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BIOSTIME INTERNATIONAL HOLDINGS LTD.
合生元國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01112)

**OFFER TO REPURCHASE FOR CASH
THE COMPANY’S HK\$3.1 BILLION
ZERO COUPON CONVERTIBLE BONDS DUE 2019
AND
PROPOSED SENIOR NOTES OFFERING**

This announcement is made by Biostime International Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 6 June 2016, the Company commenced an offer to repurchase for cash its HK\$3,100,000,000 zero coupon convertible bonds due 2019 (the “**Convertible Bonds**”) (the “**Offer**”). The Offer will be made available to the Bondholders who are outside the United States. In conjunction with the Offer, the Company proposes to conduct an international offering of senior notes (the “**Senior Notes**”). The

Senior Notes will be guaranteed by certain subsidiaries of the Company (the “**Subsidiary Guarantors**”). The net proceeds of the Senior Notes will be deposited into an escrow account (the “**Escrow Account**”) pursuant to an escrow agreement (the “**Escrow Agreement**”). The Senior Notes will be secured by a security interest over the Escrow Account pursuant to an escrow charge (the “**Escrow Charge**”) and on a second-ranking basis by a floating charge over the assets of the Company other than any assets located in the PRC or Capital Stock of subsidiaries. The collateral will be shared, on a *pari passu* basis, with the Convertible Bonds. The Senior Notes will only be offered and sold in an institutional offering to qualified institutional buyers in the United States in reliance on Rule 144A under the U.S. Securities Act and outside the United States in reliance on Regulation S (the “**Proposed Senior Notes Offering**”).

For a detailed statement of the terms and conditions of the Offer holders of the Convertible Bonds should refer to the Tender Offer Memorandum made available today by the Company. The Offer is conditional on, among other things, completion of the Proposed Senior Notes Offering. The Company intends to use the net proceeds of the Proposed Senior Notes Offering (which will be deposited in the Escrow Account) to purchase Convertible Bonds, including through the Offer.

Goldman Sachs has been appointed as the sole global coordinator, sole lead manager and sole bookrunner in respect of the Proposed Senior Notes Offering. Pricing of the Senior Notes, including the aggregate principal amount, the offer price and the interest rate, will be determined through a book building exercise to be coordinated by Goldman Sachs. As at the date of this announcement, the aggregate principal amount, the offer price, the interest rate and other terms and conditions of the Senior Notes have yet to be determined. Upon finalization of the terms of the Senior Notes, the Company, the Subsidiary Guarantors and Goldman Sachs are expected to enter into a purchase agreement (the “**Purchase Agreement**”) and other ancillary documents in relation to the Senior Notes.

In connection with the Proposed Senior Notes Offering, the Company will provide certain institutional investors with recent corporate and financial information regarding the Group, which may not necessarily have been made public. An extract of such recent information is attached to this announcement, and can also be viewed at the Company’s website www.biostime.com and the Stock Exchange’s website www.hkexnews.hk at approximately the same time when such information is released to the institutional investors.

Approval in-principle has been received for the listing and quotation of the Senior Notes on the Official List of the SGX-ST. Such approval in-principle is not to be taken as an indication of the merits of the Company, its subsidiaries, or the Senior Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. No listing of the Senior Notes has been, or will be, sought in Hong Kong.

As the Offer is subject to certain conditions, it may or may not proceed. As no binding agreement in relation to the Proposed Senior Notes Offering has been entered into as at the date of this announcement, the Proposed Senior Notes Offering may or may not materialise. The Company's obligation to accept for purchase, and to pay for, the Convertible Bonds is conditional upon completion of the Proposed Senior Notes Offering. The completion of the Proposed Senior Notes Offering is subject to various factors, including but not limited to, market conditions, corporate needs of the Company and investor interest. Investors and shareholders of the Company are urged to exercise caution when dealing in the shares and other securities of the Company.

Further announcement in respect of the Offer and the Proposed Senior Notes Offering will be made by the Company should the Purchase Agreement be signed.

INTRODUCTION

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

In February 2014, the Company issued the Convertible Bonds. As at the date of this announcement, the aggregate outstanding principal amount of the Convertible Bonds is HK\$3,100,000,000. The Convertible Bonds are listed on the Stock Exchange (Stock Code: 6024) and the ISIN of the Convertible Bonds is XS1019149928.

