



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

First Quarterly Report 2023



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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 of Hong Kong Limited (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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Biosino Bio-Technology and Science Incorporation (the "Company" or "Biosino", 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 report 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 report misleading.

CONTENTS

	<i>Page</i>
Corporate Information	3
Condensed Consolidated Statement of Profit or Loss	5
Condensed Consolidated Statement of Comprehensive Income	6
Notes	7
Management Discussion and Analysis	10
Other Information	12

CORPORATE INFORMATION

PRC OFFICE

No. 27 Chaoqian Road
Science and Technology Industrial Park
Changping District
Beijing, PRC

HONG KONG OFFICE

66th Floor
Central Plaza, 18 Harbour Road
Wanchai, Hong Kong

WEBSITE

<http://www.zhongsheng.com.cn>

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Lebin (*Chairman*)
Mr. Lin Yanglin (*Vice Chairman*)

Non-executive Directors

Dr. Sun Zhe (*Vice Chairman*)
Ms. Cheng Yali

Independent Non-executive Directors

Dr. Zheng Yongtang
Mr. Ren Fujin (resigned with effect from
12 February 2023)
Mr. Lu Qi
Prof. Shen Jiangan (appointed with effect
from 23 February 2023)

SUPERVISORS

Mr. Zhou Jie
Dr. Shen Sheng
Ms. Ren Junhe

AUDIT COMMITTEE

Dr. Zheng Yongtang (*Chairman*)
Mr. Ren Fujin (resigned with effect from
12 February 2023)
Mr. Lu Qi
Prof. Shen Jiangan (appointed with effect
from 23 February 2023)

REMUNERATION COMMITTEE

Dr. Zheng Yongtang (*Chairman*)
Mr. Ren Fujin (resigned with effect from
12 February 2023)
Mr. Lu Qi
Prof. Shen Jiangan (appointed with effect
from 23 February 2023)

NOMINATION COMMITTEE

Mr. Lu Qi (*Chairman*)
Dr. Zheng Yongtang
Mr. Wu Lebin
Mr. Ren Fujin (resigned with effect from
12 February 2023)
Prof. Shen Jiangan (appointed with effect
from 23 February 2023)

CORPORATE INFORMATION

CHIEF EXECUTIVE

Mr. Chen Peng (*President*)

COMPANY SECRETARY

Mr. Tung Woon Cheung Eric *CPA, CPA (U.S.)*

QUALIFIED ACCOUNTANT

Mr. Cheng King Yin *CPA, CFA*

AUTHORISED REPRESENTATIVES

Mr. Wu Lebin

Mr. Tung Woon Cheung Eric

COMPLIANCE OFFICER

Mr. Wu Lebin

AUDITORS

Ernst & Young

LEGAL ADVISERS

As to Hong Kong law

Loong & Yeung Solicitors

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17F, Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL BANKERS

Bank of Beijing

Agricultural Bank of China Limited

Bank of China (Hong Kong) Limited

INFORMATION OF H SHARES

Place of listing: GEM

Stock code: 8247

Number of

H shares issued: 64,286,143 H shares

Nominal value: RMB1.00 per H share

Stock short name: Biosino Bio-Tec

THE FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2023

The board of Directors (the “Board”) of the Company announced the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2023, together with the comparative figures for the same period in 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 31 March	
	Notes	2023 Unaudited RMB'000	2022 Unaudited RMB'000
REVENUE	3	71,103	88,560
Cost of sales		(39,159)	(53,872)
Gross profit		31,944	34,688
Other income and gains		142	123
Selling and distribution expenses		(14,490)	(14,777)
Administrative expenses		(11,922)	(9,558)
Research and development expenses		(8,754)	(5,074)
Other expenses		(77)	(9)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		(3,157)	5,393
Finance costs		(1,437)	(1,290)
Share of losses of:			
Joint ventures		(17)	(9)
Associates		(541)	(885)
PROFIT/(LOSS) BEFORE TAX		(5,152)	3,209
Income tax expense	4	(1,012)	(1,091)
PROFIT/(LOSS) FOR THE PERIOD		(6,164)	2,118
Attributable to:			
Owners of the parent		(5,132)	(594)
Non-controlling interests		(1,032)	2,712
		(6,164)	2,118
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	5		
– Basic and diluted (RMB)		(0.04)	(0.01)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 31 March	
	2023 Unaudited RMB'000	2022 Unaudited RMB'000
PROFIT/(LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(6,173)	2,132
Attributable to:		
Owners of the parent	(5,141)	(580)
Non-controlling interests	(1,032)	2,712
	(6,173)	2,132

NOTES

1. CORPORATE INFORMATION

The Company is a limited liability company established 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 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 2022.

