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Biostime International Holdings Limited

合生元國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1112)

**MAJOR AND CONNECTED TRANSACTION
ENTRY INTO OF THE ROLL-UP SHAREHOLDERS' AGREEMENT
FOR THE GRANT OF THE HOLDCO PUT OPTION
IN RESPECT OF THE ACQUISITION OF
APPROXIMATELY 17% EQUITY INTEREST
IN BIOSTIME AUSTRALIA HOLDINGS
FOLLOWING THE PROPOSED EXERCISE OF ROLL-UP CALL OPTION**

PROPOSED EXERCISE OF THE ROLL-UP CALL OPTION

The Purchaser proposed to give an option notice to the Target Minority Shareholders to exercise the Roll-Up Call Option under the Roll-Up Call Option Deed, namely the right, subject to satisfaction of certain conditions, to require the Target Minority Shareholders to sell all of the shares they continue to hold in the Target Company after completion of the Acquisition to the Purchaser, in exchange for an issue of shares representing an equivalent stake in Biostime Australia Holdings.

ROLL-UP SHAREHOLDERS' AGREEMENT

On completion of the proposed exercise of the Roll-Up Call Option, Biostime Australia, Biostime Australia Holdings and the Target Minority Shareholders would enter into the Roll-Up Shareholders' Agreement and the Existing Shareholders' Agreement in relation to the Target Company would terminate.

GRANT OF THE HOLDCO PUT OPTION

The principal terms of the Roll-Up Shareholders' Agreement include, among others, grant of the Holdco Put Option by Biostime Australia to the Target Minority Shareholders, namely Biostime Australia will grant each of the Target Minority Shareholders the right to require Biostime Australia to buy all (but not some only) of its shares in Biostime Australia Holdings on the third, fifth, sixth, seventh and eighth anniversaries of completion of the Acquisition, by giving a Holdco Put Option Exercise Notice.

LISTING RULES IMPLICATIONS

The exercise of the Holdco Put Option is not at the discretion of Biostime Australia and as at the date of the grant of the Holdco Put Option, Biostime Australia is unable to determine the highest possible monetary value of the consideration payable upon the exercise of the Holdco Put Option. Accordingly, pursuant to Rule 14.76(1) of the Listing Rules, the grant of the Holdco Put Option to the Target Minority Shareholders constitutes at least a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as at the date of this announcement, Radek Sali is a director of the Company and therefore a connected person of the Company. Accordingly, the grant of the Holdco Put Option to associates of Radek Sali which are amongst the Target Minority Shareholders (namely, Kednel Pty Ltd (as trustee for the Sali Investment Trust) and Super Radek Pty Ltd (as trustee for the Super Radek Superannuation Fund)) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As Biostime Australia is unable to determine the highest possible monetary value of the consideration payable upon the exercise of the Holdco Put Option as at the date of the grant of the Holdco Put Option, pursuant to Rule 14A.79(5)(a) of the Listing Rules, the grant of the Holdco Put Option to associates of Radek Sali which are amongst the Target Minority Shareholders (namely, Kednel Pty Ltd (as trustee for the Sali Investment Trust) and Super Radek Pty Ltd (as trustee for the Super Radek Superannuation Fund)) (the exercise of which is not at the discretion of Biostime Australia) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules which is subject to requirements for reporting, announcement and approval by the Independent Shareholders at the EGM.

Furthermore, as at the date of this announcement, each of Stephen Ring (with Adem Karalfili being his alternate director), Ulrich Algreen Irgens and Michael Rosario John Da Gama Pinto is a director of certain subsidiaries of the Company and therefore a connected person of the Company at the subsidiary level. Accordingly, the grant of the Holdco Put Option to Fiske Pty Ltd (as trustee for the Ring Family Trust, and thus an associate of Stephen Ring), Ankara Holdings Pty Ltd (as trustee for the Ankara Family Trust, and thus an associate of Adem Karalfili), Ulrich Algreen Irgens, Michael Rosario John Da Gama Pinto (as trustee for the DGP Trust) and Michael Rosario John Da Gama Pinto and Amanda Da Gama Pinto (as trustees for the DGP Superannuation Fund) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that each of Stephen Ring, Adem Karalfili, Ulrich Algreen Irgens and Michael Rosario John Da Gama Pinto is a connected person at the subsidiary level only, pursuant to Rule 14A.101 of the Listing Rules, the grant of the Holdco Put Option to Fiske Pty Ltd (as trustee for the Ring Family Trust, and thus an associate of Stephen Ring), Ankara Holdings Pty Ltd (as trustee for the Ankara Family Trust, and thus an associate of Adem Karalfili), Ulrich Algreen Irgens, Michael Rosario John Da Gama Pinto (as trustee for the DGP Trust) and Michael Rosario John Da Gama Pinto and Amanda Da Gama Pinto (as trustees for the DGP Superannuation Fund) can be exempt from the circular, independent financial advice and Independent Shareholders' approval requirements, if (i) the Board has approved the Transactions; and (ii) the independent non-executive Directors have confirmed that the terms of the relevant aspects of the Transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As the view of the independent non-executive Directors would only be given after considering the view of the Independent Financial Adviser in relation to the relevant aspects of the Transactions, the grant of the Holdco Put Option to Fiske Pty Ltd (as trustee for the Ring Family Trust, and thus an associate of Stephen Ring), Ankara Holdings Pty Ltd (as trustee for the Ankara Family Trust, and thus an associate of Adem Karalfili), Ulrich Algreen Irgens, Michael Rosario John Da Gama Pinto (as trustee for the DGP Trust) and Michael Rosario John Da Gama Pinto and Amanda Da Gama Pinto (as trustees for the DGP Superannuation Fund) is also subject to the circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DISPATCH OF THE CIRCULAR AND THE EGM

