



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

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS AND
NINE MONTHS ENDED 30 SEPTEMBER 2021**

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

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

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

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

THIRD QUARTERLY RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2021

The board of Directors (the “Board”) of the Company announced the unaudited consolidated results of the Group for the three months and nine months ended 30 September 2021, together with the comparative figures for the same periods in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended		Nine months ended	
		30 September		30 September	
		2021	2020	2021	2020
		Unaudited	Unaudited	Unaudited	Unaudited
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	3	87,072	94,171	261,737	225,554
Cost of sales		<u>(46,810)</u>	<u>(56,101)</u>	<u>(140,441)</u>	<u>(140,768)</u>
Gross profit		40,262	38,070	121,296	84,786
Other income and gains, net		995	2,476	1,221	11,030
Selling and distribution expenses		(14,244)	(19,403)	(49,707)	(52,038)
Administrative expenses		(9,962)	(10,966)	(31,181)	(29,448)
Research and development expenses		(5,373)	(6,268)	(17,876)	(20,296)
Other expenses		<u>(2,268)</u>	<u>–</u>	<u>(2,500)</u>	<u>–</u>
PROFIT/(LOSS) FROM					
OPERATING ACTIVITIES		9,410	3,909	21,253	(5,966)
Finance costs		(1,911)	(2,406)	(7,416)	(8,021)
Share of profits or losses of:					
Joint ventures		(5)	–	(34)	–
Associates		<u>(367)</u>	<u>1,331</u>	<u>(130)</u>	<u>1,868</u>
PROFIT/(LOSS) BEFORE TAX		7,127	2,834	13,673	(12,119)
Income tax	4	<u>(465)</u>	<u>(210)</u>	<u>(1,844)</u>	<u>(298)</u>

	<i>Notes</i>	Three months ended		Nine months ended	
		30 September		30 September	
		2021	2020	2021	2020
		Unaudited	Unaudited	Unaudited	Unaudited
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT/(LOSS) FOR THE PERIOD		6,662	2,624	11,829	(12,417)
Attributable to:					
Owners of the parent		5,995	2,492	7,831	(9,813)
Non-controlling interests		667	132	3,998	(2,604)
		6,662	2,624	11,829	(12,417)
EARNINGS/(LOSSES) PER SHARE					
ATTRIBUTABLE TO					
OWNERS OF THE PARENT	5				
Basic and diluted (<i>RMB</i>)		0.04	0.02	0.05	(0.07)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2021

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT/(LOSS) FOR THE PERIOD AND				
TOTAL COMPREHENSIVE				
INCOME FOR THE PERIOD	6,638	2,606	11,823	(12,466)
Attributable to:				
Owners of the parent	5,971	2,474	7,825	(9,862)
Non-controlling interests	667	132	3,998	(2,604)
	<u>6,638</u>	<u>2,606</u>	<u>11,823</u>	<u>(12,466)</u>

NOTES

1. CORPORATE INFORMATION

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

During the period, the Group principally engaged in the research and development, manufacturing, sale and distribution of in-vitro diagnostic reagent products.

2. BASIS OF PREPARATION

The unaudited condensed consolidated statement of profit or loss and statement of comprehensive income for the three months and nine months ended 30 September 2021 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 value added tax and government surcharges, and after allowances for the goods returned and trade discounts.

4. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group has not generated any assessable profits in Hong Kong during the nine months ended 30 September 2021 (2020: Nil). 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.

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
The Current – the PRC	457	199	1,821	266
Deferred	8	11	23	32
	<u>465</u>	<u>210</u>	<u>1,844</u>	<u>298</u>

5. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share for the three months and nine months ended 30 September 2021 is based on the unaudited profit attributable to shareholders of the Company for the period and the weighted average of 144,707,176 (2020: 144,707,176) ordinary shares in issue during the period.

No diluted earnings per share have been presented as there was no diluting event existed during the three months and nine months ended 30 September 2021 (2020: Nil).

