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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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.

* *For identification purposes only*

FINANCIAL HIGHLIGHTS

- Revenue for the year was approximately RMB397 million, representing an increase of 31% from that of last year.

- Loss for the year amounted to approximately RMB118 million, as compared with a loss of approximately RMB17 million recorded in the previous year.

- The Board does not recommend the payment of any dividend for the year (2018: RMB0.1 per share).

(I) ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of Directors (the "Board") announced the consolidated results of the Group for the year ended 31 December 2019 (the "Year" or the "Reporting Period") together with the audited comparative figures for 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

		2019	2018
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**397,408**	303,224
Cost of sales	*5*	**(229,005)**	(182,821)
Gross profit		**168,403**	120,403
Other income and gains		**37,305**	9,313
Selling and distribution expenses		**(80,793)**	(56,498)
Administrative expenses		**(43,858)**	(39,266)
Impairment losses on financial assets		**(144,134)**	354
Research and development expenses		**(29,321)**	(25,402)
Other expenses		**(6,130)**	(11,680)
Finance costs	*6*	**(21,032)**	(14,167)
Share of profits and losses of:			
Joint ventures		**(363)**	–
Associates		**5,116**	2,396
LOSS BEFORE TAX	*5*	**(114,807)**	(14,547)
Income tax expense	*7*	**(3,636)**	(2,184)
LOSS FOR THE YEAR		**(118,443)**	(16,731)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

Year ended 31 December 2019

	Notes	**2019** **RMB'000**	2018 RMB'000
Attributable to:			
Owners of the parent		**(110,413)**	(2,049)
Non-controlling interests		**(8,030)**	(14,682)
		(118,443)	(16,731)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted			
– For loss for the year		**RMB(0.763)**	RMB(0.014)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(118,443)**	(16,731)
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	**60**	(34)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**60**	(34)
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	**(379)**	(204)
Income tax effect	**95**	39
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**(284)**	(165)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(224)**	(199)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(118,667)**	(16,930)
Attributable to:		
Owners of the parent	**(110,637)**	(2,248)
Non-controlling interests	**(8,030)**	(14,682)
	(118,667)	(16,930)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**103,879**	264,390
Prepaid land lease payments		**–**	2,572
Right-of-use assets		**18,491**	–
Prepayments		**2,150**	600
Goodwill		**309**	309
Other intangible assets		**24,854**	20,888
Investments in joint ventures		**–**	–
Investments in associates		**47,635**	42,519
Equity investments designated at fair value through other comprehensive income		**511**	1,117
Long-term receivables		**15,439**	6,752
Deferred tax assets		**6,130**	4,147
Total non-current assets		**219,398**	343,294
CURRENT ASSETS			
Inventories		**56,566**	58,821
Trade and bills receivables	*10*	**221,889**	141,685
Prepayments, other receivables and other assets	*11*	**76,910**	191,145
Financial assets at fair value through profit or loss		**24,449**	16,348
Pledged deposits		**15,699**	6,507
Cash and cash equivalents		**30,052**	18,208
Total current assets		**425,565**	432,714
CURRENT LIABILITIES			
Trade payables	*12*	**118,223**	119,274
Other payables and accruals		**140,582**	84,313
Interest-bearing bank and other borrowings		**98,835**	166,437
Lease liabilities		**4,642**	–
Tax payable		**670**	1,074
Total current liabilities		**362,952**	371,098
NET CURRENT ASSETS		**62,613**	61,616
TOTAL ASSETS LESS CURRENT LIABILITIES		**282,011**	404,910

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**282,011**	404,910
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**55,999**	28,565
Deferred income		**4,418**	6,175
Other liabilities		**363**	–
Lease liabilities		**12,103**	–
Deferred tax liabilities		**9,903**	5,707
Total non-current liabilities		**82,786**	40,447
Net assets		**199,225**	364,463
EQUITY			
Equity attributable to owners of the parent			
Share capital		**144,707**	144,707
Reserves		**30,084**	157,196
		174,791	301,903
Non-controlling interests		**24,434**	62,560
Total equity		**199,225**	364,463

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 the 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 ("RMB") 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 2019. 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.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9 and HKAS 19, and Annual Improvements to HKFRSs 2015-2017 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

For a sublease arrangement, the classification of the sublease is made by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset.

