



中生北控生物科技股份有限公司
BIOSINO BIO-TECHNOLOGY AND SCIENCE INCORPORATION*
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 8247)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2021**

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of Biosino Bio-Technology and Science Incorporation (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

* For identification purposes only

THE FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

The board of Directors (the “Board”) announced the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2021, together with the comparative figures for the same period in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 31 March	
		2021	2020
	Notes	Unaudited RMB'000	Unaudited RMB'000
REVENUE	3	80,894	47,089
Cost of sales		<u>(45,590)</u>	<u>(32,778)</u>
Gross profit		35,304	14,311
Other income and gains, net		19	2,804
Selling and distribution expenses		(16,159)	(14,884)
Administrative expenses		(9,264)	(10,621)
Research and development expenses		<u>(5,800)</u>	<u>(5,279)</u>
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		4,100	(13,669)
Finance costs		(1,842)	(2,723)
Share of losses of associates		<u>(782)</u>	<u>(1,005)</u>
PROFIT/(LOSS) BEFORE TAX		1,476	(17,397)
Income tax expense	4	<u>(1,071)</u>	<u>(67)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>405</u>	<u>(17,464)</u>
Attributable to:			
Owners of the parent		(652)	(15,796)
Non-controlling interests		<u>1,057</u>	<u>(1,668)</u>
		<u>405</u>	<u>(17,464)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	5		
– Basic and diluted (RMB)		<u>(0.01)</u>	<u>(0.11)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended	
	31 March	
	2021	2020
	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT/(LOSS) FOR THE PERIOD AND		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>421</u>	<u>(17,531)</u>
Attributable to:		
Owners of the parent	(636)	(15,863)
Non-controlling interests	<u>1,057</u>	<u>(1,668)</u>
	<u>421</u>	<u>(17,531)</u>

NOTES

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated statement of profit or loss and statement of comprehensive income have been prepared in accordance with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated statement of profit or loss and statement of comprehensive income are consistent with those used in the Company's audited financial statements for the year ended 31 December 2020.

3. REVENUE

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

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

	Three months ended	
	31 March	
	2021	2020
	Unaudited	Unaudited
	RMB'000	RMB'000
Sale of in-vitro diagnostic reagent products	<u>80,894</u>	<u>47,089</u>
	<u>80,894</u>	<u>47,089</u>

4. INCOME TAX EXPENSE

Taxes on profits assessable in the PRC, where the Group operates, have been calculated at the rate of tax prevailing in the PRC. Under the PRC income tax laws, enterprises are subject to corporate income tax (“CIT”) at a rate of 25%.

The Company and its two subsidiaries, Beijing Zhongsheng Jinyu Diagnostic Technology Co., Ltd. and Biosino Suzhou Medical Instrument Co., Ltd., are entitled to a preferential rate of 15% under the PRC income tax laws for a period of three years commencing on 2 December 2020, 20 October 2020 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 period.

	Three months ended	
	31 March	
	2021	2020
	Unaudited	Unaudited
	RMB'000	RMB'000
Current – PRC	<u>1,071</u>	<u>67</u>

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

The calculation of the basic earnings per share amount is based on the unaudited profit attributable to ordinary equity holders of the parent for the period and the weighted average of 144,707,176 (2020: 144,707,176) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 31 March 2021 and 2020 as the Group had no potentially dilutive ordinary shares in issue during those periods.

6. RESERVES

The movements of reserves attributable to ordinary equity holders of the parent for the three months ended 31 March 2021 and 2020 are as follows:

	Share capital	Capital reserve [#]	Statutory reserve	Exchange fluctuation reserve	Fair value reserve	Accumulated losses	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	144,707	102,596	47,995	(113)	(359)	(120,035)	174,791
Loss for the period	–	–	–	–	–	(15,796)	(15,796)
Exchange differences on translation of foreign operations	–	–	–	(67)	–	–	(67)
Total comprehensive income for the period	–	–	–	(67)	–	(15,796)	(15,863)
At 31 March 2020	<u>144,707</u>	<u>102,596</u>	<u>47,995</u>	<u>(180)</u>	<u>(359)</u>	<u>(135,831)</u>	<u>158,928</u>
At 1 January 2021	144,707	102,596	47,978	(157)	(474)	(117,317)	177,333
Loss for the period	–	–	–	–	–	(652)	(652)
Exchange differences on translation of foreign operations	–	–	–	16	–	–	16
Total comprehensive income for the period	–	–	–	16	–	(652)	(636)
At 31 March 2021	<u>144,707</u>	<u>102,596</u>	<u>47,978</u>	<u>(141)</u>	<u>(474)</u>	<u>(117,969)</u>	<u>176,697</u>

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

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review for the three months ended 31 March 2021

The Group's revenue for the three months ended 31 March 2021 amounted to approximately RMB80.89 million, representing an increase of 72% as compared with approximately RMB47.1 million for the corresponding period last year.

Loss attributable to the shareholders of the Company for the three months ended 31 March 2021 was approximately RMB0.65 million, representing a decrease of 96% as compared with approximately RMB15.8 million for the corresponding period last year. The decrease in loss was mainly attributable to the increase in revenue due to the active expansion of the Group in new areas.