The Company will convene an EGM for the Shareholders (including the Independent Shareholders) to consider and, if thought fit, to approve relevant matters in relation to the Transactions. An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the relevant aspects of the Transactions. Investec Capital Asia Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) details of the Transactions; (ii) basic information of the Target Group; (iii) a letter from the Independent Board Committee regarding the relevant aspects of the Transactions to the Independent Shareholders; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the relevant aspects of the Transactions; and (v) notice of the EGM is expected to be dispatched to the Shareholders. Pursuant to Rule 14.60(7) of the Listing Rules, considering more time is required for the relevant information to be prepared for inclusion in the circular, the Company currently expects to dispatch to the Shareholders the circular on or before 15 August 2016. If the Company is not able to dispatch the circular within such period due to the time required to prepare and finalise the relevant information for inclusion in the circular under the Listing Rules, the Company will make a further announcement of any expected delay in dispatch of the circular in due course.

The Transactions are subject to certain conditions and, accordingly, may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares and other securities of the Company.

INTRODUCTION

References are made to the announcement of the Company dated 17 September 2015 (the “**Previous Announcement**”) and the circular of the Company dated 9 November 2015 (the “**Previous Circular**”), in relation to, among other things, the acquisition by the Company of approximately 83% equity interest in the Target Company pursuant to the terms and conditions of the Share Sale Agreement.

The Acquisition completed on 30 September 2015 and, since then, the Company has an approximate 83% effective equity interest in the Target Group and the financial results of the Target Group have been consolidated into the accounts of the Group.

PROPOSED EXERCISE OF THE ROLL-UP CALL OPTION

The Purchaser and the Target Minority Shareholders entered into the Roll-Up Call Option Deed simultaneously with the entry into of the Share Sale Agreement. The operative terms of the Roll-Up Call Option Deed came into effect on the completion of the Acquisition.

The Purchaser proposed to give an option notice to the Target Minority Shareholders to exercise the Roll-Up Call Option under the Roll-Up Call Option Deed, namely the right, subject to satisfaction of certain conditions, to require the Target Minority Shareholders to sell all of the shares they continue to hold in the Target Company after completion of the Acquisition to the Purchaser, in exchange for an issue of shares representing an equivalent stake in Biostime Australia Holdings.

Completion of the proposed exercise of the Roll-Up Call Option is conditional on the following conditions having been fulfilled:

