

[For Immediate Release]



**Biostime International Holdings Limited**

合生元國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

**2013 Interim Results Announcement**

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**Revenue Rose by 51.3% to RMB2,061.5 million**  
**Core Profit Grew by 68.1% to RMB460.4 million**  
**Interim Dividend and Special Dividend**  
**Totaled to HK\$0.44 per share**

**Financial Highlights**

<i>RMB'000 unless otherwise stated</i>	<i>For the six months ended 30 June</i>		
	<b>2013</b>	2012	Change (%)
Revenue	<b>2,061,481</b>	1,362,742	51.3
Gross profit	<b>1,369,597</b>	893,596	53.3
Profit before tax	<b>493,994</b>	372,889	32.5
Profit for the period	<b>297,507</b>	273,926	8.6
Core profit excluding the one-off expense*	<b>460,407</b>	273,926	68.1
Basic earnings per share (RMB)	<b>0.50</b>	0.46	8.7
Interim dividend per share (HK\$)	<b>0.25</b>	0.23	8.7
Special dividend per share (HK\$)	<b>0.19</b>	-	-

\*This one-off expense is a fine of RMB162.9 million imposed by the National Development and Reform Commission of the People's Republic of China.

(Hong Kong, 20 August 2013) **Biostime International Holdings Limited** ("Biostime" or the "Company", together with its subsidiaries, the "Group"; stock code: 1112), a premium pediatric nutrition and baby care products provider in China, announces its interim results for the six months ended 30 June 2013 (the "Period").

The Group has achieved strong growth in the first half of 2013. During the six months ended 30 June 2013, revenue of the Group rose by 51.3% to RMB2,061.5 million as compared with the same period last year. Gross profit was RMB1,369.6 million, up 53.3%, and the gross profit margin increased by 0.8 percentage points to 66.4% for the six months ended 30 June 2013. Profit for the period increased 8.6% to RMB297.5 million; basic earnings per share increased 8.7% to RMB0.50. The board of directors resolved to declare the payment of an interim dividend of HK\$0.25 per share and a special dividend of HK\$0.19 per share.

During the Period, the National Development and Reform Commission (the "NDRC") of the People's Republic of China conducted an anti-monopoly investigation into BiosTime, Inc. (Guangzhou), a wholly-owned subsidiary of the Company. It was subjected to a fine subsequently in the amount of RMB162.9 million, which is booked during the first half of the year. Excluding the one-off fine, core profit for the period ended 30 June 2013 amounted to RMB460.4 million, representing an increase of 68.1%.

The Group has achieved remarkable revenue growth in all business segments. Infant formulas, as the Group's largest source of revenue, posted a strong increase of 53.7% to reach RMB1,682.2 million in revenue, and accounted for 81.6% of the total revenue. Thanks to the Group's unique member database marketing strategies, which further strengthened the Group's position in the high-tier segment of infant formulas market despite intensified competition in China, the segment reported a satisfactory growth. During the Period, both high-tier and supreme-tier infant formulas reported strong growth, increasing respectively by 64.4% and 40.3% over the same period last year.

Probiotic supplements remained as the second largest source of revenue. During the Period, the Group launched its premium food-class probiotic product – *Biostime Probiotics Powder for Children*, which increased the distribution rate of the Group's probiotic category and fulfilled the diversified needs of high-end consumers. Revenue of probiotic supplements increased by 38.8% to RMB228.3 million for the Period, accounting for 11.1% of the Group's total revenue.

The newly launched *BMcare Essential & Natural series* in October 2012, in addition to the precise database marketing and cross selling strategy, have successfully driven the revenue of baby care products to increase rapidly by 93.7% to RMB63.4 million. Dried baby food products and nutrition supplements have also reported sustained revenue growth.

The following table sets forth the Group's revenue by product segment:

RMB'000	For the six months ended 30 June		
	2013	2012	Change
Infant formulas	<b>1,682,183</b>	1,094,732	+53.7%
Probiotic supplements	<b>228,306</b>	164,461	+38.8%
Dried baby food products	<b>61,397</b>	54,361	+12.9%
Baby care products	<b>63,442</b>	32,760	+93.7%
Nutrition supplements	<b>26,153</b>	16,428	+59.2%
Total	<b>2,061,481</b>	1,362,742	+51.3%

Mama100 Membership Platform continued to play a critical role in the Group's success. In the first half of 2013, the Group has cooperated with third party payment platform to install its payment system into Mama100 points POS machine, enabling members to settle payment via debit/credit cards and accumulate or redeem points on the same POS machine. The Group was also building up a new Online-to-Offline marketing platform by integrating online ordering platform and offline logistic resources of retail outlets. As at 30 June 2013, the number of Mama100 active members increased to 1,730,427, representing an increase of 46.7% compared with 30 June 2012, and an increase of 23.5% compared with 31 December 2012. Calculated by the membership points, sales generated by Mama100 active members contributed to about 90.6% of the Group's total revenue during the Period.

In addition, the Group's nationwide distribution network expanded rapidly to support its Mama 100 membership platform. As at 30 June 2013, there were 11,402 VIP baby specialty stores, 4,382 retail sales organizations and 822 Mama100 Members' Zones in pharmacies, which respectively increased by 37.0%, 31.4% and 36.8% from the corresponding numbers as at 30 June 2012. Through its sophisticated real-time distribution management system, the Group kept tracking the inventory and logistic of its products at the distributors' level to avoid channel conflict and stuffing.

In the first half of the year, the Group continued to establish cooperation agreement with different business partners, to ensure sufficient and stable supply of high quality products. In March 2013, the Group signed a renewed infant formulas manufacturing agreement with La Laiterie de Montaigu, a renowned French dairy manufacturer, for a term of three years from 1 January 2014 to 31 December 2016. In July 2013, the Group signed a framework agreement with Isigny Sainte Mère ("ISM"), a renowned French dairy manufacturer, regarding the Group's equity investment in and financing to ISM to enlarge ISM's production capacity of infant formulas and further enhance long term and stable supply of high quality infant formulas to the Group.

Mr. Cao Wenhui, Chief Financial Officer of the Group said, "Looking forward, the China economy will continue to grow moderately with rising living standard, which will help boost the demand for high quality products. As a leading provider of high end pediatric nutritional and baby care products in China, Biostime endeavor to strengthen its core competitiveness."

Mr. Cao continued, "To cater the demands of different premium consumers for infant formula, in the second half of 2013, we will launch a new infant formula brand – *Adimil* for the premium market segment. The new brand will focus on nutrition enhancement and supplement to the Group's existing infant formulas product portfolio. We will also accelerate the mobile software upgrade to enable members to place orders and settle the payment directly on the mobile application. Meanwhile, we will strengthen our R&D capabilities and supply chain management to ensure the safety of our high quality products and to cater the needs of consumers. The Group is confident to achieve success in the second half of 2013."

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#### **About Biostime**

Biostime is a premium pediatric nutrition and baby care products provider in China. The company's family of products includes premium probiotic supplements for children, infant formulas and dried baby food products marketed under the brand name *Biostime*<sup>™</sup>, baby care products marketed under the brand name of *BMcare*<sup>™</sup>. The shares of Biostime have been listed on the Hong Kong Stock Exchange since 2010.

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