The Group reassessed a sublease arrangement at 1 January 2019 that was previously classified as an operating lease applying HKAS 17 based on the remaining contractual terms and conditions of the head lease and sublease at 1 January 2019, and determined that this arrangement is a finance lease applying HKFRS 16. Accordingly, the Group recognised a net investment in a sublease amounting to RMB47,364,000 and derecognised the corresponding right-of-use asset of the head lease amounting to RMB17,588,000 and associated property, plant and equipment amounting to RMB28,176,000, respectively, resulting in a gain of RMB490,000 recognised in the opening balance of retained profits at 1 January 2019.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property and machinery. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets amounting to RMB95,666,000 were recognised based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	Increase/ (decrease) *RMB'000*
Assets	
Increase in right-of-use assets	95,666
Increase in investment properties	47,364
Decrease in property, plant and equipment	(28,176)
Decrease in prepaid land lease payments	(2,572)
Decrease in prepayments, other receivables and other assets	(2,020)
Increase in total assets	110,262
Liabilities	
Increase in lease liabilities	108,662
Increase in deferred tax liabilities	400
Increase in total liabilities	109,062
Increase in retained profits	490
Increase in non-controlling interests	710

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	**169,840**
Weighted average incremental borrowing rate as at 1 January 2019	6.37%
Discounted operating lease commitments as at 1 January 2019	108,662
Lease liabilities as at 1 January 2019	**108,662**

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at equity method in accordance with HKAS 28. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales and loans. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

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*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

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

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

[3] *No mandatory effective date yet determined but available for adoption*

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

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 resource 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 2019, 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 RMB102,618,000 (2018: RMB57,696,000) was derived from sales by the in-vitro diagnostic reagent products segment to one single customer located in Anhui province, China, which amounted for more than 10% of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of in-vitro diagnostic reagent products	**397,408**	303,224
Other income		
Financial income on net investments in subleases	**10,313**	–
Government grants	**5,819**	7,836
Other interest income	**1,184**	815
Income from placement services	**–**	501
Others	**144**	161
	17,460	9,313
Gains		
Gain on exemption of payables	**914**	–
Gain on disposal of items of property, plant and equipment	**408**	–
Gain on disposal of a subsidiary	**18,523**	–
	19,845	–
	37,305	9,313

5. LOSS BEFORE TAX

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

	2019 *RMB'000*	2018 *RMB'000*
Cost of inventories sold (i)	**229,005**	182,821
Employee benefit expense (including directors' and supervisors' remuneration):		
Wages, salaries and bonuses	**55,459**	42,874
Pension scheme contributions	**7,087**	7,625
Social welfare and other costs	**7,331**	9,862
	69,877	60,361
Research and development costs (ii)	**29,321**	25,402
Government grants	**(5,819)**	(7,836)
(Gain)/loss on disposal of items of property, plant and equipment, net	**(408)**	80
Lease payments not included in the measurement of lease liabilities	**231**	–
Auditor's remuneration	**895**	845
Depreciation of property, plant and equipment	**24,835**	23,572
Depreciation of right-of-use assets (2018: amortisation of prepaid land lease payments)	**6,323**	81
Amortisation of other intangible assets	**2,254**	1,074
Impairment of other intangible assets	**–**	300
Impairment of trade and bills receivables	**1,216**	(457)
Impairment of prepayments, other receivables and other assets	**142,918**	103
Write-down of inventories to net realisable value	**(786)**	2,120
Gain on disposal of a subsidiary	**18,523**	–
Interest on bank and other loans	**14,290**	14,167
Interest on lease liabilities	**6,742**	–
Foreign exchange differences, net	**(284)**	132

(i) For the year ended 31 December 2019, cost of inventories sold includes the depreciation of RMB15,565,000 (2018: RMB16,283,000), employee benefit costs of RMB16,962,000 (2018: RMB13,393,000) and rental expenditure of RMB1,361,000 (2018: RMB1,548,000).

(ii) For the year ended 31 December 2019, research and development costs included the depreciation of RMB3,156,000 (2018: RMB1,269,000), employee benefit costs of RMB11,145,000 (2018: RMB11,859,000) and rental expenditure of RMB277,000 (2018: RMB735,000).