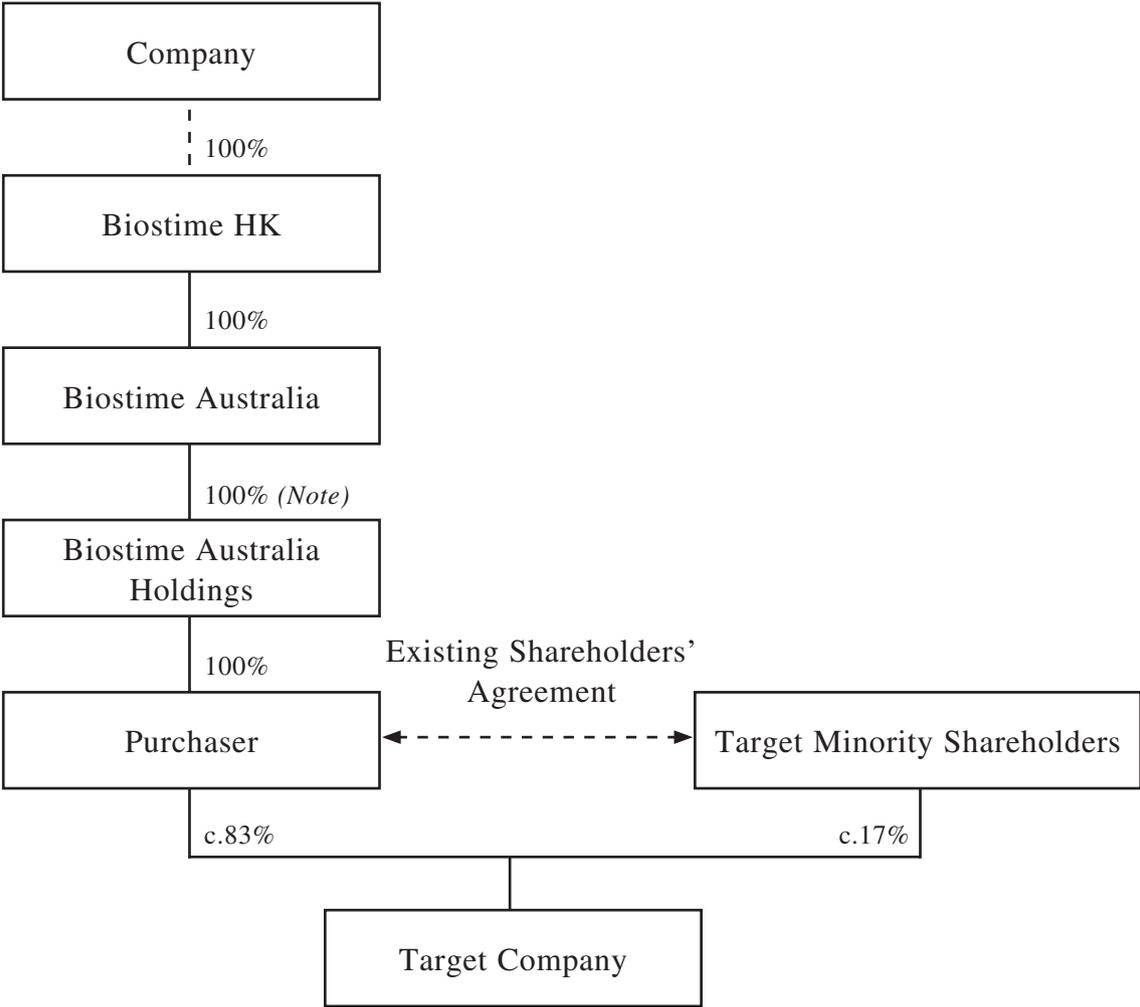
- (i) the approval of the transactions contemplated under the Roll-Up Call Option Deed by the Shareholders in accordance with the Listing Rules; and
- (ii) the Treasurer of the Commonwealth of Australia has either:
 - (a) provided written notice which is unconditional or subject only to conditions acceptable to the Purchaser that there is no objection to the proposed acquisition of the shares in the Target Company that are the subject of the Roll-Up Call Option under the FATA or Australian foreign investment policy; or
 - (b) become precluded from exercising any power to make an order under the FATA in relation to the proposed acquisition of the shares in the Target Company that are the subject of the Roll-Up Call Option.

As of the date of this announcement, the condition stated in (ii) above has been fulfilled as the Treasurer of the Commonwealth of Australia provided written notice on 18 September 2015 that there is no objection to the proposed acquisition of up to 100% of the shares in the Target Company, which included the acquisition of the shares that are the subject of the Roll-Up Call Option. Such no-objection notice is current for 12 months and expires on 18 September 2016 and, to this end, the Roll-Up Call Option is required to be completed on or before 18 September 2016, otherwise such no-objection notice will lapse. Subject to the fulfilment of the condition stated in (i) above at the upcoming EGM, the Purchaser intends to give the abovementioned option notice to the Target Minority Shareholders to exercise the Roll-Up Call Option under the Roll-Up Call Option Deed.

On completion of the proposed exercise of the Roll-Up Call Option (and assuming there are no other transactions in relation to the share capital of the Target Company prior to completion of the Roll-Up Call Option): (i) the Purchaser would directly hold the entire issued share capital of the Target Company; and (ii) Biostime Australia would hold approximately 83% equity interest in Biostime Australia Holdings and the Target Minority Shareholders would in aggregate hold approximately 17% equity interest in Biostime Australia Holdings.

