,625**	6,962
Social welfare and other costs	**9,862**	8,735
	60,361	57,745
Research and development costs *(iii)*	**25,402**	26,852
Government grants released	**(7,836)**	(2,765)
Loss on disposal of items of property, plant and equipment, net	**80**	2,368
Minimum lease payments under operating leases in respect of land and buildings	**2,211**	2,428
Auditor's remuneration	**845**	720
Depreciation	**23,572**	21,530
Amortisation of prepaid land lease payments	**81**	81
Amortisation of other intangible assets	**1,074**	564
Impairment of other intangible assets	**300**	500
(Reversal)/accrual of impairment of trade and bills receivables	**(457)**	84
Impairment of prepayments, other receivables and other assets	**103**	8
Write-down of inventories to net realizable value	**2,120**	–
Fair value gains of financial assets, net	**(206)**	–
Gain on deemed disposal of an investment in an associate	**–**	(19,953)
Interest on bank and other loans	**14,167**	6,893
Foreign exchange differences, net	**(132)**	176

(i) *For the year ended 31 December 2018, cost of inventories sold includes the depreciation of RMB16,283,000 (2017:RMB3,108,000), employee benefit costs of RMB13,393,000 (2017:RMB13,682,000) and rental expenditure of RMB1,548,000 (2017: RMB2,096,000).*

(ii) *As at 31 December 2018 and 2017, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.*

(iii) *For the year ended 31 December 2018, research and development costs include the depreciation of RMB1,269,000 (2017: RMB1,637,000), employee benefit costs of RMB11,859,000 (2017: RMB10,669,000) and rental expenditure of RMB735,000 (2017: RMB343,000).*

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2018	2017
	RMB'000	*RMB'000*
Interest on bank and other loans	**14,167**	6,893

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 Zhongsheng Jinyu, a subsidiary of the Company, are subject to a preferential rate of 15% under the PRC income tax laws for a period of three years commencing from 1 January 2017 as they are accredited by the relevant government authorities as High and New Technology Enterprises.

Anhui Biosino Co., Ltd., a subsidiary of the company, is subject to a preferential rate of 10% under the PRC income tax laws for a period of one year commencing from 1 January 2018 as it is accredited by the relevant government authorities as a Small and Low-profit Enterprise.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the year.

	2018	2017
	RMB'000	*RMB'000*
Current – the PRC		
Charge for the year	**1,893**	2,195
Underprovision in prior years	**265**	–
Deferred	**26**	1,432
Total tax charge for the year	**2,184**	3,627

8. DIVIDEND

	2018	2017
	RMB'000	*RMB'000*
Proposed final dividend – RMB0.1 (2017: RMB0.1) per share	**14,471**	14,471

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

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

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 December 2018 and 2017 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during both the years ended 31 December 2018 and 2017.

10. TRADE AND BILLS RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**144,241**	127,086
Bills receivable	**–**	819
Impairment	**(2,125)**	(1,725)
	142,116	126,180
Less: Amounts shown as non-current	**(431)**	(1,359)
	141,685	124,821

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 instruments, the credit periods of the Group granted to its customers generally range from 0 to 360 days. The Group closely monitors overdue balances, and provision for 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 ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**61,262**	76,299
4 to 6 months	**34,833**	32,197
7 to 12 months	**38,681**	14,143
1 to 2 years	**6,164**	3,446
Over 2 years	**1,176**	95
	142,116	126,180

11. TRADE PAYABLES

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

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**36,777**	43,434
4 to 6 months	**26,662**	17,046
7 to 12 months	**53,697**	12,126
1 to 2 years	**1,881**	110
Over 2 years	**257**	198
	119,274	72,914

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 RMB1,929,000 (2017: RMB1,630,000) from retained profits to statutory reserve.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Environment

The People's Republic of China (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 in-vitro diagnostic ("**IVD**") as a foundation inspection and testing measure, about 30% of outpatient medical expenditure will be attributable to the clinical application of IVD products. 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. Furthermore, 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 hospital inspection fee adjustment and a decrease on reagent consumables cost, as well as the implementation of centralized procurement policy for medical consumables (including tender procurement, network procurement, negotiation procurement and joint procurement), 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 is basically on par with current international standard and product quality and independent innovation capacity has improved substantially. However, such segment recorded a flat growth which is expected to be lower than 10%, in which the key growth sector is at primary hospitals. 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 and met the domestic hospital demand at all levels. 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. 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. The government is promoting hierarchical diagnosis and treatment as well as the construction of regional medical complex, which will further develop the regional inspection centers, and thus bring more changes to the selling of IVD products. Furthermore, attention should be given 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 market competition in the future.