THE OFFER AND PROPOSED SENIOR NOTES OFFERING

Introduction

On 6 June 2016, the Company commenced the Offer to tender for repurchase for cash its Convertible Bonds. The amount that the Company will pay for each HK\$2,000,000 in principal amount of the Convertible Bonds validly tendered and accepted for purchase pursuant to the Offer will be determined pursuant to a modified Dutch auction procedure (the "*Modified Dutch Auction Procedure*"). Under the Modified Dutch Auction Procedure, the Company will determine, in its sole

discretion, following expiration of the Offer (a) the Acceptance Amount and (b) the Purchase Price, taking into account the principal amount of the Convertible Bonds so tendered and the offer prices specified (or deemed to be specified, as set out below) by tendering Bondholders. The Purchase Price for the Convertible Bonds will represent the lowest price that will enable the Company to purchase an aggregate principal amount of the Convertible Bonds which equals the Acceptance Amount and shall be an amount divisible by HK\$2,500. The Offer will be made available to the Bondholders who are outside the United States.

The Bondholders should refer to full details of the terms and conditions of the Offer which are set out in the Tender Offer Memorandum issued by the Company on 6 June 2016. The acceptance by the Company of the Convertible Bonds validly tendered and not withdrawn on or prior to the Expiration Deadline (as defined below) is conditional on, among others, the completion of the Proposed Senior Notes Offering.

The Company has appointed Goldman Sachs as the Dealer Manager, and HSBC as the tender agent in relation to the Offer.

In conjunction with the Offer, the Company proposes to conduct an international offering of Senior Notes. The Senior Notes will be guaranteed by the Subsidiary Guarantors. The net proceeds of the Senior Notes will be deposited into the Escrow Account pursuant to the Escrow Agreement. The Senior Notes will be secured by a security interest over the Escrow Account pursuant to the Escrow Charge and on a second-ranking basis by a floating charge over the assets of the Company other than any assets located in the PRC or Capital Stock of subsidiaries. The collateral will be shared, on a *pari passu* basis, with the Convertible Bonds. The Senior Notes will only be offered and sold in an institutional offering to qualified institutional buyers in the United States in reliance on Rule 144A under the U.S. Securities Act and outside the United States in reliance on Regulation S.

The Offer

Tender Offer Memorandum

The Offer commenced at 09:00 a.m. (Hong Kong time) on 6 June 2016 and will expire at the Expiration Deadline at 16:00 p.m. (London time) on 14 June 2016 (the “***Expiration Deadline***”) unless extended or earlier terminated by the Company. An appropriate announcement will be made if and when the Expiration Deadline is extended or earlier terminated. Bondholders who validly tender the Convertible Bonds by the Expiration Deadline (and who do not validly withdraw their Tender Instructions) and whose Convertible Bonds are accepted for purchase will be entitled

to receive the Purchase Price for each HK\$2,000,000 in principal amount of the Convertible Bonds accepted by the Company on the Settlement Date, subject to the terms and conditions of the Offer as set out in the Tender Offer Memorandum. Tenders of the Convertible Bonds may be pro-rated in certain circumstances as more fully described in the Tender Offer Memorandum.

The final results of the Offer, including the aggregate principal amount of the Convertible Bonds accepted for purchase (if any), are expected to be announced on 15 June 2016. Once the Company has announced the final results, the Company's acceptance of Tender Instructions (as defined in the Tender Offer Memorandum) in accordance with the terms of the Offer will be irrevocable and will be subject only to satisfaction of the New Issue Condition (as defined below) and the Transaction Conditions (as defined below). Convertible Bonds repurchased by the Company will be immediately cancelled. Convertible Bonds which have not been validly tendered and accepted for purchase pursuant to the Offer will remain outstanding.

Settlement of the Offer

The settlement date for the Offer (the "***Settlement Date***") is currently expected to be 23 June 2016, unless otherwise extended by the Company in its sole discretion. The Company will pay to the Bondholders the Purchase Price in respect of the Convertible Bonds accepted for repurchase on the Settlement Date.