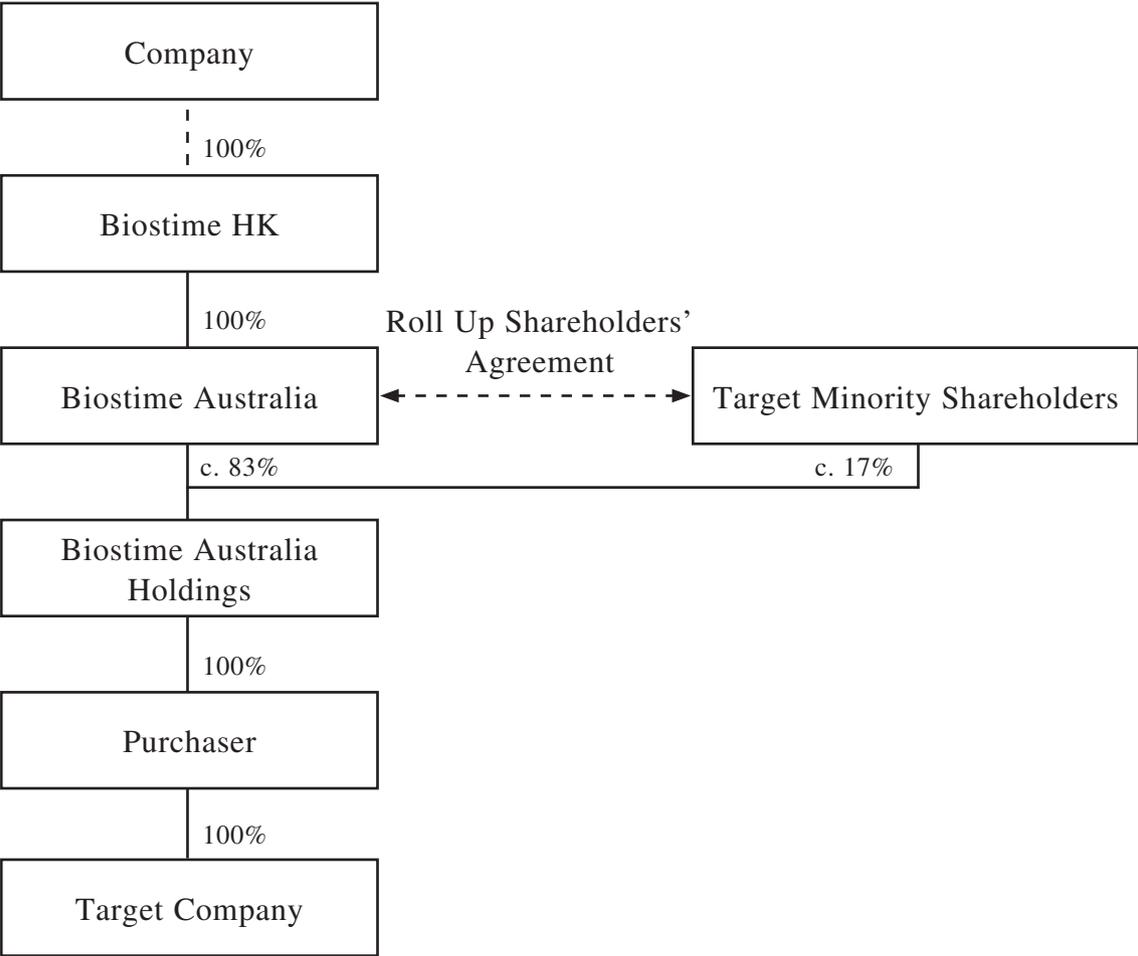
Set out below is a simplified shareholding structure of Biostime Australia, Biostime Australia Holdings and the Target Company (i) as at the date of this announcement; and (ii) immediately upon completion of the exercise of the Roll-Up Call Option.

(i) As at the date of this announcement



Note: Biostime Australia Holdings has issued one B class share to a nominee of the Target Minority Shareholders. This B class share protects the Target Minority Shareholders' commercial interests in Biostime Australia Holdings until the Roll-Up Call Option is exercised. Among other rights, it entitles the B class shareholder to limited shareholder voting rights on certain restricted matters that require B class shareholder approval and entitles the B class shareholder to nominate a director to the board of Biostime Australia Holdings until the B class shareholder ceases to hold the B class share. Such B class share will be automatically cancelled immediately after completion of the proposed exercise of the Roll-Up Call Option and the B class shareholder appointed director must immediately resign upon the cancellation of the B class share.

(ii) *Immediately upon completion of the exercise of the Roll-Up Call Option*



As each of Biostime Australia, Biostime Australia Holdings and the Purchaser is an investment holding company with no meaningful asset, revenue or profit other than its effective interest in the Target Company, the Company considers that the proposed exercise of the Roll-Up Call Option alone has no impact on the financial results of the Group as a whole and is therefore considered as an internal restructuring of the Group.

ROLL-UP SHAREHOLDERS' AGREEMENT

On completion of the proposed exercise of the Roll-Up Call Option, Biostime Australia, Biostime Australia Holdings and the Target Minority Shareholders would enter into the Roll-Up Shareholders' Agreement and the Existing Shareholders' Agreement as described in the Previous Announcement and the Previous Circular in relation to the Target Company would terminate.