Business Review

Revenue

During the Reporting Period, the Group basically achieved the revenue target set by the Board last year and recorded revenue of RMB 303 million, up by 2.7% as compared to last year.

Gross Profit and Gross Profit Margin

The gross profit during the Reporting Period was RMB120 million, down by 12.3% as compared to last year, and gross profit margin was 39.7% (2017: 46.4%).

Selling and Distribution Expenses

During the Reporting Period, selling and distribution expenses were RMB56.50 million, down by 14.2% as compared to last year. The decrease in such expenses was primarily attributable to the strengthening of cost control during the Year.

Research and Development Costs

During the Reporting Period, the Company obtained 21 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), and 3 authorized invention patents as follows:

- kit for detecting Klebsiella pneumoniae (肺炎克雷伯氏菌的試劑盒);
- a reduced coenzyme reagent (一種還原型輔酶試劑) and its application; and
- a thio-oxidized coenzyme I reagent (一種硫代氧化型輔酶I試劑) and its application.

Total research and development costs for the Year amounted to RMB25.40 million, down by 5.4% as compared to that of last year.

Loss for the Year

Loss for the Year amounted to RMB16.73 million, as compared with a profit of RMB21.20 million in 2017.

Loss Attributable to Owners of the Parent

During the Reporting Period, loss attributable to owners of the parent of the Company was RMB2.05 million, as compared with a profit attributable to owners of the parent of RMB25.17 million for the year ended 31 December 2017, which was mainly attributable to an increase in the cost of sales as well as an increase in financing cost resulting from the change in product portfolio during the Year.

Production Facilities

The Company possesses 2 self-constructed plants 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. Among the aforesaid two plants, 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. On the other hand, 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.

Future Prospects

IVD is a one-time disposable consumer goods and its market demand will not shrink as there are still many unsaturated markets to be developed. Therefore, the industry is one of the fastest growing sub-sectors in the domestic medical biology segment in recent years, and will also maintain a stable and rapid development trend in the future. IVD supports more than 70% decisive information of clinical diagnosis with its 2% investments in the entire medical system. Thus, the IVD has become a component of disease prevention, diagnosis and treatment for human. In 2017, the global market size of IVD was US$79.3 billion and approximately RMB60.4 billion in the PRC in 2018. According to the deduction of the foreign matured diagnosis market standard, the PRC's potential market for IVD exceeds RMB200 billion. In the PRC, approximately 90% of IVD reagent products market is clustered at hospitals. 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 "two-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), 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. Also, 70% of the domestic clinical biochemistry is operating under an open system. The IVD instrument and reagents have basically achieved localization and some domestic manufacturers promote the sales of their self-produced reagents through marketing high-end foreign-branded instrument as an agency. Thus, 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, thus industry growth is gradually going down. However, biochemistry diagnosis has its obvious advantages in terms of cost and time and are still the preference for certain qualitative examination items during initial inspection. It is expected that it will grow slowly at 5-7% in next five years. Instrument isolation and assembly line will be the future development trend of biochemistry diagnosis. Automatic assembly line includes automatic code scanning, sample sorting, centrifugation, capping off, analysis, capping, storage, results transmission, confirmation and sample reinspection, which will drastically shorten the time of "sample pre-treatment" and will save the entire measuring time and enhance detection efficiency immensely. In addition, automatic assembly line accelerates the turnover of sample inspection, cuts down the number of medical workers needed, and decreases the risk of biological pollution and cost. 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. With more stringent product registration and regulatory policies, drop-out rate of vulnerable companies and industry concentration rate will significantly increase. 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, increase its investment in immune diagnosis and molecular diagnosis, and strive to adapt to new market changes and new demand. In 2019, the Group will further foster in-depth development of the "year of increasing income and reducing expenditure, quality, and entrepreneurship" activities, and pursue the spirit of "Unity, Regulated, Courage, Efficiency, Win-win", initiate all employees to be proactive in establishing entrepreneurial awareness, enhancing occupation quality, improving product quality in all directions and means, and increasing the momentum in marketing efforts to increase the revenue of the Group and reduce unnecessary spending in all directions and means. Through solidifying its business foundation and adjusting its operation directives and increasing income and reducing expenditure, 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 the PRC'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 Reporting Period, the capital structure of the Company had no significant change as compared to that of last year.