Conditions to the Offer

The Company's obligation to accept for purchase, and to pay for, the Convertible Bonds validly tendered pursuant to the Offer is subject to the satisfaction (or, in the case of the Transaction Conditions only, waiver) of the Transaction Conditions (as defined below) and its New Issue Condition (as defined below):

1. (i) there not having been threatened, instituted or pending any action or proceeding before any court or governmental, regulatory or administrative body that: (1) makes or seeks to make illegal the payment for, or acceptance of payment for, any of the Convertible Bonds pursuant to the terms and conditions contained in the Tender Offer Memorandum; (2) would or might result in a delay in, or restrict, the ability of the Company to purchase any of the Convertible Bonds; or (3) imposes or seeks to impose limitations on the ability of the Company to purchase the Convertible Bonds; (ii) there having been no actual or threatened legal impediment to the purchase of the Convertible Bonds; and (iii) there having been no change or development, including a prospective change or development, that has or may have a material adverse effect on the Company or the market price or the value of the Convertible Bonds (the "***Transaction Conditions***").

2. the pricing, issue and settlement of the Senior Notes prior to the Settlement Date (the “*New Issue Condition*”).

The New Issue Condition may not be waived by the Company.

The Proposed Senior Notes Offering

Purpose

The Company proposes to conduct an international offering of the Senior Notes to certain professional investors. In conjunction with the Offer, the Company proposes to conduct an international offering of Senior Notes. The Senior Notes will be guaranteed by the Subsidiary Guarantors. The net proceeds of the Senior Notes will be deposited into the Escrow Account pursuant to the Escrow Agreement. The Senior Notes will be secured by a security interest over the Escrow Account pursuant to the Escrow Charge and on a second-ranking basis by a floating charge over the assets of the Company other than any assets located in the PRC or Capital Stock of subsidiaries. The collateral will be shared, on a *pari passu* basis, with the Convertible Bonds. The Senior Notes will only be offered and sold in an institutional offering in the United States in reliance on Rule 144A under the U.S. Securities Act and outside the United States in reliance on Regulation S.

Goldman Sachs has been appointed as the sole global coordinator, sole lead manager and sole bookrunner in respect of the Proposed Senior Notes Offering. Pricing of the Senior Notes, including the aggregate principal amount, the offer price and the interest rate, will be determined through a book building exercise to be coordinated by Goldman Sachs. As at the date of this announcement, the aggregate principal amount, the offer price, the interest rate and other terms and conditions of the Senior Notes have yet to be determined. Upon finalization of the terms of the Senior Notes, the Company, the Subsidiary Guarantors and Goldman Sachs are expected to enter into the Purchase Agreement and other ancillary documents in relation to the Senior Notes.

The Senior Notes and the Subsidiary Guarantees have not been and will not be registered under the U.S. Securities Act or any state securities laws and are being offered and sold only to (i) “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) (“*QIBs*”) in compliance with Rule 144A and (ii) non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. None of the Senior Notes or the Subsidiary Guarantees will be offered to the public in Hong Kong and none of the Senior Notes will be placed to any connected persons of the Company.

In connection with the Proposed Senior Notes Offering, the Company will provide certain institutional investors with recent corporate and financial information regarding the Group, which may not necessarily have been made public. An extract of such recent information is attached to this announcement, and can also be viewed at the Company's website www.biostime.com and the Stock Exchange's website www.hkexnews.hk at approximately the same time when such information is released to the institutional investors.

Reasons for the Proposed Senior Notes Offering

The Company intends to use the net proceeds of the Proposed Senior Notes Offering (which will be deposited in the Escrow Account) to purchase the Convertible Bonds, including through the Offer.

Listing

Approval in-principle has been received for the listing and quotation of the Senior Notes on the Official List of the SGX-ST. Such approval in-principle is not to be taken as an indication of the merits of the Company, its subsidiaries, or the Senior Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. No listing of the Senior Notes has been, or will be, sought in Hong Kong.

GENERAL

As the Offer is subject to certain conditions, it may or may not proceed. As no binding agreement in relation to the Proposed Senior Notes Offering has been entered into as at the date of this announcement, the Proposed Senior Notes Offering may or may not materialise. The Company's obligation to accept for purchase, and to pay for, the Convertible Bonds is conditional upon completion of the Proposed Senior Notes Offering. The completion of the Proposed Senior Notes Offering is subject to market conditions, corporate needs of the Company and investor interest. Investors and shareholders of the Company are urged to exercise caution when dealing in the shares and other securities of the Company.