The principal terms of the Roll-Up Shareholders' Agreement are identical to those in the Existing Shareholders' Agreement as set out in the Previous Circular, subject to: (i) amendments which purely reflect the fact that Biostime Australia Holdings is the relevant investee company rather than the Target Company; (ii) the removal of the provisions described in the paragraph titled "Early Exit Rights" under "The Shareholders' Agreement" as set out in the Previous Circular; and (iii) the grant of the Holdco Put Option and the Holdco Call Option as defined and described below.

"Holdco Put Option" Each minority shareholder of Biostime Australia Holdings will have the right to require Biostime Australia to buy all of its shares in Biostime Australia Holdings on the third, fifth, sixth, seventh and eighth anniversaries of completion of the Acquisition.

"Holdco Call Option" Biostime Australia will have the right to require any minority shareholder of Biostime Australia Holdings to sell all of its shares in Biostime Australia Holdings on the fifth, sixth, seventh and eighth anniversaries of completion of the Acquisition.

The price payable for the shares in Biostime Australia Holdings on completion of the exercise of the Holdco Put Option or the Holdco Call Option will be fair market value, as determined by an expert.

The principal terms of the Roll-Up Shareholders' Agreement will be reproduced in the circular in relation to the Transactions to be dispatched to the Shareholders.

GRANT OF THE HOLDCO PUT OPTION

As described above, on completion of the proposed exercise of the Roll-Up Call Option, as part and parcel of the granting of the Holdco Call Option and other arrangements under the Roll-Up Shareholders' Agreement, Biostime Australia will grant the Holdco Put Option to each of the Target Minority Shareholders which gives it the right to require Biostime Australia to buy all (but not some only) of its shares in Biostime Australia Holdings on the third, fifth, sixth, seventh and eighth anniversaries of completion of the Acquisition, by giving a Holdco Put Option Exercise Notice.

In the case of an exercise of the Holdco Put Option in the exercise period which immediately follows the third anniversary of the completion of the Acquisition, the fair market value of the relevant shares in Biostime Australia Holdings will be determined on the assumption that the financial indebtedness included in the Target Group at such time is the lower of: (i) net debt of the Target Group as at the date of such valuation; and (ii) 2.0x times the Target Group's consolidated earnings before interest, tax, depreciation and amortisation in the 12 calendar months preceding the date of such valuation.

INFORMATION ON THE GROUP

The Group is principally engaged in providing premium paediatric nutritional and baby care products in the PRC, including premium probiotic supplements for children, infant formulas, dried baby food products and baby care products for infants and children. Through the Acquisition, the Group has repositioned itself as an all-round nutrition and care provider for the entire family, providing high-end pediatric and adult nutrition and care products through its established brands in China, Australia and internationally.

Each of the Purchaser, Biostime Australia and Biostime Australia Holdings is an investment holding company and an indirect subsidiary of the Company, incorporated solely for the purposes of the Acquisition.

INFORMATION ON THE TARGET GROUP AND THE TARGET MINORITY SHAREHOLDERS

The Target Group is principally engaged in research, marketing and distribution of vitamins, health supplements, skincare and sports nutrition products in Australia and New Zealand under the "Swisse" brand. Upon the completion of the Acquisition on 30 September 2015, the Company now has an approximate 83% effective equity interest in the Target Group and the financial information of the Target Group has been consolidated into the accounts of the Group.

The Target Company is a private limited company incorporated in Australia, which is held as to approximately 83% by the Company indirectly and approximately 17% by the Target Minority Shareholders. Its principal activities include investment holding, financing and other business cooperation.

Each of the Target Minority Shareholders is either an individual that is a current or former member of the management of the Target Company or a trustee company of a trust to which a current or former member of management of the Target Company is a beneficiary.

FINANCIAL INFORMATION ON THE TARGET GROUP

Set out below is the audited financial information of the Target Group for the years ended 30 June 2014 and 30 June 2015, and as at 30 June 2015, extracted from the consolidated audited financial statements of the Target Group which were included in the Previous Circular. The Target Group's consolidated audited financial statements are prepared in accordance with Australian generally accepted accounting principles.

	For the year ended 30 June 2014 (audited) <i>(Note 1)</i>	For the year ended 30 June 2015 (audited)
Revenue from continuing operations	AUD125,550,569 (equivalent to approximately HKD736,944,175)	AUD313,064,953 (equivalent to approximately HKD1,837,597,355)
Earnings before interest, taxes, depreciation and amortization	AUD3,334,122 (equivalent to approximately HKD19,570,296)	AUD112,639,178 (equivalent to approximately HKD661,158,183)
Profit/(loss) before taxation from continuing operations	AUD(7,199,580) (equivalent to approximately HKD(42,259,375))	AUD102,531,095 (equivalent to approximately HKD601,826,768)
Profit/(loss) after taxation from continuing operations	AUD(5,613,024) (equivalent to approximately HKD(32,946,767))	AUD73,748,488 (equivalent to approximately HKD432,881,500)
Total comprehensive income/(loss) from continuing operations	AUD(6,791,741) (equivalent to approximately HKD(39,865,482))	AUD72,902,123 (equivalent to approximately HKD427,913,591)