Liquidity and Financial Position

	2018	2017
	RMB million	*RMB million*
Cash and bank balances	**25**	27
Short-term loans	**166**	135
Long-term loans	**29**	16
Net debt	**170**	124
Net debt equity ratio	**47%**	32%

The Group generally financed its operations with internally generated cash flows, bank and other borrowings and capital contributions from shareholders. As at 31 December 2018, net debt increased by approximately RMB46 million year-on-year as compared to last year, which was mainly due to an increase in the investment in property, plant and equipment during the Year.

Foreign Currency Risk

The Group's businesses are mostly located in the PRC and most transactions are conducted in RMB, except that the Group occasionally purchases equipment and some in-vitro diagnostic reagent products from overseas countries for resale in the PRC and there are administrative expenses incurred by the Canadian subsidiary. A small amount of cash denominated in Hong Kong dollar ("HKD") is placed in bank accounts in Hong Kong for payment of miscellaneous expenses such as professional fees incurred in Hong Kong.

Pledge of Assets of the Group

At 31 December 2018, the Group's buildings with a net carrying amount of approximately RMB27.4 million, and prepaid land lease payments with a net carrying amount of approximately RMB2.65 million were pledged to Bank of Beijing to secure the bank loans granted to the Company with a principal of RMB70 million. The loans will be due in June 2019.

At 31 December 2018, certain machineries with original cost of approximately RMB85 million were pledged to third parties to secure loans granted to the Company amounted to RMB57 million with durations of 2 to 3 years.

Significant Investment, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies

On 24 July 2018, the Company, Chinese Academy of Sciences Holdings Co., Ltd ("CAS Holdings") and Beijing Biosino Medical Lab Company Limited ("Biosino Lab") entered into the capital increase agreement, pursuant to which the Company proposed to make capital contribution in the amount of RMB41,000,000 (equivalent to HK$47,560,000) to the registered capital of Biosino Lab (the "Capital Increase"). Upon the completion of the Capita Increase, the registered capital of Biosino Lab will be increased from RMB9,000,000 to RMB50,000,000 and 94% and 6% of which will be held by the Company and CAS Holdings, respectively.

Subsequent event

On 13 March 2019, the Company and Beijing Hengxing Huawei Commerce Co., Ltd. ("Beijing Hengxing") entered into a disposal agreement (the "Disposal Agreement"), pursuant to which, subject to the conditions precedent set out therein, the Company conditionally agreed to sell and Beijing Hengxing conditionally agreed to purchase 51% equity interest in Zhongke (Beijing) Fund Management Company Limited ("Zhongke Fund"), at a total consideration of RMB56.1 million.

As at the date of the Disposal Agreement, the Company and Beijing Hengxing owned 51% and 49% equity interest in Zhongke Fund, respectively. The disposal constituted a major disposal for the Company and a connected transaction between the Company and a connected person at the subsidiary level of the Company under Chapter 20 of the GEM Listing Rules.

The completion of this disposal is conditional upon the Company having obtained the shareholders' approval and complied with all compliance requirements under the GEM Listing Rules in respect of the Disposal Agreement and the transactions as contemplated thereunder.

Pursuant to the Disposal Agreement, Beijing Hengxing shall pay the consideration to the Company in the following manner:

1) 50% of the consideration, which is RMB28.05 million, shall be paid within 30 days from the date of the Disposal Agreement;

2) 30% of the consideration, which is RMB16.83 million, shall be paid within 180 days from the date of the Disposal Agreement; and

3) the remaining 20% of the consideration, which is RMB11.22 million shall be paid before 1 November 2019.