Further announcement in respect of the Offer and the Proposed Senior Notes Offering will be made by the Company should the Purchase Agreement be signed.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acceptance Amount”	the aggregate principal amount (if any) of the Convertible Bonds validly tendered pursuant to the Offer that the Company determines that it will accept for purchase pursuant to the Offer
“Acquisition”	the acquisition of 83% Shareholding in Swisse by the Company
“Board”	the board of Directors
“Bondholders”	holders of the Convertible Bonds
“Bridge Loan”	a facility agreement entered by the Company to provide bridge financing for the Acquisition
“Capital Stock”	capital stock as defined under the Offering Memorandum
“Company”	Biostime International Holdings Limited (合生元國際控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	the convertible bonds as specified in this announcement
“Directors”	the directors of the Company
“Dealer Manager”	dealer manager named under the Dealer Manager Agreement
“Dealer Manager Agreement”	dealer manager agreement entered in connection with the Offer
“Goldman Sachs”	Goldman Sachs (Asia) L.L.C.
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HSBC”	The Hongkong and Shanghai Banking Corporation Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Purchase Price”	HK\$2,150,000 for each HK\$2,000,000 in principal amount of the Convertible Bonds
“Minimum Purchase Price”	HK\$2,110,000 for each HK\$2,000,000 in principal amount of the Convertible Bonds
“Offer”	an offer to repurchase for cash the Convertible Bonds
“Offering Memorandum”	offering memorandum in connection with the Proposed Senior Notes Offering
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“Proposed Senior Notes Offering”	an international offering of the Senior Notes by the Company
“Purchase Agreement”	the agreement proposed to be entered into among the Company, the Subsidiary Guarantors and Goldman Sachs in relation to the Proposed Senior Notes Offering
“Purchase Price”	the amount payable by the Company for each HK\$2,000,000 in principal amount of the Convertible Bonds validly tendered and accepted by it for purchase pursuant to the Offer, which is to be determined by the Company in the manner described in the Tender Offer Memorandum. For the avoidance of doubt, the Purchase Price shall be not less than the Minimum Purchase Price and not greater than the Maximum Purchase Price
“Regulation S”	Regulation S under the U.S. Securities Act
“RMB”	Renminbi, the official currency of the PRC
“Senior Notes”	the senior notes to be issued by the Company as specified in this announcement
“SGX-ST”	Singapore Exchange Securities Trading Limited

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees provided by the Subsidiary Guarantors in respect of the Senior Notes
“Subsidiary Guarantors”	certain existing non-PRC subsidiaries of the Company guaranteeing the Senior Notes
“Swisse”	Swisse Wellness Group Pty Ltd
“Tender Instructions”	tender instructions as set out in the Tender Offer Memorandum
“Tender Offer Memorandum”	tender offer memorandum in connection with the Offer
“Transaction Conditions”	transaction conditions as set out in the Tender Offer Memorandum
“United States”	United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“US\$” or “US dollars”	the United States dollars, the official currency of the United States

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

Hong Kong, 6 June 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.

Other Information

The financial information contained in this Other Information relating to the Company has been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. We record and publish our financial statements in Renminbi. Unless otherwise stated in this Other Information, all translations from Renminbi amounts to US dollars were made at the rate of RMB6.4778 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2015.

Results of operations for the three months ended March 31, 2016 compared to the three months ended March 31, 2015

Revenue

Infant formula products

Revenue within the infant formula products segment decreased by RMB117.8 million (US\$18.2 million) in the three months ended March 31, 2016 compared to RMB855.4 million (US\$132.1 million) in the prior corresponding period. This decrease was primarily attributable to the decline in volume and average selling prices for our ADiMIL™ branded products as a result of increased competition in the mid-tier segment. Both our Biostime™ and ADiMIL™ branded products experienced declines in volume as a result of distributors reducing their inventory holding levels in anticipation of upcoming regulatory changes which are expected to reduce the number of products on the market. This was partially offset by an increase in the average selling prices of Biostime™ branded products.