Note 1: The Target Group incurred AUD33,795,935 of losses from discontinued operations in the year ended 30 June 2014, which have been excluded from the table above.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Upon the completion of the Acquisition on 30 September 2015, the financial results of Swisse were consolidated into that of the Group from 1 October 2015 onwards. This milestone event enabled the Group to expand its product portfolio into the adult nutrition and care segment with vitamins and health supplements products under the "Swisse" brand name. Accordingly, the Group has repositioned itself as an all-round nutrition and care provider for the entire family. In the baby nutrition and care market in China, the Group is in leading positions across all major channels. Meanwhile, Swisse is the market leader with strong brand recognition in the Australian market for the vitamin, herbal and mineral supplements segment.

For the financial year ended 31 December 2015, revenue of the Group increased by 1.8% to RMB4,818.6 million as compared with that in 2014. The increase in revenue was mainly attributable to the Group enriching its product portfolio into the adult nutrition and care products segment under the “Swisse” brand. During the fourth quarter of 2015, revenue from the sales of the adult nutrition and care products amounted to RMB849.9 million, representing 17.6% of the total sales of the Group for the financial year ended 31 December 2015.

In late 2015, the Group initiated direct sales of “Swisse” branded products on the Mama100 APP and was highly popular among Chinese customers. In March 2016, the Group officially introduced “Swisse” branded vitamin and health supplement products to the Chinese market through its newly set-up flagship store at Tmall.hk and showed strong sales momentum since the store opened. Looking forward in 2016, the Group is confident that sales of “Swisse” branded products will further boost earnings leveraging its strong market position and shared customer base with other products of the Group.

As mentioned above, the proposed exercise of the Roll-Up Call Option alone has no impact on the financial results of the Group as a whole and therefore is considered as an internal restructuring of the Group. Such internal restructuring is to enable the dividend stream from the Target Company could be fully utilised to, among others, service a USD450 million term loan facility obtained by the Purchaser in April 2016, the proceeds of which were used for refinancing in relation to the Acquisition.

Having considered the above factors, the Directors (excluding the view of the independent non-executive Directors in relation to certain aspects of the Transactions which will be given after considering the requisite view of the Independent Financial Adviser) are of the view that the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

On completion of the proposed exercise of the Roll-Up Call Option, Biostime Australia, Biostime Australia Holdings and the Target Minority Shareholders would enter into the Roll-Up Shareholders’ Agreement and the Existing Shareholders’ Agreement as described in the Previous Announcement and the Previous Circular in relation to the Target Company would terminate. The principal terms of the Roll-Up Shareholders’ Agreement would be identical to those in the Existing Shareholders’ Agreement as set out in the Previous Circular, subject to, among others, the grant of the Holdco Put Option and the Holdco Call Option as defined and described above.

The exercise of the Holdco Put Option is not at the discretion of Biostime Australia and as at the date of the grant of the Holdco Put Option, Biostime Australia is unable to determine the highest possible monetary value of the consideration payable upon the exercise of the Holdco Put Option. Accordingly, pursuant to Rule 14.76(1) of the Listing Rules, the grant of the Holdco Put Option to the Target Minority Shareholders constitutes at least a major transaction of the Company and is subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

In addition, as at the date of this announcement, Radek Sali is a director of the Company and therefore a connected person of the Company. Accordingly, the grant of the Holdco Put Option to associates of Radek Sali which are amongst the Target Minority Shareholders (namely, Kednel Pty Ltd (as trustee for the Sali Investment Trust) and Super Radek Pty Ltd (as trustee for the Super Radek Superannuation Fund)) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As Biostime Australia is unable to determine the highest possible monetary value of the consideration payable upon the exercise of the Holdco Put Option as at the date of the grant of the Holdco Put Option, pursuant to Rule 14A.79(5)(a) of the Listing Rules, the grant of the Holdco Put Option to associates of Radek Sali which are amongst the Target Minority Shareholders (namely, Kednel Pty Ltd (as trustee for the Sali Investment Trust) and Super Radek Pty Ltd (as trustee for the Super Radek Superannuation Fund)) (the exercise of which is not at the discretion of Biostime Australia) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules which is subject to requirements for reporting, announcement and approval by the Independent Shareholders at the EGM.

