

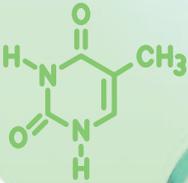


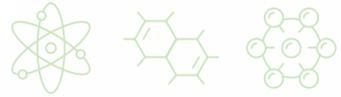
中生北控生物科技股份有限公司
BIOSINO BIO-TECHNOLOGY AND SCIENCE INCORPORATION

(Incorporated in the People's Republic of China with limited liability) (Stock Code : 8247)

2022

Third Quarterly Report





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.

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", 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.

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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

Mr. Lu Qi

SUPERVISORS

Mr. Zhou Jie

Dr. Shen Sheng

Ms. Ren Junhe

AUDIT COMMITTEE

Dr. Zheng Yongtang (*Chairman*)

Mr. Ren Fujin

Mr. Lu Qi

REMUNERATION COMMITTEE

Dr. Zheng Yongtang (*Chairman*)

Mr. Ren Fujin

Mr. Lu Qi

NOMINATION COMMITTEE

Mr. Lu Qi (*Chairman*)

Dr. Zheng Yongtang

Mr. Wu Lebin

Mr. Ren Fujin

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

CORPORATE INFORMATION

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
17/F, 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



THIRD QUARTERLY RESULTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2022

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 2022, together with the comparative figures for the same periods in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 Unaudited RMB'000	2021 Unaudited RMB'000	2022 Unaudited RMB'000	2021 Unaudited RMB'000
REVENUE	3	103,223	87,072	275,659	261,737
Cost of sales		(57,466)	(46,810)	(159,847)	(140,441)
Gross profit		45,757	40,262	115,812	121,296
Other income and gains, net		432	995	1,402	1,221
Selling and distribution expenses		(15,726)	(14,244)	(44,188)	(49,707)
Administrative expenses		(11,220)	(9,962)	(32,604)	(31,181)
Research and development expenses		(6,646)	(5,373)	(18,663)	(17,876)
Other expenses		(125)	(2,268)	(138)	(2,500)
PROFIT FROM OPERATING ACTIVITIES		12,472	9,410	21,621	21,253
Finance costs		(1,843)	(1,911)	(5,051)	(7,416)
Share of profits or losses of:					
Joint ventures		(10)	(5)	(28)	(34)
Associates		2,121	(367)	3,370	(130)
PROFIT BEFORE TAX		12,740	7,127	19,912	13,673
Income tax	4	(95)	(465)	(2,535)	(1,844)
PROFIT FOR THE PERIOD		12,645	6,662	17,377	11,829
Attributable to:					
Owners of the parent		10,691	5,995	11,269	7,831
Non-controlling interests		1,954	667	6,108	3,998
		12,645	6,662	17,377	11,829
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	5				
Basic and diluted (RMB)		0.07	0.04	0.08	0.05

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2022

	Three months ended 30 September		Nine months ended 30 September	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000	2022 Unaudited RMB'000	2021 Unaudited RMB'000
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12,645	6,638	17,412	11,823
Attributable to:				
Owners of the parent	10,691	5,971	11,304	7,825
Non-controlling interests	1,954	667	6,108	3,998
	12,645	6,638	17,412	11,823



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 under review, the Group was 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 2022 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 (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 value added tax and government surcharges, and after allowances for the goods returned and trade discounts.

NOTES

4. 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, 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 30 September		Nine months ended 30 September	
	2022 Unaudited RMB'000	2021 Unaudited RMB'000	2022 Unaudited RMB'000	2021 Unaudited RMB'000
Current – the PRC	91	457	2,533	1,821
Deferred	4	8	2	23
	95	465	2,535	1,844

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 2022 is based on the unaudited profit attributable to shareholders of the Company for the period and the weighted average number of 144,707,176 (2021: 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 nine months ended 30 September 2022 and 2021 as the Group had no potentially dilutive ordinary shares in issue during those periods.