Adult nutrition and care products

Revenue within the adult nutrition and care products segment increased by RMB225.0 million (US\$34.7 million) in the three months ended March 31, 2016 compared to RMB375.9 million (US\$58.1 million), Swisse revenue for the three months ended March 31, 2015. This increase was primarily attributable to increased sales volume linked to the continued growth in underlying demand for Swisse products in China.

Other pediatric products

Revenue from other pediatric products decreased by RMB10.0 million (US\$1.5 million) in the three months ended March 31, 2016 compared to RMB140.3 million (US\$21.7 million) in the prior year period. This was primarily the result of a decrease in sales from our baby care products due to intense competition from lower cost imported diapers through e-commerce channels. Revenue within the probiotics supplements segment increased by 11.8% to RMB93.2 million (US\$14.4 million) for the three months ended March 31, 2016 from RMB83.3 million (US\$12.9 million) for the three months ended March 31, 2015 as a result of increased retail sales due to cross selling activities within our infant formula products segment.

Other income and gains

Our other income and gains was RMB181.2 million (US\$28.0 million), or RMB174.6 million (US\$27.0 million) excluding Swisse, for the three months ended March 31, 2016 compared to RMB32.1 million (US\$5.1 million) for the three months ended March 31, 2015. This increase was primarily attributable to a net foreign exchange gain associated with the drawn indebtedness under our Bridge Loan relating which we entered into in connection with the Acquisition.

Selling and distribution costs

Our selling and distribution costs decreased by RMB119.9 million (US\$18.4 million) or a reduction of 32.8% excluding Swisse, for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 and remained stable including Swisse due to the inclusion of Swisse costs. This decrease was primarily attributable to a decrease in costs in our pediatric nutrition and care products segment for advertising and promotion due to a different timing allocation of marketing efforts and also a reduction in our headcount as a result of our reorganization in the last quarter of 2015 following the Acquisition.

Administrative expenses

Our administrative expenses increased to RMB75.5million (US\$11.6 million), or to RMB45.3 million (US\$7.0 million) excluding Swisse, for the three months ended March 31, 2016 compared to RMB34.5 million (US\$5.3 million) for the three months ended March 31, 2015. Our administrative expenses excluding Swisse increased 31.3% due to amortization expenses resulting from share options granted to employees on December 29, 2015.

Other expenses

Our other expenses decreased to RMB31.5 million (US\$4.9 million) for the three months ended March 31, 2016 from RMB42.8 million (US\$6.6 million), or RMB25.4 million (US\$3.9 million) excluding Swisse, for the three months ended March 31, 2015. This decrease was primarily attributable to a net foreign exchange loss recorded in the first quarter of 2015 as a result of foreign currency translation effects.

Finance costs

Our finance costs increased to RMB80.3 million (US\$12.4 million) for the three months ended March 31, 2016, which was primarily attributable to an increase in interest expense in relation to our Bridge Loan entered into in connection with the Acquisition.

Income tax expense

Our income tax expense increased to RMB147.8 million (US\$22.8 million), or RMB78.9 million (US\$12.2 million) excluding Swisse, for the three months ended March 31, 2016 from RMB44.9 million (US\$6.9 million) for the three months ended March 31, 2015. This increase was primarily attributable to the increase in our profits before tax as a result of the Acquisition.

Profit for the period

Our profit for the period increased to RMB429.3 million (US\$66.3 million), or RMB288.2 million (US\$44.5 million) excluding Swisse, for the three months ended March 31, 2016 from RMB91.3 million (US\$14.5 million) for the three months ended March 31, 2015. This increase was primarily attributable to the increase in our revenue and gross profit from our adult nutrition and care products segment, the increase in income from foreign currency effects and the reduction in our effective tax rate. Excluding the net exchange gain of RMB159.7 million (US\$24.7 million), our profit for the period increased to RMB269.6 million, or RMB128.5 million excluding Swisse for the three months ended March 31, 2016.

Net cash flows

Net cash flows from operating activities

For the three months ended March 31, 2016, our net cash flows from operating activities amounted to RMB514.7 million (US\$79.5 million), which were primarily driven by our EBITDA performance.

Inventory-related cash out-flows of RMB102.7 million (US\$15.9 million) were primarily due to an increase in stock for our Swisse™ branded products in anticipation of continued higher sales levels and the RMB204.6 million (US\$31.6 million) cash inflow from trade and bills receivable, which were both largely the result of seasonality.