3. REVENUE

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

	Three months ended 31 March	
	2023 Unaudited RMB'000	2022 Unaudited RMB'000
Sale of in-vitro diagnostic reagent products	68,324	67,528
Other service	2,600	21,032
Rental income	179	–
	71,103	88,560

NOTES

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 Technology 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, 21 October 2020 and 3 November 2021, 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	
	2023 Unaudited RMB'000	2022 Unaudited RMB'000
Current – the PRC Charge for the period	1,003	1,081
Deferred	9	10
Tax charge for the period	1,012	1,091

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 number of ordinary shares of 144,707,176 (2022: 144,707,176) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the periods ended 31 March 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

NOTES

6. RESERVES

The movements of reserves attributable to ordinary equity holders of the parent for the three months ended 31 March 2023 and 2022 are as follows:

	Share capital Unaudited RMB'000	Capital reserve [#] Unaudited RMB'000	Statutory reserve Unaudited RMB'000	Exchange reserve Unaudited RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income Unaudited RMB'000	Accumulated losses Unaudited RMB'000	Total Unaudited RMB'000
At 1 January 2022	144,707	102,596	47,978	(176)	(474)	(118,457)	176,174
Loss for the period	-	-	-	-	-	(594)	(594)
Exchange differences on translation of foreign operations	-	-	-	14	-	-	14
Total comprehensive income for the period	-	-	-	14	-	(594)	(580)
Contribution from non-controlling shareholders of a subsidiary	-	15,540	-	-	-	-	15,540
At 31 March 2022	144,707	118,136	47,978	(162)	(474)	(119,051)	191,134
At 1 January 2023	144,707	124,672	47,978	(152)	(1,005)	(110,351)	205,849
Loss for the period	-	-	-	-	-	(5,132)	(5,132)
Exchange differences on translation of foreign operations	-	-	-	(9)	-	-	(9)
Total comprehensive income for the period	-	-	-	(9)	-	(5,132)	(5,141)
At 31 March 2023	144,707	124,672	47,978	(161)	(1,005)	(115,483)	200,708

[#] 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 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The IVD industry has demonstrated rapid development in recent years; not only precision medicine, high-end devices and biotechnology have experienced continuous advancements, but also a breakthrough in innovative clinical medical technology, medical information technology, and service process reshaping have also progressed with daily innovations. The IVD industry has made notable progress in reagents, instruments and systematization. As the demand for IVD testing has gradually moved downstream from tertiary hospitals to primary hospitals due to the facilitation of the graded diagnosis and treatment system, independent laboratories are now responsible for the outsourcing business of testing services. With the emergence of cost-reduction procurement, third-party hosting and financial leasing models, both the procurement decision-making and the market landscape are undergoing changes.

At present, the domestic IVD products sector presents the market characteristics of large-scale automation, systematization, standardization, personalization, intelligence and informatization, the demand for biochemical diagnostic reagents and immunodiagnostic reagents in the IVD reagent market still accounts for over 50% of the entire IVD reagent market demand. Biochemical diagnostics undergo an isolated development, which accounts for about 25% of the IVD market, with domestic products accounting for more than 50%, which is about 35% of the whole market. It is the most mature segment in terms of development, and the overall technology standard has basically reached the international standard under the same period. Enzyme immunoassay accounts for approximately 60%-70% of the domestic market, and chemiluminescent reagents imports account for 70%-80%, representing approximately 10% of the entire market but are still dominated by imported products, with domestic products only representing 20%-30%, which are mainly polymerase chain reaction ("PCR") products. Chemiluminescent reagents are gradually replacing enzyme immunoassay and achieving import substitution.

Our products include biochemical products, immunology, point-of-care test ("POCT"), molecules, flow cytometry, and other fields, and we have a relatively high market share mainly in the biochemistry sector while continuing to develop the market of immunology and other products. We continued to strengthen close cooperation with dealers and terminal hospitals, etc. to name a few, constantly tried to diversify marketing models, expanded sales channels in multiple directions, promoted product sales in sub-segment markets and regional sales, and deepened all-round services and cooperation with end customers.

