



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 2022**

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.

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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.*

THE FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

The board of Directors (the “**Board**”) of the Company announced the unaudited consolidated results of the Group for the three months ended 31 March 2022, together with the comparative figures for the same period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Three months ended 31 March	
		2022 Unaudited <i>RMB'000</i>	2021 Unaudited <i>RMB'000</i>
REVENUE	3	88,560	80,894
Cost of sales		<u>(53,872)</u>	<u>(45,590)</u>
Gross profit		34,688	35,304
Other income and gains, net		114	19
Selling and distribution expenses		(14,777)	(16,159)
Administrative expenses		(9,558)	(9,264)
Research and development expenses		<u>(5,074)</u>	<u>(5,800)</u>
PROFIT FROM OPERATING ACTIVITIES		5,393	4,100
Finance costs		(1,290)	(1,842)
Share of losses of:			
Joint ventures		(9)	–
Associates		<u>(885)</u>	<u>(782)</u>
PROFIT BEFORE TAX		3,209	1,476
Income tax expense	4	<u>(1,091)</u>	<u>(1,071)</u>
PROFIT FOR THE PERIOD		<u>2,118</u>	<u>405</u>
Attributable to:			
Owners of the parent		(594)	(652)
Non-controlling interests		<u>2,712</u>	<u>1,057</u>
		<u>2,118</u>	<u>405</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	5		
– Basic and diluted (<i>RMB</i>)		<u>(0.01)</u>	<u>(0.01)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended	
	31 March	
	2022	2021
	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE PERIOD AND		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>2,132</u>	<u>421</u>
Attributable to:		
Owners of the parent	(580)	(636)
Non-controlling interests	<u>2,712</u>	<u>1,057</u>
	<u>2,132</u>	<u>421</u>

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 Companies Ordinance (Chapter 622 of the Laws of Hong Kong). 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 2021.

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	
	2022	2021
	Unaudited	Unaudited
	RMB'000	RMB'000
Sale of in-vitro diagnostic reagent products	<u>88,560</u>	<u>80,894</u>
	<u>88,560</u>	<u>80,894</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 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	
	2022	2021
	Unaudited	Unaudited
	RMB'000	RMB'000
Current – the PRC		
Charge for the period	1,081	1,064
Deferred	<u>10</u>	<u>7</u>
Tax charge for the period	<u>1,091</u>	<u>1,071</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 number of ordinary shares of 144,707,176 (2021: 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 2022 and 2021 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 2022 and 2021 are as follows:

	Share capital Unaudited RMB'000	Capital reserve [#] Unaudited RMB'000	Statutory reserve Unaudited RMB'000	Exchange fluctuation reserve Unaudited RMB'000	Fair value reserve Unaudited RMB'000	Accumulated losses Unaudited RMB'000	Total Unaudited RMB'000
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>
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)
Capital contribution from non-controlling equity holders of a subsidiary	-	9,765	-	-	-	-	9,765
Deemed disposal of partial interest in a subsidiary	-	5,775	-	-	-	-	5,775
At 31 March 2022	<u>144,707</u>	<u>118,136</u>	<u>47,978</u>	<u>(162)</u>	<u>(474)</u>	<u>(119,051)</u>	<u>191,134</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 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Owing to the recurring pandemic outbreak in the first quarter of 2022, the battle against the pandemic suddenly broke out in mainland China. The PRC had adopted relatively stringent pandemic preventive measures compared to the rest of the world in facing such a complicated and acute situation, which had caused significant impact on all aspects of the domestic economy and society and resulted in significant changes in the players and the overall environment of the IVD industry, more fierce and complex competitive landscape in the market and also exerted a certain degree of impact on the business development of the Company.

Meanwhile, the IVD ecosystem is still undergoing profound and significant changes domestically and the demand for biochemical diagnostic reagents and immune diagnostic reagents in the IVD reagent market still accounts for over 50% of the entire IVD reagent market demand. In particular, the biochemical diagnostic reagents are routinely used in testing in medical care, as well as being used as a basic component of medical testing. Leveraging the advantages of their low costs and rapid response, the biochemical diagnostic reagents have maintained a relatively larger market share in the diagnostic reagent market. Among IVD services, the biochemical diagnostic reagents and immune diagnostic reagents aim to be used as part of basic diagnostic services provided to more than one billion people. As a result of the rapid development of new operating models, such as the collection and packaging of medical consumables and regional inspection centres, it is expected that market concentration within the industry will further increase, market competition will further intensify which will lead to more uncertainty and higher competitive requirements for market players in the entire industry.

Although facing challenges in the market environment, the IVD industry still gained strong momentum in its development, not only did it expand the scope of testing, but it also became more diversified in terms of analytical techniques being used. On-going progress in reagents, instruments and systems development was achieved in the IVD industry. Against the backdrop of increasing investment in healthcare industry in the PRC, as cost-effective products will become more and more popular, and the demand for high-end diagnostic products in tertiary hospitals is also increasing, the healthcare industry in the PRC faces tremendous potential.

By consolidating business foundations and adjusting business strategies, the Company expanded its revenue sources, ramped up its own business and service capabilities, innovated co-operation models, sped up its response against evolving situation, provided customers with more premium and all-round services and improved its products, markets and management.

The Company obtained a total of five patents, including (i) calibrator and quality control material for mass spectrometry detection of vitamin D and its metabolites and its preparation method and application; (ii) uric acid assay kit against chyle interference; (iii) a glucose test kit and its application; (iv) a retinol-binding protein assay kit and its method; and (v) the preparation method of a C-reactive protein test reagent by latex turbidimetry and its application.

For revenue and other information of the Company during the Reporting Period, please refer to the financial statements of the Company.

OTHER INFORMATION

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

As at 31 March 2022, 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	10,000,000	12.43%	6.91%

Save as disclosed above, as at 31 March 2022, 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 2022, 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	12,269,648	6,780,000	15.26%	10.55%	13.16%
Mr. Li Yangyixiong (Note 2)	Through controlled corporations	12,269,648	6,780,000	15.26%	10.55%	13.16%
Mr. Li Yangyixiong	Directly beneficially owned	1,050,263	–	1.31%	–	0.73%

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	
Ms. Chen Chen (<i>Note 2</i>)	Through controlled corporation	12,269,648	6,780,000	15.26%	10.55%	13.16%
Mr. Chen Zhaoyang (<i>Note 2</i>)	Through controlled corporation	12,269,648	6,780,000	15.26%	10.55%	13.16%
Jingning Guoke Kangyi Enterprise Management Center LLP (<i>Note 3</i>)	Directly beneficially owned	10,000,000	–	12.43%	–	6.91%
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.

Save as disclosed above, as far as is known to any Directors or supervisors of the Company, as at 31 March 2022, 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 Mr. Lu Qi, of which Dr. Zheng Yongtong is the chairman.

Compliance with Corporate Governance Code

For the period ended 31 March 2022, 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 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 2022

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. Lin Yanglin (林楊林先生)

Non-executive Director

Ms. Cheng Yali (程亞利女士)

Independent non-executive Directors

Dr. Zheng Yongtang (鄭永唐博士), Mr. 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.