6. RESERVES

The movements of reserves for the nine months ended 30 September 2021 and 2020 are as follows:

	Attributable to owners of the parent						Total Unaudited RMB'000
	Issued share capital Unaudited RMB'000	Capital reserves [#] Unaudited RMB'000	Statutory reserves Unaudited RMB'000	Exchange fluctuation reserve Unaudited RMB'000	Fair value reserve Unaudited RMB'000	Accumulated losses Unaudited RMB'000	
At 1 January 2020	144,707	102,596	47,995	(113)	(359)	(120,035)	174,791
Total comprehensive loss for the period	–	–	–	(49)	–	(9,813)	(9,862)
Disposal of a subsidiary	–	(377)	–	–	–	–	(377)
At 30 September 2020	<u>144,707</u>	<u>102,219</u>	<u>47,995</u>	<u>(162)</u>	<u>(359)</u>	<u>(129,848)</u>	<u>164,552</u>
At 1 January 2021	144,707	102,596	47,978	(157)	(474)	(117,317)	177,333
Profit for the period	–	–	–	–	–	7,831	7,831
Exchange differences on translation of foreign operations	–	–	–	(6)	–	–	(6)
Total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>(6)</u>	<u>–</u>	<u>7,831</u>	<u>7,825</u>
At 30 September 2021	<u>144,707</u>	<u>102,596</u>	<u>47,978</u>	<u>(163)</u>	<u>(474)</u>	<u>(109,486)</u>	<u>185,158</u>

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

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

In the first three quarters of 2021, with the implementation of relevant industry policies such as volume-based centralised procurement and transparent procurement, while the domestic invitro-diagnostic (“IVD”) market recorded stable growth in general, competition in the industry has further intensified and become more complicated.

With the gradual implementation of the strategy of “Healthy China 2030” in the PRC and continuous strengthening of the concept of “Achieve Universal Health Through Early Diagnosis, Early Treatment and Early Recovery” coupled with the continuous spread of the novel coronavirus epidemic since 2020, people’s need for the diagnosis of diseases, especially accurate and convenient diagnostic products, has also been increasing. IVD companies in the PRC are relatively late starters in such business with a significant gap in terms of scale, strength, technology and innovation capabilities versus leading multinational companies. Therefore, they need to leverage various resources to bolster their corporate strength, innovate and develop localized products, establish various product lines in advance, and overcome current difficulties in mismatched supply and demand, so as to increase market share. In recent years, domestic IVD products have made significant progress, as 70% of biochemical reagents have been substituted by domestic products. However, high-end instruments are still dominated or even monopolized by foreign capital, with domestic products accounting for less than 10%. Most companies operate on a monotonous business scope offering thin product lines backed by limited technological levels. With small and fragment sizes, they are unable to focus on intensive efforts in sub-segments in which they claim expertise. Although some IVD companies which are engaged in business relating to epidemic prevention and control were able to take advantage of the situation to grow rapidly and began to dominate the sub-segments of the domestic diagnostic market last year, generally speaking, domestic companies still need to strengthen their overall strength and the level of market concentration needs to be further increased.

The Company persisted in a “product-centric and market-oriented” business strategy and advanced its work in the research and development (“R&D”) and registration of new products in a steady manner, so as to further enrich the Company’s product lines, improve product production and quality management constantly in pursuit of profit growth while increasing sales, as well as continuously reduce the raw material cost and general cost of products through methods such as supplier optimization and direct procurement.

Regarding the direction for future product development, the Company will focus on the continuous improvement of the quality of its existing products on the one hand by leveraging its existing strengths, while engaging in the continuous development of new testing items in tandem with progress in industry technologies. In connection with market development strategies, the Company will continue to consolidate its existing competitive advantages in the biochemical diagnostic market, while developing and increasing its market share in other products. Meanwhile, it will strengthen cooperation with internationally renowned companies, enhance the horizontal union with its direct users, further deepen the platforms and mechanisms for resources utilization and business integration, commence cooperation with peers alongside the industry chain to enhance its market shares, and at the same time continue to improve its remuneration system and incentive mechanism to get high-caliber talents on board.