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2019	2018
	RMB'000	*RMB'000*
Interest on bank and other loans	**14,290**	14,167
Interest on lease liabilities	**6,742**	–
	21,032	14,167

7. INCOME TAX

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 its two subsidiaries, Zhongsheng Jinyu and Biosino Suzhou, are entitled to a preferential rate of 15% under the PRC income tax laws for a period of three years commencing from 10 August 2017, 25 October 2017 and 24 August 2018, respectively, as they are accredited by the relevant government authorities as High and New Technology Enterprises.

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

	2019	2018
	RMB'000	*RMB'000*
Current – the PRC		
Charge for the year	**1,373**	1,893
Underprovision in prior year	**–**	265
Deferred	**2,263**	26
Total tax charge for the year	**3,636**	2,184

8. DIVIDEND

	2019	2018
	RMB'000	*RMB'000*
Proposed final dividend – nil (2018: RMB0.1) per share	**–**	14,471

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 144,707,176 (2018: 144,707,176) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during both the years ended 31 December 2019 and 2018.

10. TRADE AND BILLS RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade and bills receivables	**225,230**	144,241
Impairment	**(3,341)**	(2,125)
	221,889	142,116
Less: Amounts shown as non-current	**–**	(431)
	221,889	141,685

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 seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. 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. 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:

	2019 *RMB'000*	2018 *RMB'000*
Within 3 months	**189,742**	61,262
4 to 6 months	**8,602**	34,833
7 to 12 months	**4,609**	38,681
1 to 2 years	**18,614**	6,164
Over 2 years	**322**	**745**
	221,889	141,685

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	2019 *RMB'000*	2018 *RMB'000*
Due from Zhongke Fund	*(a)*	**189,741**	–
Prepayments		**19,375**	21,969
Deposits and other receivables	*(b)*	**12,326**	170,701
Due from related companies		**–**	89
		221,442	192,759
Impairment allowance:			
Allowance for amounts due from Zhongke Fund	*(a)*	**(138,546)**	–
Others	*(b)*	**(5,986)**	(1,614)
		(144,532)	(1,614)
		76,910	191,145

(a) The Company sold its 51% equity interest in Zhongke (Beijing) Fund Management Company Limited ("Zhongke Fund") to Beijing Hengxing Huawei Commerce Co., Ltd. ("Beijing Hengxing") on 25 December 2019. Zhongke Fund ceased to be a subsidiary of the Company thereafter. Before the disposal, the Group had provided loans to Zhongke Fund with the principals of RMB167.8 million and interests of RMB21.9 million to support its business operation; and the aggregated amounts due on 31 December 2019 totalled to RMB189.7 million. These loans had various repayment dates with different interest rates.

On 26 December 2019, the Company, Zhongke Fund, Beijing Yanqi Lake Resort Co., Ltd. ("Yanqi Lake") and Ms. Lin Rongjia, the 70% equity interest holder of Beijing Hengxing, entered into a facility and guarantee agreement regarding the repayment of RMB184.3 million payable by Zhongke Fund that:

(1) RMB184.3 million shall be repaid by Zhongke Fund on or before 30 June 2020; and

(2) A guarantee was given by each of Yanqi Lake and Mr. Lin Rongjia jointly in favour of the Company to guarantee Zhongke Fund's repayment of all amounts due under the facility and guarantee agreement.

The remaining due amounts of RMB5.4 million had not been provided with any guarantee or pledge on 31 December 2019.

The Company estimated the expected cash shortfalls on the existing conditions and recognised an expected credit loss of RMB138.5 million for these amounts due from Zhongke Fund on 31 December 2019.

(b) For financial assets included in deposits and other receivables, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate as at 31 December 2019 was 48.6% (2018: 0.9%).

12. TRADE PAYABLES

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

	2019	2018
	RMB'000	*RMB'000*
Within 3 months	**93,109**	36,777
4 to 6 months	**2,972**	26,662
7 to 12 months	**4,170**	53,697
1 to 2 years	**17,467**	1,881
Over 2 years	**505**	257
	118,223	119,274

The trade payables are non-interest-bearing and are normally settled on credit terms ranging from 30 to 90 days.

13. MOVEMENT OF RESERVES

There is no profit to transfer for the year of 2019 (2018: RMB1,929,000).