NOTES

6. RESERVES

The movements of reserves for the nine months ended 30 September 2022 and 2021 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 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	-	-	-	(6)	-	7,831	7,825
At 30 September 2021	144,707	102,596	47,978	(163)	(474)	(109,486)	185,158
At 1 January 2022	144,707	102,596	47,978	(176)	(474)	(118,457)	176,174
Profit for the period	-	-	-	-	-	11,269	11,269
Exchange differences on translation of foreign operations	-	-	-	35	-	-	35
Total comprehensive income for the period	-	-	-	35	-	11,269	11,304
Capital contribution from non- controlling equity holders of a subsidiary	-	14,648	-	-	-	-	14,648
Deemed disposal of a partial interest in a subsidiary	-	8,325	-	-	-	-	8,325
At 30 September 2022	144,707	125,569	47,978	(141)	(474)	(107,188)	210,451

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 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

THE THIRD QUARTERLY REPORT OF 2022

The in-vitro diagnostic (“IVD”) industry is a key industry encouraged for development and national policies for the industry has played a proactive role in its development. Notable progress has been apparent in IVD products in the PRC with breakthroughs in product import substitution and significant improvement in the quality of mid-range and low-end products. With more and more companies entering into the IVD sector with higher technical barriers, the development of IVD industry in the PRC has gradually changed from “quantitative” growth to “qualitative” development, with technological reform being the core driving force for the development of the IVD industry.

Biochemical diagnosis has been developed relatively earlier in the PRC and has always been a routine diagnostic test in hospitals for many years. At present, our biochemical diagnostic reagents are produced domestically and 70% of biochemical reagents have been substituted by domestic products. The market share for biochemical IVD reagents will reach RMB11 billion. However, domestic production accounted for less than 10% due to the fact that high-end instruments are still dominated or even monopolised by foreign capital. 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.

In the first three quarters of 2022, 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 to continuously reduce the raw material cost and general cost of products through methods such as supplier optimisation and direct procurement.



MANAGEMENT DISCUSSION AND ANALYSIS

Regarding the direction of future product development, the Company will focus on the continuous improvement of quality of its existing products on the one hand by leveraging its existing strengths, while engaging in the continuous development of new testing projects in tandem with technological advancement in the industry. As for 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 focus on enhancing the horizontal union with its direct users, further deepening the platforms and mechanisms for resource 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 attract high-calibre talents on board.

The Company's revenue this year increased slightly as compared with the same period of the previous year as it had engaged in the relevant businesses relating to epidemic prevention and control in the PRC. The Company's profit also slightly increased year-on-year.

RESEARCH AND DEVELOPMENT COSTS

The Company invested over RMB18.66 million in R&D in the first three quarters. During the Reporting Period, the Company obtained a total of four patents, including primer combinations and test kit for detecting MTHFR gene polymorphisms and its detection method, test kit for group B streptococcus nucleic acid and its detection method, test kit and method for viral genome nucleic acid extraction and its application, and a primer combination test kit for detecting MTRR gene and MTR gene polymorphism and its detection method.

OTHER INFORMATION

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

As at 30 September 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 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. Zhou Jie	150,000	0.19%	0.10%
Mr. Chen Peng	11,330,334	14.09%	7.83%

Save as disclosed above, as at 30 September 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.



OTHER INFORMATION

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

As at 30 September 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 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) (Note 2)	Directly beneficially owned	10,939,314	6,780,000	13.60%	10.55%	12.24%
Mr. Li Yangxiong (Note 2)	Through controlled corporations	10,939,314	6,780,000	13.60%	10.55%	12.24%
	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 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	
Jingning Guoke Kangyi Enterprise Management Center LLP (Note 3)	Directly beneficially owned	11,330,334	–	14.09%	–	7.83%
Sichuan Zhongsheng Medical Instrument Co., Ltd. (Note 4)	Directly beneficially owned	10,000,000	–	12.43%	–	6.91%
Mr. Chen Zhengyong (Note 4)	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 held 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, so far as is known to any Directors or supervisors of the Company, as at 30 September 2022, 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 2022.

COMPETING INTERESTS

During the period under review 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, 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 2022.

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, 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.

OTHER INFORMATION

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 Mr. Lu Qi, of which Dr. Zheng Yongtang is the chairman.

CORPORATE GOVERNANCE

For the nine months ended 30 September 2022, 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 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, which include: (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 2022