

[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)

2011 Interim Results Announcement

**Profit for the period increased by 67.6% to RMB195.6 million
Revenue grew by 74.9% with active members increased to 685,458**

Financial Highlights

<i>RMB'000 unless otherwise stated</i>	<i>For the six months ended 30 June</i>		
	2011	2010	Change (%)
Revenue	867,550	496,140	+74.9
Gross profit	589,694	352,440	+67.3
Profit for the period	195,626	116,753	+67.6
Basic earnings per share (RMB)	0.32	0.26	+23.1
Interim dividend per share (HK\$)	0.16	N.A.	N.A.

(Hong Kong, 23 August 2011) **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, is pleased to announce its interim results for the six months ended 30 June 2011.

During the first half of 2011, revenue of the Group amounted to RMB867.6 million, increasing 74.9% from RMB496.1 million in the same period of 2010. Gross profit increased to RMB589.7 million, representing an increase of 67.3% as compared with that of the first half of 2010. Profit for the period amounted to RMB195.6 million, representing an increase of 67.6% from RMB116.8 million in the corresponding period of 2010. Basic earnings per share increased to RMB0.32 during the period from RMB0.26 of the same period of last year. The board of directors of the Company recommended the payment of an interim dividend of HK\$0.16 per ordinary share.

Commenting on the results, Mr. Cao Wenhui, the Company's chief financial officer said, "The Group continued to benefit from the booming baby products market in China. The Group's revenue achieved fast growth in the supreme-tier segment of infant formula, becoming the first largest player in this market with a market share of 44.0% in the first half of 2011 as compared with 32.3% in the corresponding period of last year according to an industry report prepared by Nielson. Meanwhile, revenue of high-tier segment, which has a larger market value and scale, also grew rapidly, with the Group's market share increasing from 4.3% in the first half of 2010 to 7.4% in the period under review. The gross profit margin of high-tier is slightly lower than that of supreme-tier. Due to the

increased revenue contribution by infant formula products, the Group's overall gross profit margin decreased slightly to 68.0% in the period under review. Such gross margin has ensured the sustainable growth of our business, capturing larger market share and at the same time achieving a high net profit margin of 22.5% and a high annualized ROE of 22.4% in the first half of 2011."

During the period under review, infant formulas continued to be the Group's major revenue source and contributed approximately 73.4% of our total revenue. Revenue of infant formulas increased by 121.1% to RMB636.6 million compared with the same period of 2010. The Group's year-on-year revenue growth rates of high-tier and supreme-tier infant formulas were 135.6% and 112.7% respectively in the first half of 2011, which were higher than the comparable market growths of 71.7% and 93.0% in China respectively, accordingly to Nielsen.

The Group continued to reinforce its leading position in pediatric probiotic supplements market. For the six months ended 30 June 2011, revenue of the Group's probiotic supplements increased by 15.0% to RMB159.3 million compared with the same period of last year, growing approximately 6.5 percentage points faster than the CAGR of 8.5% of the Children's Probiotic Supplements Market in China during the period from 2010 to 2014 according to *Euromonitor International*. Sales of probiotic supplements accounted for 18.3% of the Group's total revenue.

For the six months ended 30 June 2011, revenue of dried baby food products increased by 25.5% to RMB53.6 million and accounted for 6.2% of the total revenue. The organic series among dried baby food products are increasingly recognized by mothers. During the same period, revenue of baby care products, under the *BMcare*TM brand, had reached RMB18.1 million and accounted for 2.1% of the total revenue.

As at the end of June 2011, the Group has cash and cash equivalent of the Group totaled RMB1,785.3 million. The Group is in net cash position.

As a key service program that offered the members access to the customer service, Mama100 Membership Program continues to play an important role in consolidating loyalty of old customers of the Group while attracts a large number of new members through precision marketing implemented on this platform. As at 30 June 2011, the number of active members of the Group has increased to 685,458, representing an increase of 112.7% as compared with 30 June 2010.

During the period under review, the Group continues to widen its nationwide geographic footprint by consolidating distribution channels which consists of specialty stores, retail sales organizations that carrying the Group's products and pharmacies. As at the end of 30 June 2011, the number of VIP specialty stores increased by 48.0% to 4,399 compared with 30 June 2010, while Mama100 Member's Zones in pharmacies increased by 126.2% to 389 and retail sales organizations increased by 35.2% to 2,126.

Mr. Cao Wenhui said, "Looking forward into the second half of 2011, the Group is confident to capture the abundant opportunities in China's fast growing market of premium pediatric nutrition and baby care products. The Group will continue to increase its brand recognition among consumers and expand its distribution channels. The Group will further its development of Mama100 Membership Program. The Group will also firmly cooperate with its reputable suppliers and enrich its product range to satisfy the ever changing needs of high-end mother consumers."

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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*[™]. In May 2010, the Company launched baby diapers and other baby care products marketed under the brand name of *BMcare*[™]. According to Nielsen, in the first half of 2011, *Biostime*[™] is the largest player with approximately 44.0% market share in terms of retail sales in the supreme-tier infant formula market in China, and its market share in terms of retail sales in the high-tier infant formula market in China is 7.4%.

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