Due to the outbreak of the epidemic, sales of product of the Company decreased significantly in the same period of last year. With the normalization of epidemic prevention and control in the PRC and higher volume of commercial reagents resulting from the introduction of new partners by the Company, its sales have gradually recovered, and therefore the Company's revenue from January to September increased as compared with the same period of last year. The year-on-year increase in profit was mainly attributable to the higher gross profit contributed by the increase in revenue.

During the nine months ended 30 September 2021 (the "Reporting Period"), the Company was granted an invention patent for its immunoturbidimetric kit; while completing the registration renewal of 30 products, such as glycocholic acid determination kit (homogeneous enzyme immunoassay) kits, an existing product.

OTHER INFORMATION

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

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

Long position in shares of the Company:

Name	Number of the Company's domestic shares held	Percentage of the Company's domestic shares	Percentage of the Company's total registered share capital
Mr. Wu Lebin	3,500,878	4.35%	2.42%
Mr. Wang Tao	24,506,143	30.47%	16.93%
Mr. Zhou Jie	150,000	0.19%	0.10%

Save as disclosed above, as at 30 September 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 30 September 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 and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long positions in shares of the Company:

Name	Capacity and nature of interest	Number of the Company's shares held		Percentage of the Company's respective type of shares		Percentage of the Company's total registered capital
		Domestic shares	H shares	Domestic shares	H shares	
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. 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%
Mr. Li Yangyixiong	Through controlled corporations	–	6,780,000	0.00%	10.55%	4.69%
	Directly beneficially owned	1,050,263	–	1.31%	–	0.73%
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 held by Beijing Enterprises Holdings Limited pursuant to the SFO.*

Save as disclosed above, so far as is known to any Directors or supervisors of the Company, as at 30 September 2021, no person, other than the Directors, chief executive or supervisors of the Company, whose interests are set out in the section “Directors’, Supervisors’ and Chief executive’s interests in shares and underlying shares” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange.

DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the directors or supervisors or their respective associates (as defined under the GEM Listing Rules) was granted by the Company or its subsidiaries any rights or options to acquire any shares in or debentures of the Company or had exercised any such rights as at 30 September 2021.

COMPETING INTERESTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the nine months ended 30 September 2021.

SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the requirements as set out in Rules 5.28 and 5.29 of the GEM Listing Rules. The audit committee’s primary duties are the review and supervision of the Company’s financial reporting procedures and internal control system. The Group’s unaudited condensed consolidated financial statements for the period have been reviewed by the audit committee of the Company with the three independent non-executive directors, namely Dr. Zheng Yongtang, Mr. Ren Fujin and Ms. Li Li, of which Dr. Zheng Yongtang is the chairman. Following Ms. Li Li’s resignation as an independent non-executive Director on 28 May 2021, she ceased to be a member of the Audit Committee and was replaced by Mr. Lu Qi, an independent non-executive Director appointed on 28 May 2021.

CORPORATE GOVERNANCE

For the period ended 30 September 2021, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (Appendix 15 to the GEM Listing Rules) with the exception of Code Provision C.2.5 as addressed below.

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
Wu Lebin
Chairman

Beijing, the PRC, 14 November 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)

Executive Director

Mr. Lin Yanglin (林楊林先生)

Non-executive Directors

Ms. Cheng Yali (程亞利女士), Mr. Wang Tao (王滔先生) and Ms. Zeng Shuangzi (曾霜自女士)

Independent non-executive Directors

Dr. Zheng Yongtang (鄭永唐博士), Mr. Ren Fujin (任孚今先生) and Mr. Lu Qi (陸琪先生)

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.