Net cash flows from investing activities

For the three months ended March 31, 2016, our net cash flows from investing activities amounted to RMB90.3 million (US\$13.9 million). This included the receipt of RMB118.2 million (US\$18.2 million) of cash interest relating to time deposits that expired in the period and a payment of RMB132.0 million (US\$20.4 million) made by us to the sellers related to the working capital purchase price adjustment in relation to the Acquisition.

Net cash flows from financing activities

For the three months ended March 31, 2016, our net cash flows used in financing activities amounted to RMB251.7 million (US\$38.9 million). This was driven by RMB1,151.4 million (US\$177.7 million) in repayments of bank loans which we had incurred as a result of funds that were held in time deposits. This cash outflow was largely offset by RMB953.9 million (US\$147.3 million) we received from pledged time deposits which were not rolled over.

Inventory

As of March 31, 2016, our provisions for impairment of inventories was RMB29.5 million (US\$4.6 million).

Trade and bills receivables

As of March 31, 2016, we had provided for impairment for trade and bills receivables and other receivables of RMB5.2 million (US\$0.8 million). Such provisions were for individually impaired receivables relating to consumers that were in default or delinquent in making payments. We do not hold any collateral or other security over such impaired amount.

Trade and bills payable

As of March 31, 2016, we had trade and bills payable of RMB610.9 million (US\$94.3 million). The increase in trade and bills payable in the first quarter of 2016 was primarily due to longer credit periods for our Swisse operations.

Other payables and accruals

As of March 31, 2016, we had other payables and accruals of RMB847.7 million (US\$130.9 million). The decrease in other payables and accruals was primarily due to the payment made to the sellers in connection with the Acquisition and payment of certain marketing and promotions expenses incurred in late 2015.

Capital Expenditures

Our net capital expenditures were RMB39.9 million (US\$6.2 million) for the three months ended March 31, 2016.

BIOSTIME INTERNATIONAL HOLDINGS LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
Three months ended 31 March 2016

	Three months ended 31 March	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
REVENUE	1,468,997	995,681
Cost of sales	<u>(521,960)</u>	<u>(428,795)</u>
Gross profit	947,037	566,886
Other income and gains	181,209	32,174
Selling and distribution costs	(362,742)	(362,692)
Administrative expenses	(75,450)	(34,450)
Other expenses	(31,549)	(42,751)
Finance costs	(80,337)	(22,713)
Share of losses of an associate	<u>(1,115)</u>	<u>(271)</u>
PROFIT BEFORE TAX	577,053	136,183
Income tax expense	<u>(147,768)</u>	<u>(44,867)</u>
PROFIT FOR THE PERIOD	<u>429,285</u>	<u>91,316</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	25,296	2,632
Exchange difference on net investment in a foreign operation	<u>195,183</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>649,764</u>	<u>93,948</u>
Profit attributable to:		
Owners of the parent	406,041	91,316
Non-controlling interests	<u>23,244</u>	<u>—</u>
	<u>429,285</u>	<u>91,316</u>
Total comprehensive income attributable to:		
Owners of the parent	611,623	93,948
Non-controlling interests	<u>38,141</u>	<u>—</u>
	<u>649,764</u>	<u>93,948</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic	<u>0.65</u>	<u>0.15</u>
Diluted	<u>0.64</u>	<u>0.15</u>

BIOSTIME INTERNATIONAL HOLDINGS LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2016

	<u>31 March 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	541,016	546,995
Prepaid land lease payments	61,396	61,765
Goodwill	5,188,306	4,956,392
Intangible assets	2,974,865	2,864,699
Bonds receivable	128,157	124,003
Loans receivable	54,624	54,896
Deposits	5,117	8,513
Investment in an associate	39,091	40,205
Held-to-maturity investment	18,496	17,901
Time deposits	16,859	70,159
Deferred tax assets	116,799	198,061
Pledged deposits	<u>210,000</u>	<u>250,000</u>
Total non-current assets	<u>9,354,726</u>	<u>9,193,589</u>
CURRENT ASSETS		
Inventories	949,186	856,224
Trade and bills receivables	417,976	622,842
Prepayments, deposits and other receivables	140,600	218,980
Loan to an associate	40,000	40,000
Loans receivable	22,835	21,984
Derivative financial instrument	2,714	2,728
Pledged deposits	763,080	1,677,000
Cash and cash equivalents	<u>1,491,040</u>	<u>1,198,235</u>
Total current assets	<u>3,827,431</u>	<u>4,637,993</u>
CURRENT LIABILITIES		
Trade and bills payables	610,896	618,711
Other payables and accruals	847,686	1,125,549
Derivative financial instruments	23,158	19,005
Interest-bearing bank loans	3,729,615	4,740,450
Convertible bonds	2,669,738	—
Tax payable	<u>110,257</u>	<u>175,609</u>
Total current liabilities	<u>7,991,350</u>	<u>6,679,324</u>
NET CURRENT LIABILITIES	<u>(4,163,919)</u>	<u>(2,041,331)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>5,190,807</u>	<u>7,152,258</u>