14. DISPOSAL OF A SUBSIDIARY

The Company sold its 51% equity interest in Zhongke Fund to Beijing Hengxing on 25 December 2019, with a total consideration of RMB56.1 million. Zhongke Fund ceased to be a subsidiary of the Company thereafter.

The carrying amounts of the assets and liabilities of Zhongke Fund as at the date of disposal were as follows:

		2019
	Note	***RMB'000***
Net assets disposed of:		
Property, plant and equipment		**33,398**
Investment properties		**186,485**
Right-of-use assets		**22,003**
Prepayments and other receivables		**143,769**
Cash and bank balances		**4**
Trade payables		**(3,500)**
Other payables and accruals		**(30,937)**
Other borrowings		**(187,250)**
Tax payable		**(871)**
Lease liabilities		**(92,363)**
Deferred tax liabilities		**(400)**
Non-controlling interests		**(32,761)**
		37,577
Gain on disposal of a subsidiary	*4*	**18,523**
		56,100
Satisfied by:		
Cash		**56,100**

15. EVENTS AFTER THE REPORTING PERIOD

(a) Development of loans due from Zhongke Fund

On 27 October 2020, the Company, Zhongke Fund, Yanqi Lake and Ms. Lin Rongjia proceeded to Beijing Association for Alternative Dispute Resolution to mediate the settlement issue in relation to RMB184.3 million payable by Zhongke Fund, previously specified in the facility and guarantee agreement dated 26 December 2019.

On 5 November 2020, all four parties received a civil judgment (the "Civil Judgment") from the No. 1 Intermediate People's Court of Beijing Municipality ruling that the agreement reached among all four parties at the mediation is valid and all parties shall perform their respective obligations thereunder. Should any party fail to perform its obligation(s), the other parties may apply to the People's Court to enforce the Civil Judgment. A summary of the said mediation agreement reached by four parties is set out as follows:

(1) Zhongke Fund shall transfer 50% of its equity interest in Yanqi Lake to the Company before 13 November 2020 for the purpose of setting off RMB145 million owed by Zhongke Fund to the Company under the facility and guarantee agreement; and

(2) Zhongke Fund shall repay in cash the remaining balance of the outstanding principals and interests in the total amount of RMB37.8 million to the Company before 30 November 2020, the responsibility of which are jointly guaranteed by Yanqi Lake and Ms. Lin Rongjia.

On 18 November 2020, Zhongke Fund completed the transfer of 50% of its equity interest in Yanqi Lake to the Company. The fair value of this 50% equity interest in Yanqi Lake together with guarantees provided by guarantors was approximate to RMB50.9 million based on the Company's estimate.

In November 2020, two residential properties were transferred to the Company to offset RMB5.4 million owed by Zhongke Fund, which had not been provided with any guarantee or pledge on 31 December 2019. The fair value of these two residential properties on the transfer date was approximate to RMB5.4 million based on the Company's estimate.

As of this announcement date, Zhongke Fund has not repaid in cash the remaining outstanding balance of RMB37.8 million in accordance with the Civil Judgement.

(b) Outbreak of coronavirus disease (the "COVID-19")

The outbreak of the COVID-19 in early 2020 has caused disruptions to the Company's operations. Based on the current financial and operating information, the Group's performance for the year of 2020 declined as compared with the performance for 2019 without the impact of impairment losses on financial assets as discussed in note 24(a) in the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Environment

Under the situation that both the global and PRC economy are still full of challenges and uncertainties, a series of reform policies for the medical industry have been launched one after another: strengthen grassroot level, family doctor contracting service, construction of a hierarchical diagnosis and treatment system, and "Internet + Medical Treatment" will be the main government medical reform policy direction. In particular, the construction of 100 urban medical groups and 500 county medical communities will exert more attention to resources allocation efficiency and medical services quality, and strive to change the incentive mechanism, introduce market and competition mechanisms, and practice the value medical concept. At the same time, the medical reform continued to implement policies such as "Two-invoice system + replace business tax with value-added tax", "Integration Policy of Social Health Insurance". In 2019, the government issued the "Medical Consumables Procurement Policy", "Abolition of Public Medical Institutions Medical Consumables with Margin" and "Procurement with Volume", "Consumables Collection Purchase", and pilot trials of diagnosis-related groups ("DRGs") payment in 30 cities and others, which are a series of reform measures related to medical insurance control cost in the in-vitro diagnostic ("IVD") industry. The gradual implementation of these policies will undoubtedly bring a certain degree of impact, or even a long-term impact, on the medical device industry and the Company's business development. The market terminal is changing from profit end to cost end, and the downward pressure on downstream service end is transmitting to midstream and upstream. The IVD industry chain is undergoing profound changes. The direct impact is to squeeze the profit margins of related manufacturing companies and make price a key factor of the game, such that every link in the market requires lowering the ex-factory price of production enterprises and reducing their own operating costs. At present, there are many domestic reagent manufacturers, and market competition will naturally become more and more intense.