MANAGEMENT DISCUSSION AND ANALYSIS

While effectively consolidating and enhancing its comprehensive strengths, the Group further optimised its investment portfolio and focused on asset operation efficiency, so as to enable us to concentrate more resources and efforts on our principal businesses with our own advantages. At present, we have already made milestone success in further promoting scientific research cooperation, scientific and technological exchanges, and transformation of achievements, with our industrial strategic layout continuously improved. We shall kick-start strategic cooperation in areas such as marketing, research and development, production, market, and ecosystem co-construction.

In the first quarter of this year, we applied for a product invention patent for a testing reagent method to eliminate non-specific reactions in blood samples.

OTHER INFORMATION

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2023, 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%
Mr. Chen Peng	11,330,334	14.09%	7.83%

Save as disclosed above, as at 31 March 2023, 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.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2023, 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%
Beijing Enterprises Holdings Limited (Note 1)	Directly beneficially owned	–	27,256,143	0.00%	42.40%	18.84%
Beijing Enterprises Group Company Limited (Note 1)	Through controlled corporations	–	27,256,143	0.00%	42.40%	18.84%
Yunnan Shengneng Investment Partnership (Limited Partnership) (雲南勝能投資合夥企業(有限合夥))(Note 2)	Directly beneficially owned	10,939,314	6,780,000	13.60%	10.55%	12.24%
Mr. Li Yangyixiong (Note 2)	Through controlled corporations	10,939,314	6,780,000	13.60%	10.55%	12.24%
Mr. Li Yangyixiong	Directly beneficially owned	1,050,263	–	1.31%	–	0.73%
Ms. Chen Chen (Note 2)	Through controlled corporation	10,939,314	6,780,000	13.60%	10.55%	12.24%
Mr. Chen Zhaoyang (Note 2)	Through controlled corporation	10,939,314	6,780,000	13.60%	10.55%	12.24%

OTHER INFORMATION

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	
Jingning Guoke Kangyi Enterprise Management Center LLP <i>(Note 3)</i>	Directly beneficially owned	11,330,334	–	14.09%	–	7.83%
Sichuan Zhongsheng Medical Instrument Co., Ltd. <i>(Note 4)</i>	Directly beneficially owned	10,000,000	–	12.43%	–	6.91%
Mr. Chen Zhengyong <i>(Note 4)</i>	Through controlled corporation	10,000,000	–	12.43%	–	6.91%
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%

Notes:

1. 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.
2. The interests of Yunan Shengneng Investment Partnership (Limited Partnership) ("Yunan Shengneng") were owned as to 34% by Mr. Li Yangyixiong, 33% by Ms. Chen Chen and 33% by Mr. Chen Zhaoyang. Accordingly, Mr. Li Yangyixiong, Ms. Chen Chen and Mr. Chen Zhaoyang were deemed to be interested in the H shares and the domestic shares owned by Yunan Shengneng pursuant to the SFO.
3. The interests of Jingning Guoke Kangyi Enterprise Management Center LLP ("Jingning Guoke") were owned as to 99.5% by Mr. Chen Peng, the president of the Company. Accordingly, Mr. Chen Peng is deemed to be interested in the domestic shares owned by Jingning Guoke pursuant to the SFO.
4. The equity interests of Sichuan Zhongsheng Medical Instrument Co., Ltd. ("Sichuan Zhongsheng") were owned as to 75.35% by Mr. Chen Zhengyong. Accordingly, Mr. Chen Zhengyong is deemed to be interested in the domestic shares owned by Sichuan Zhongsheng pursuant to the SFO.

OTHER INFORMATION

Save as disclosed above, as far as is known to any Directors or supervisors of the Company, as at 31 March 2023, 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 of conduct 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 report, 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.

OTHER INFORMATION

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. Lu Qi and Prof. Shen Jiangang, of which Dr. Zheng Yongtang is the chairman.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

For the three months ended 31 March 2023, the Company complied with all code provisions set out in Part 2 – Principles of Good Corporate Governance, Code Provisions and Recommended Best Practices of the Corporate Governance Code (Appendix 15 to the GEM Listing Rules) with the exception of Code Provision D.2.5 as addressed below.

Code Provision D.2.5

Code Provision D.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, 12 May 2023