The transaction is estimated to be completed within 30 days upon the consideration is fully paid by Beijing Hengxing and that all the necessary registrations with the administration for the industry and commerce in respect of the transfer of Zhongke Fund's interest, amendments to the articles of the association and change of the directors and the senior management of Zhongke Fund have been completed. Upon completion, Zhongke Fund will be 100% held by Beijing Hengxing, and each of Zhongke Fund and its subsidiaries will cease to be a subsidiary of the Company.

The Company announced this major and connected transaction on 13 March 2019.

CONTINGENT LIABILITIES

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

	2018	2017
	RMB'000	*RMB'000*
Guarantee given to a bank in connection with the loans granted to an associate	**38,100**	40,200

EMPLOYEES

During the Reporting Period, the Group had a total of 479 full-time employees (2017: 490 employees) based in Hong Kong and the PRC. Total staff costs of the Group (including the Directors' and supervisors' remuneration) for the year ended 31 December 2018 amounted to approximately RMB60.36 million (2017: RMB57.75 million). The Group determines and reviews the emoluments of its staff and the Directors based on their qualifications and experience, performance 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 the PRC and Hong Kong. The Board believes 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, all employees of the Group are stationed in the PRC.

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.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no material events affecting the Group after the end of the Reporting Period.

CORPORATE GOVERNANCE PRACTICE

During the Reporting Period, 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 2019.

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 Reporting Period.

AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") on 10 February 2006 in accordance with the requirements of the GEM Listing Rules.

The duties of the Audit Committee include (but not limited to):

1. supervising the accounting and financial reporting procedures and reviewing the financial statements of the Group;

2. studying carefully all the proceedings proposed by the qualified accountant, compliance officers and auditors of the Group;

3. examining and monitoring the risk management and internal control systems of the Group and other major financial matters; and

4. reviewing the relevant work of the Group's external auditors.

Members of the Audit Committee possess high sense of responsibilities. They have contributed their time and efforts to ensure efficient operation and objectivity of the Board.

The Audit Committee meets once every quarter to review the reporting of financial statements and other information to shareholders, the effectiveness and objectivity of the internal control process, and reviewed all the quarterly, half-yearly and annual results. The Audit Committee also provides an important link between the Board and the Company's auditors in matters that arise within the scope of its terms of reference and continues to review the independence and objectivity of the auditors.

The Audit Committee has reviewed the annual results, financial position, internal control and the management issues of the Group for the Reporting Period.

(II) CLOSURE OF REGISTER OF MEMBERS

Entitlement to Attend the Annual General Meeting

The registers of members of the Company will be closed from 3 May 2019 to 23 May 2019 (both days inclusive) in order to determine the entitlement to attend the annual general meeting (the "AGM") to be held on 23 May 2019. 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 2 May 2019, 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 2018. The registers of members of the Company will be closed from 30 May 2019 to 4 June 2019 (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 29 May 2019, for registration. The final dividend will be payable on or before 31 July 2019.

(III) WITHHOLDING AND PAYMENT OF INCOME TAX FOR NON-RESIDENT CORPORATE SHAREHOLDERS AND NON-RESIDENT INDIVIDUAL SHAREHOLDERS IN RESPECT OF THE PROPOSED 2018 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 4 June 2019. 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 30 May 2019 to 4 June 2019, 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 29 May 2019, 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 the PRC and the provisions in respect of double tax treaties between the PRC 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 the PRC 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 the PRC 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)（《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法（試行）〉的通知》（國稅發2009124號））. For non-resident individual H shareholders who are residents of those countries having double tax treaties with the PRC 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 the PRC or having double tax treaties with the PRC 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 30 May 2019 to 4 June 2019, both days inclusive.

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 4 June 2019 and will withhold and pay the individual income tax based on the register of members of the Company as at 4 June 2019. 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 29 May 2019, 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 4 June 2019.

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 4 June 2019.

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, 19 March 2019

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）, Mr. Wang Daixue（王代雪先生）and Mr. Pan Chunyu（潘春雨先生）

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.