On the other hand, China's health industry has huge potential. The aging and urbanization acceleration have brought continuous increase in the demand for health services, especially the IVD market in China is still growing constantly. The Asia Pacific region is the second largest region in the global IVD market.

At present, the demand for biochemical diagnostic reagents and immunodiagnostic reagents in the domestic IVD reagent market still account for over 50% of the entire IVD reagent market demand. Among the IVD services, biochemical diagnostic reagents and immunodiagnostic reagents aim at the basic diagnostic services of more than one billion people and account for a small proportion of medical insurance costs. At present, national awareness of disease prevention and physical examination has increased, drug prices have been reduced, and drug price margin has been cancelled, diagnosis and treatment services will become the main source of income for hospitals. With the improvement of national payment ability and the pursuit of quality of life, we believe that there is still a large market potential for such products. Conversely, products with low cost performance that cannot be differentiated will be gradually phased out and will no longer be able to enjoy the benefits of the aging industry.

Business Review

Revenue

In 2019, revenue for the Year was approximately RMB397 million, representing an increase of 31% over the previous year.

Gross Profit and Gross Profit Margin

The gross profit during the Reporting Period was RMB168.40 million, up by 40% as compared to last year, and the gross profit margin was 42% (2018: 39.7%).

Selling and Distribution Expenses

During the Reporting Period, selling and distribution expenses were RMB80.79 million, up by 43% as compared to last year. The increase in such expenses was primarily attributable to the strengthening of selling efforts during the Year.

Research and Development Costs

In 2019, the Company obtained 37 new product registration certificates including small and densely low-density lipoprotein cholesterol assay kit (peroxidase method) and serum amyloid A assay kit (Latex immunoturbidimetry). Among them, 35 products, such as nucleic acid extraction reagents, sample extracts, and sample dilutions, had obtained first-class registration. The Company has renewal registration of 64 products, including α-L-fucosidase assay kits, of which 11 products are third-class and 53 products are second-class. There were 5 patented technologies, such as the CRP and SAA joint detection kit and its preparation method, inflammatory marker compound quality control products and its preparation method and application, which were applied by the Company and had entered the substantive examination stage; and 4 trademark extensions had been obtained by the Company for the Year.

Total research and development costs for the Year amounted to RMB29.32 million, up by 15% when compared to that of last year (RMB25.40 million).

Loss for the Year

Loss for the Year amounted to approximately RMB118 million, as compared with a loss of approximately RMB17 million in 2018.

Loss Attributable to Owners of the Parent

During the Reporting Period, loss attributable to owners of the parent of the Company was approximately RMB110 million, as compared with a loss attributable to owners of the parent of RMB2.05 million for the year ended 31 December 2018, which was mainly due to impairment losses on financial assets.

Production Facilities

The Company owns two self-constructed plant complexes, covering a total area of 37.17 mu. Both complexes have passed the examination and acceptance and repair and reconstruction stages, and are in normal use. Among which, Plant Complex No. 1, with a gross floor area of 11,000 square metres, is mainly used for office, research and development, production of biochemical reagents and other purposes. Plant Complex No. 2, with a gross floor area of 5,000 square metres (with five storeys 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

With the growth of China's per capita disposable income, increased medical insurance coverage, and matured medical consumption concepts, the domestic per capita IVD consumption increased from US$5 in 2016 to US$7.1 in 2018, up by 42% in two years. The short-term target is 30% more versus the global average per capita consumption of US$9.1. The long-term target is of 3.2-7.8 multiples in terms of growth potential when compared to the US and European per capita consumption of US$30 to US$62.8 (source: First Enterprise Industry Research（第一創業產業研究）. In the context of increasing the awareness of national disease prevention and physical examination and universal medical insurance, the future market of the IVD industry has tremendous potential.

