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)

UNAUDITED OPERATIONAL STATISTICS FOR THE THREE MONTHS ENDED 31 MARCH 2017 AND BUSINESS UPDATE

The board (the "**Board**") of directors (the "**Directors** ") of Biostime International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited operational statistics of the Group for the three months ended 31 March 2017. The following are the unaudited operational statistics of the Group for the three months ended 31 March 2017, with comparative figures for the three months ended 31 March 2016:

Revenue by product segment (unaudited)

The unaudited consolidated revenue of the Company by product segment for the three months ended 31 March 2017 and the comparative figures for the three months ended 31 March 2016 are as follows:

	For the three months ended 31 March			
	2017		**2016**	
	RMB million (unaudited)	%	*RMB million* (unaudited)	%
Revenue by product segment				
Baby nutrition and care products	961.7	*61.6%*	867.8	*59.1%*
Adult nutrition and care products	598.5	*38.4%*	601.2	*40.9%*
Total	1,560.2	*100.0%*	1,469.0	*100.0%*

Note:

1. For illustrative purpose, the exchange rates of AUD 1= RMB 5.2211 and AUD 1=RMB 4.7248 have been used for the preparation of the unaudited consolidated revenue of the Company for the three months ended 31 March 2017 and comparative figures for the three months ended 31 March 2016, respectively.

During the first three months of 2017, the competition in Chinese infant milk formula ("**IMF**") market remained intense as many players sought to reduce the number of product series before the enforcement of new formula registration rules on 1 January 2018. Despite the challenging environment, the Group's revenue derived from the baby nutrition and care ("**BNC**") products segment increased by 10.8% for the three months ended 31 March 2017 as compared with the corresponding period in 2016. The revenue from our super premium and premium IMF products increased by 9.0% for the three months ended 31 March 2017 compared with the same period of last year thanks to innovative marketing campaigns and contribution from newly launched Healthy Times™ organic IMF series. Meanwhile, our probiotics products also enjoyed strong growth during the period due to heightened awareness of the benefits of probiotics among consumers.

According to Nielsen, an independent market research company, the Group's share of the overall IMF market in China remained largely stable and slightly decreased to 5.6% for the twelve months ended 31 March 2017, compared with 5.9% for the corresponding period ended 31 March 2016 mainly due to the sales decline of our Adimil™ branded mid-tier IMF products.

As of 31 March 2017, the number of member retail outlets decreased from 39,169 as of 31 March 2016 to 37,068, among which, the number of the Group's VIP baby specialty stores decreased from 27,759 to 26,458, supermarkets decreased from 6,270 to 5,629, and VIP pharmacies decreased from 5,140 to 4,981. During the period, we continued to streamline our sales network by discontinuing low output stores and shifting sales and marketing support to high output stores.

For the three months as of 31 March 2017, the Group's revenue derived from the adult nutrition and care ("**ANC**") products segment decreased by 9.9%[1] as compared with the corresponding period of last year. The decrease was mainly due to the tightening of the Group's discount policy and a higher base in the first quarter of 2016 prior to the regulatory changes on cross-border e-commerce ("**CBEC**"). According to research statistics by IRI, the share of Swisse Wellness Group Pty Ltd (" **Swisse**") in the Australian vitamin, herbal and mineral supplements ("**VHMS**") market decreased to 15.9% for the twelve months ended 31 March 2017, which was partially attributed to the shift of the revenue of Swisse from Australia to China. As a result, the Swisse China sales for the first quarter of 2017 accounted for 19.5% of the total ANC revenue.

The Board wishes to remind shareholders and potential investors that the above operational statistics have not been reviewed or audited by the independent auditors of the Company. Differences may arise between such statistics and the data disclosed in audited report due to review and audit adjustments.

On 11 May 2017, the Board approved a 4-year sales and marketing investment plan designed to implement our strategy of expanding sales of Swisse adult nutrition and care products in China. It is expected that the investment plan will result in a substantial increase in the sales, marketing, distribution and other operating expenses of the Group over this period. In making its decision, the Board is cognisant of certain aspects of the global collaboration agreement signed by Swisse and PGT Healthcare LLP ("**PGT**") (a joint venture between Procter & Gamble and Teva Pharmaceutical Industries), an independent third party, in November 2013 (which was amended in March 2015) (the "**Collaboration Agreement**"). The Collaboration Agreement gives PGT the right to develop markets for Swisse's products globally, except for the markets of Australia, New Zealand, North America and China. The Collaboration Agreement also grants PGT an option to require Swisse to, either (i) transfer its China business to PGT ("**Option A**"), or (ii) continue to operate in China and pay to PGT a royalty based on the net outside sales ("**NOS**") achieved after the exercise date ("**Option B**"). The earliest time that the option could take effect is in September 2020 with a 12-month prior notice.

Under Option A, Swisse will have the right to receive an annual fixed income stream from PGT going forward which would be the aggregate of 50% of the operating profit of Swisse China business in the 12 months immediately prior to the transfer date, plus royalties of between 4% and 7.75% of the incremental China NOS achieved by the business after the transfer date and certain other milestone payments. Under Option B, the royalty payable to PGT by Swisse will represent 4.75% of China NOS achieved each year after the exercise date.

This announcement contains information which is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). **Shareholders and potential investors are cautioned not to unduly rely on such statistics and are advised to exercise caution in dealing in the securities of the Company.**

Note:

1. The revenue % change of Swisse for the three months ended 31 March is calculated based on the AUD amount.

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

Hong Kong, 11 May 2017

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