Furthermore, as at the date of this announcement, each of Stephen Ring (with Adem Karalfili being his alternate director), Ulrich Algreen Irgens and Michael Rosario John Da Gama Pinto is a director of certain subsidiaries of the Company and therefore a connected person of the Company at the subsidiary level. Accordingly, the grant of the Holdco Put Option to Fiske Pty Ltd (as trustee for the Ring Family Trust, and thus an associate of Stephen Ring), Ankara Holdings Pty Ltd (as trustee for the Ankara Family Trust, and thus an associate of Adem Karalfili), Ulrich Algreen Irgens, Michael Rosario John Da Gama Pinto (as trustee for the DGP Trust) and Michael Rosario John Da Gama Pinto and Amanda Da Gama Pinto (as trustees for the DGP Superannuation Fund) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that each of Stephen Ring, Adem Karalfili, Ulrich Algreen Irgens and Michael Rosario John Da Gama Pinto is a connected person at the subsidiary level only, pursuant to Rule 14A.101 of the Listing Rules, the grant of the Holdco Put Option to Fiske Pty Ltd (as trustee for the Ring Family Trust, and thus an associate of Stephen Ring), Ankara Holdings Pty Ltd (as trustee for the Ankara Family Trust, and thus an associate of Adem Karalfili), Ulrich Algreen Irgens, Michael Rosario John Da Gama Pinto (as trustee for the DGP Trust) and Michael Rosario John Da Gama Pinto and Amanda Da Gama Pinto (as trustees for the DGP Superannuation Fund) can be exempt from the circular, independent financial advice and Independent Shareholders' approval requirements, if (i) the Board has approved the Transactions; and (ii) the independent non-executive Directors have confirmed that the terms of the relevant aspects of the Transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As the view of the independent non-executive Directors would only be given after considering the view of the Independent Financial Adviser in relation to the relevant aspects of the Transactions,

the grant of the Holdco Put Option to Fiske Pty Ltd (as trustee for the Ring Family Trust, and thus an associate of Stephen Ring), Ankara Holdings Pty Ltd (as trustee for the Ankara Family Trust, and thus an associate of Adem Karalfili), Ulrich Algreen Irgens, Michael Rosario John Da Gama Pinto (as trustee for the DGP Trust) and Michael Rosario John Da Gama Pinto and Amanda Da Gama Pinto (as trustees for the DGP Superannuation Fund) is also subject to the circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Holdco Call Option is exercisable at the discretion of Biostime Australia, the Company will comply with the relevant requirements under Chapter 14 and/or Chapter 14A of the Listing Rules when Biostime Australia determines to exercise the Holdco Call Option (to the extent if applicable or necessary).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, other than Kednel Pty Ltd (as trustee for the Sali Investment Trust), Super Radek Pty Ltd (as trustee for the Super Radek Superannuation Fund), Fiske Pty Ltd (as trustee for the Ring Family Trust), Ankara Holdings Pty Ltd (as trustee for the Ankara Family Trust), Ulrich Algreen Irgens, Michael Rosario John Da Gama Pinto (as trustee for the DGP Trust) and Michael Rosario John Da Gama Pinto and Amanda Da Gama Pinto (as trustees for the DGP Superannuation Fund), each of the Target Minority Shareholders and their respective ultimate beneficial owners is a third party independent of the Company and its connected persons.

DISPATCH OF THE CIRCULAR AND THE EGM

The Company will convene an EGM for the Shareholders (including the Independent Shareholders) to consider and, if thought fit, to approve relevant matters in relation to the Transactions.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder apart from all the Target Minority Shareholders and their respective associates if they hold any Shares shall abstain from voting on the resolutions approving the Transactions. An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the relevant aspects of the Transactions. Investec Capital Asia Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the Transactions; (ii) basic information of the Target Group; (iii) a letter from the Independent Board Committee regarding the relevant aspects of the Transactions to the Independent Shareholders; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the relevant aspects of the Transactions; and (v) notice of the EGM is expected to be dispatched to the Shareholders. Pursuant to Rule 14.60(7) of the Listing Rules, considering more time is required for the relevant information to be prepared for inclusion in the circular, the Company currently expects to dispatch to the Shareholders the circular on or before 15 August 2016. If the Company is not able to dispatch the circular within such period due to the time required to prepare and finalise the relevant information for inclusion in the circular under the Listing Rules, the Company will make a further announcement of any expected delay in dispatch of the circular in due course.