At present, the overall situation of a strong external and weak domestic IVD market is basically established. With the gradual implementation of medical reform policies are carrying out such as medical insurance control fees, pressed by cost control pressure, hospitals are more motivated to choose domestic brands that have higher cost performance. Under the condition that foreign investors have maintained their original pricing system, domestic enterprises have ushered in the opportunity of price advantage for quantity. At this moment, whether launching high-quality products with import substitution capabilities becomes the critical point. At the same time, the differences in their respective product layouts and R&D capabilities will quickly widen the gap in the competitiveness of IVD product manufacturers. In the future, the threshold for the IVD industry will increase rapidly, premier IVD companies that have implemented full product line layout and integrated front-line pipelines will benefit. Therefore, the industry is more concerned about innovations and profit models in company processes and services. The two-invoice system had reduced the circulation link, with inspection price drops and DRGS implemented, the hospital inspection department may shift from being a profit center to a cost center. The IVD intermediary link may also be weakened due to price pressure. The restructuring of the industrial chain value initiated by payment end will guide the industry trend from downstream to upstream, and the IVD market capacity will further expand with the easing up of basic medical treatment, the convenience of medical services and the aging population.

In the foreseeable future, as a result of the rapid development of new operating models such as the collection and packaging of medical consumables and regional inspection centers, it is expected that market concentration within the industry will further increase, market competition will further intensify and lead to more uncertainty. The market players of the entire industry have put forward higher competition requirements, which will force products to continue speeding up their upgrading and running to ease up price pressures. At the same time, they will occupy the market through product diversification and the synergy effects formed in R&D, channels, brands would continue to form positive feedback and promote further development of the Group. Meanwhile, the pressure of the two-invoice system and fee control policies have promoted the "de-intermediary" market. The product agency marketing models that the market relied on in the past had become inappropriately suitable for market needs. Therefore, the Group must focus on innovation and create distinctive technologies to establish advantages and barriers. The Group continues to adapt to market needs, and on the basis of adjusting and optimizing the sales team, it will take more incentive measures, actively explore new marketing models, continue to increase marketing efforts, accelerate research and development progress, and launch new products and also their respective or new instruments with new functions, increase investment in research and development, marketing, etc. one after another, and strive to adapt to new market changes and new needs.

The Company is adhesively and innovatively progressing in a stable approach and has achieved fruitful results. After more than 30 years of steady development, the Company has accumulated rich experience. 2020 will be an extraordinary year for Biosino, and the Company will face major challenges. The Company will follow the market change trend relentlessly, and adhere to the business philosophy of legal compliance, promote reform and propel transformation. The Company will continue to consolidate and enhance its existing business segments, fully integrate internal resources, and actively lay out and deepen the nationwide profitable hospital projects. It will continue to strengthen its business and service capabilities, innovate cooperation models, and provide customers with more high-quality and comprehensive services. At the same time, the Group will follow the development trend of the IVD industry, focus on future strategy, and actively explore new profit models. Based on our existing brand advantages, channels advantages, and total market-oriented institutional advantages, the Group will continue to promote the deepening of reform and resources integration to improve market-based remuneration, assessment and incentive mechanisms to stimulate operational vibrancy and endogenous motivation, so as to achieve product upgrades, market upgrades, and management upgrades.

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

	2019	2018
	RMB million	*RMB million*
Cash and bank balances	**46**	25
Short-term loans	**99**	166
Long-term loans	**56**	29
Net debt	**109**	170
Net debt equity ratio	**55%**	47%

The Group generally financed its operations with internally generated cash flows and bank and other borrowings. As of 31 December 2019, net debt decreased by approximately RMB61 million year-on-year as compared to last year, which was mainly due to cash inflows from investing activities during the Year.

FOREIGN CURRENCY RISK

The Group's businesses are mostly located in mainland China and most transactions are conducted in RMB, except that the Group occasionally purchases equipment and some in-vitro diagnostic reagent products from overseas countries for resale in mainland China and there are administrative expenses incurred by the Canadian subsidiary. A small amount of cash denominated in Hong Kong 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 2019, the Group's buildings with a net carrying amount of approximately RMB26.16 million, and prepaid land lease payments with a net carrying amount of approximately RMB2.57 million were pledged to Bank of Beijing to secure the bank loans granted to the Company with a principal of RMB59.30 million. The loans were due in December 2020.