	<u>31 March 2016</u>	<u>31 December 2015</u>
	RMB'000	RMB'000
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Convertible bonds	—	2,659,057
Other payables and accruals	27,802	28,696
Deferred tax liabilities	<u>893,720</u>	<u>863,912</u>
Total non-current liabilities	<u>921,522</u>	<u>3,551,665</u>
Net assets	<u>4,269,285</u>	<u>3,600,593</u>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	5,388	5,387
Equity component of convertible bonds	66,978	66,978
Other reserves	<u>3,850,832</u>	<u>3,219,137</u>
	3,923,198	3,291,502
Non-controlling interests	<u>346,087</u>	<u>309,091</u>
Total equity	<u>4,269,285</u>	<u>3,600,593</u>

BIOSTIME INTERNATIONAL HOLDINGS LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Three months ended 31 March 2016

	Three months ended 31 March	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	577,053	136,183
Adjustments for:		
Bank interest income	(14,233)	(26,365)
Interest income from loans and bonds receivables	(2,817)	(2,423)
Finance costs	80,337	22,713
Depreciation	19,427	10,701
Amortisation of intangible assets	22,494	1,986
Amortisation of prepaid land lease payments	369	369
Loss on disposal of items of property, plant and equipment	1,736	—
Equity-settled share option expense	9,920	528
Equity-settled share award expense	8,175	11,106
Fair value losses on derivative financial instruments	3,086	—
Impairment of trade receivables	240	—
Write-down/(write-back) of inventories to net realisable value	9,780	(478)
Share of losses of an associate	1,115	271
	<u>716,682</u>	<u>154,591</u>
(Increase)/decrease in inventories	(102,742)	89,324
Decrease/(increase) in trade and bills receivables	204,626	(1,597)
Increase in prepayments, deposits and other receivables	(22,745)	(8,303)
Decrease in trade and bills payables	(7,815)	(54,469)
Decrease in other payables and accruals	(135,714)	(6,582)
Increase in rental deposits	<u>4,027</u>	<u>111</u>
Cash generated from operations	656,319	173,075
Corporate income tax paid	<u>(141,578)</u>	<u>(114,954)</u>
Net cash flows from operating activities	<u><u>514,741</u></u>	<u><u>58,121</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(34,006)	(50,995)
Proceeds from disposal of items of property, plant and equipment	6,350	62
Additions to intangible assets	(5,865)	(749)
Residual payment in relation to the acquisition of Swisse	(131,956)	—
Repayment of loans receivable	1,277	(161)
Interest received	118,175	18,306
Decrease/(increase) in time deposits with original maturity of three months or more when acquired	83,000	(507,922)
Decrease in time deposits with maturity date after one year	<u>53,300</u>	<u>494,000</u>
Net cash flows from/(used in) investing activities	<u><u>90,275</u></u>	<u><u>(47,459)</u></u>

	Three months ended 31 March	
	2016	2015
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of share options	1,978	673
Decrease in pledged deposits for bank loans	953,920	—
Repayment of bank loans	(1,151,398)	—
Interest paid	(55,125)	—
Dividends paid to non-controlling shareholders	(1,145)	—
Net cash flows (used in)/from financing activities	<u>(251,770)</u>	<u>673</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	1,115,235	2,447,157
Effect of foreign exchange rate changes, net	22,559	5,518
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>1,491,040</u></u>	<u><u>2,464,010</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>1,491,040</u></u>	<u><u>2,464,010</u></u>