The Transactions are subject to certain conditions and, accordingly, may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“Acquisition”	the acquisition by the Purchaser of an approximate 83% equity interest in the Target Company from, among others, the Target Minority Shareholders, pursuant to the terms and conditions of the Share Sale Agreement, which was completed on 30 September 2015
“associate”	has the meaning ascribed to it under the Listing Rules
“AUD”	Australian dollars, the lawful currency of Australia
“Biostime Australia”	Biostime Healthy Australia Pty Ltd, a company incorporated in Australia, an indirect subsidiary of the Company and the direct shareholder of Biostime Australia Holdings
“Biostime Australia Holdings”	Biostime Healthy Australia Holdings Pty Ltd, a company incorporated in Australia, an indirect subsidiary of the Company and the direct shareholder of the Purchaser
“Biostime HK”	Biostime Healthy Hong Kong Limited, a company incorporated in Hong Kong, an indirect subsidiary of the Company and the direct shareholder of Biostime Australia
“Board”	the board of Directors
“Company”	Biostime International Holdings Limited (合生元國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1112)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“EGM”	the extraordinary general meeting of the Company proposed to be convened for the Independent Shareholders to consider and, if thought fit, approve relevant matters in relation to the Transactions
“Existing Shareholders’ Agreement”	the existing shareholders’ agreement in respect of the Target Company dated 17 September 2015 and entered into between the Purchaser, the Company, the Target Company and the Target Minority Shareholders, the key terms of which are disclosed in the Previous Circular
“FATA”	the Foreign Acquisitions and Takeovers Act 1975 (Cth)
“Group”	the Company and its subsidiaries, including the Target Group
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Holdco Put Option Exercise Notice”	a notice in writing to be given by the Target Minority Shareholders pursuant to the terms of the Roll-Up Shareholders’ Agreement to exercise the Holdco Put Option
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Board, comprising Dr. Ngai Wai Fung, Mr. Tan Wee Seng and Professor Xiao Baichun, being all the independent non-executive Directors, established for the purpose of, among other things, advising the Independent Shareholders in respect of the relevant aspects of the Transactions
“Independent Financial Adviser”	Investec Capital Asia Limited
“Independent Shareholders”	the shareholders of the Company other than all the Target Minority Shareholders and their respective associates if they hold any Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, and for the purpose of this announcement excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China
“Purchaser”	Biostime Healthy Australia Investment Pty Ltd, a company incorporated in Victoria, Australia, an indirect subsidiary of the Company and a direct shareholder of the Target Company
“Roll-Up Call Option”	the Purchaser’s right to require the Target Minority Shareholders to sell all of the shares they continue to hold in the Target Company after completion of the Acquisition, in exchange for an issue of shares representing an equivalent stake in Biostime Australia Holdings, at any time prior to the third anniversary of completion of the Acquisition under the Roll-Up Call Option Deed
“Roll-Up Call Option Deed”	the call option deed dated 17 September 2015 entered into between the Purchaser and the Target Minority Shareholders
“Roll-Up Shareholders’ Agreement”	a shareholders’ agreement in the form annexed to the Roll-Up Call Option Deed, to be entered into by Biostime Australia, Biostime Australia Holdings and the Target Minority Shareholders upon completion of the exercise of the Roll-Up Call Option
“Share Sale Agreement”	the share sale agreement dated 17 September 2015 entered into between, among others, the Purchaser, the Target Minority Shareholders and the Company in relation to the Acquisition
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary shares of HKD0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Swisse Wellness Group Pty Ltd
“Target Group” or “Swisse”	the corporate group comprising each of the Target Company and its subsidiaries

“Target Minority Shareholders” (1) Fiske Pty Ltd as trustee for the Ring Family Trust; (2) Michael Saba; (3) Kednel Pty Ltd as trustee for the Sali Investment Trust; (4) Super Radek Pty Ltd as trustee for the Super Radek Superannuation Fund; (5) O’Hoy Super Pty Ltd as trustee for the Jennifer O’Hoy Superannuation Fund; (6) Ankara Holdings Pty Ltd as trustee for the Ankara Family Trust; (7) Michael Rosario John Da Gama Pinto as trustee for the DGP Trust; (8) Ulrich Algreen Irgens; (9) GFBR Nominees Pty Limited as trustee for the George St Group Superannuation Fund; (10) Copper Blonde Pty Limited as trustee for the MJ & MD Howard Family Trust; (11) Catherine Crowley; (12) George Livery and Lynne Maree Livery; and (13) Michael Rosario John Da Gama Pinto and Amanda Da Gama Pinto as trustees for the DGP Superannuation Fund

“Transactions” the proposed exercise of the Roll-Up Call Option, the entry into of the Roll-Up Shareholders’ Agreement to grant the Holdco Put Option and the transactions contemplated thereunder

“USD” US dollars, the lawful currency of the United States of America

“%” per cent.

For the purposes of this announcement, unless otherwise indicated, conversion of AUD into HKD is calculated at the exchange rate of AUD1 to HKD5.87. This exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate or at all.

By order of the Board
Biostime International Holdings Limited
Luo Fei
Chairman

Hong Kong, 19 July 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Luo Fei and Mr. Radek Sali; the non-executive Directors of the Company are Dr. Zhang Wenhui, Mr. Wu Xiong, Mr. Luo Yun and Mr. Chen Fufang; and the independent non-executive Directors of the Company are Dr. Ngai Wai Fung, Mr. Tan Wee Seng and Professor Xiao Baichun.