Outlook and Future Prospects

As many countries have started vaccinating against COVID-19, the global development focus is expected to return to the track of economic recovery. Owing to various domestic factors such as aging population, life quality improvement, increasing health awareness, improvement of medical quality and technological advancement, in recent years, the IVD industry gained strong development momentum of not only expanding the scope of testing but also more diversified analytical techniques were used. Great progress in reagents, instruments and systems development was achieved. Against the backdrop of increasing investment in healthcare industry in the PRC, the healthcare industry faces tremendous potential as the development of county-level hospitals in the PRC is accelerating, cost-effective products will become more and more popular, and the demand for high-end diagnostic products in tertiary hospitals is also increasing.

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. In particular, biochemical diagnostic reagents are routine test items used in medical treatments and are essential components of medical testing. With the advantages of low cost and high speed, they have enjoyed a relatively large market share in the diagnostic reagent market. Among the IVD services, biochemical diagnostic reagents and immunodiagnostic reagents aim at the basic diagnostic services of more than one billion people. As a result of the rapid development of new operating models such as the centralized sourcing and packaging of medical consumables and regional lab centres, 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 generated in research and development ("R&D"), channels and brands would continue to form positive feedback and promote further development of the Group;

In the meantime, confronted with complex changes in international political and economic situation, in 2021, domestic brands will gain preferential support in the market and related national policies, which will facilitate the development and growth of domestic brands, and create a good foundation for the development of IVD industry in the PRC.

The Company has always been committed to the R&D and production of IVD products, adheres to the strategy of the “joint development of IVD products + diagnostic services”, adopts clinical demand-driven approach, and takes in-house R&D as its core competitiveness, especially having more relatively competitive advantages in the biochemical diagnostic reagent market. As automatic biochemical analysers become popular in primary hospitals, the Company will continue to enhance its innovation capabilities in reagents and instrument technologies and service standard of medical diagnosis in the future, and actively promote the layout of main product lines to enhance its comprehensive competitiveness. In terms of product development direction, on the one hand, we rely on the existing advantages and focus on continuous improvement of the quality of its existing products, and on the other hand, we continue to develop new test items led by our industry technological advancements. Thus, by consolidating our business foundation, adjusting business strategies, increasing revenue and reducing expenditures, the Company will strive against the headwind, look for more business growth points, expand income source, and endeavor to return to our leading position in the industry.

The Company has completed the registration of 67 products including Lipoprotein(a) Assay Kit (Urbidimetric Inhibition Immuno Assay) and the filing of type A cleaning solution and also obtained the patent of a stable biochemical composite calibrator as well as its preparation method.

OTHER INFORMATION

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

As at 31 March 2021, the interests of the Directors, supervisors or chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares of the Company:

Name	Number of the Company's domestic shares held	Percentage of the Company's domestic shares	Percentage of the Company's total registered share capital
Mr. Wu Lebin	3,500,878	4.35%	2.42%
Mr. Zhou Jie	150,000	0.19%	0.10%

Save as disclosed above, as at 31 March 2021, none of the Directors, supervisors or chief executive of the Company had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules.

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

As at 31 March 2021, as far as is known to any Directors and supervisors of the Company, other than the interest of the Directors, supervisors and chief executive of the Company as disclosed under the section headed "Directors', Supervisors' and Chief Executive's Interests in Shares and Underlying Shares" above, the following persons had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions in the shares of the Company:

Name	Capacity and nature of interests	Number of the Company's shares held		Percentage of the Company's respective type of shares		Percentage of the Company's total registered capital
		Domestic shares	H shares	Domestic shares	H shares	
Beijing Pusai Asset Management Co., Ltd. (北京普賽資產管理有限責任公司)	Directly beneficially owned	31,308,576	–	38.93%	0.00%	21.64%
Mr. Wang Tao	Directly beneficially owned	24,506,143	–	30.47%	0.00%	16.93%
Mr. Xiao Yonggang	Directly beneficially owned	7,763,505	–	9.65%	0.00%	5.36%
Beijing Enterprises Holdings Limited^	Directly beneficially owned	–	27,256,143	0.00%	42.40%	18.84%
Beijing Enterprises Group Company Limited^	Through controlled corporations	–	27,256,143	0.00%	42.40%	18.84%
雲南勝能投資合夥企業 (有限合夥) Yunnan Shengneng Investment Partnership (Limited Partnership)	Directly beneficially owned	–	6,780,000	0.00%	10.55%	4.69%

Name	Capacity and nature of interests	Number of the Company's shares held		Percentage of the Company's respective type of shares		Percentage of the Company's total registered capital
		Domestic shares	H shares	Domestic shares	H shares	
Li Yangyixiong	Through controlled corporations	–	6,780,000	0.00%	10.55%	4.69%
Chung Shek Enterprises Company Limited	Directly beneficially owned	–	3,800,000	0.00%	5.91%	2.63%
K.C. Wong Education Foundation	Through controlled corporations	–	3,800,000	0.00%	5.91%	2.63%

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

Save as disclosed above, as far as is known to any Directors or supervisors of the Company, as at 31 March 2021, no person, other than the Directors, supervisors and chief executive of the Company, whose interests are set out in the section “Directors’, Supervisors’ and Chief Executive’s Interests in Shares and Underlying Shares” above, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Directors’ Securities Transactions

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

Competing Interests

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

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

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

Audit Committee

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

Compliance with Corporate Governance Code

For the period ended 31 March 2021, the Company complied with all code provisions set out in the Corporate Governance Code (Appendix 15 to the GEM Listing Rules) with the exception of Code Provisions A.1.8 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 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 2021.

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.

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

Beijing, the PRC, 14 May 2021

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 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.