At 31 December 2019, certain machineries with original cost of approximately RMB124 million were pledged to third parties to secure loans granted to the Company amounted to RMB120 million with durations of 2 to 3 years.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Information about the disposal of Zhongke Fund and the relevant loan advances is set out in Note 11(a), Note 14 and Note 15 to this announcement.

SUBSEQUENT EVENT

The subsequent events after the Reporting Period are set out in Note 15 to this announcement.

EMPLOYEES

On 31 December 2019, the Group had a total of 542 full-time employees (last year: 479 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 2019 amounted to approximately RMB69.88 million (2018: RMB60.36 million). The Group determines 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 mainland China and Hong Kong. The Board of the Company 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, the remaining employees of the Group are stationed in mainland China.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

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, A.2.1 and C.2.5 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 report, 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 2020.

Code Provision A.2.1

Code provision A.2.1 states that the roles of chairman and chief executive (whose function is carried out by the president of the Company) should be separate and should not be performed by the same individual. As the function of the chief executive is being carried out by the president of the Company, there is deviation from code provision A.2.1. The Board believes that with the support of the management, vesting the roles of both the chairman and the president in Mr. Wu Lebin can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. In addition, the Board is also supervised by three independent non-executive Directors. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group as the Board assumes collective responsibility on the decision-making process of the Company's business strategies and operation. The Directors will meet regularly to consider major matters affecting the operations of the Group.

Code Provision C.2.5

Code Provision C.2.5 states that the Company should have an internal audit function. Based on the size and simple operating structure of the Group as well as the internal control processes, the Group decided not to set up an internal audit department for the time being. However, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations and (ii) the Company engaged an external consultant to perform an internal review on the scope determined by the Audit Committee. The Company considers that the existing organization structure and close supervision by the management and the abovementioned engagement of the external consultant can maintain sufficient risk management and internal control of the Group. The Board will review the need to set up an internal audit function from time to time and may set up an internal audit team if the need arises.

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.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is available for viewing on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.zhongsheng.com.cn). The annual report for the Reporting Period containing all the information required by the GEM Listing Rules will be despatched to the shareholders and published on the above websites in due course.

RESUMPTION PROGRESS AND PUBLICATION OF 2020 FIRST QUARTERLY RESULTS, INTERIM RESULTS, THIRD QURTERLY RESULTS, ANNUAL RESULTS AND DESPATCH OF 2020 FIRST QUARTERLY REPORT, INTERIM REPORT, THIRD QUARTERLY REPORT AND ANNUAL REPORT

As at the date of this announcement, the Company is in the course of finalizing the 2020 first quarterly results announcement and report, the 2020 interim results announcement and report, the 2020 third quarterly results announcement and report and the 2020 annual results announcement and report. The Company will issue the 2020 first quarterly, interim, third quarterly and annual results announcements and despatch the 2020 first quarterly, interim, third quarterly and annual reports as soon as practicable.

Save for the above, there is no further update on the Group's business operations or progress of satisfying the resumption conditions. The Company shall publish further announcement(s) in compliance with the GEM Listing Rules, or any update on the development of the Company as and when appropriate.

CONTINUED SUSPENSION OF TRADING

Trading in the H shares of the Company has been suspended since 9:00 a.m. on 1 April 2020 and will continue to be suspended until further notice. The Company will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

ANNUAL GENERAL MEETING

The notice of the annual general meeting ("AGM") will be published on the Company's website and the Stock Exchange's website and sent to the Shareholders in due course after the date of the forthcoming AGM has been determined. The Company will also publish further announcement in respect of the closure of register of members for AGM in due course.

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

Beijing, the PRC, 30 March 2020

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 Director
Mr. Chen Jianhua（陳建華先生）

Non-executive Directors
Ms. Cheng Yali（程亞利女士）and Mr. Wang Tao（王滔先生）

Independent non-executive Directors
Dr. Zheng Yongtang（鄭永唐博士）, Mr. Ren Fujin（任孚今先生）and Ms. Li Li（李漓女士）

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website with the domain name of www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.zhongsheng.com.cn.