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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)**

**CLARIFICATION ANNOUNCEMENT**

The board (the “**Board**”) of directors (the “**Directors**”) of Biostime International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the announcement made by the Company dated 11 May 2017 (the “**Previous Announcement**”) with respect to, among others, information certain business update of the Group. Unless otherwise indicated, capitalised terms used in this announcement have the same meaning as they were defined in the Previous Announcement.

The Company had noted some unusual movements in its share price in the afternoon trading session on 12 May 2017 and would like to provide the following clarifications regarding the Collaboration Agreement between Swisse and PGT:

- (i) The Collaboration Agreement was signed between Swisse and PGT in November 2013. At that time, Swisse only operated in Australia, New Zealand and the United States and did not have any active sales in China. Consequently, Australia, New Zealand, the United States and Canada were defined in the agreement as Swisse owned territories while PGT and Swisse had agreed a list of other territories for PGT to launch and develop the Swisse brand within a certain timetable. In March 2015, an amendment was made to the Collaboration Agreement, redefining active sales business of Swisse products in China to be Swisse's territory and operated directly by Swisse, with options for PGT to either have this territory transferred to it starting from September 2020 or to have this territory continue to be operated by Swisse under certain commercial terms and conditions which have been disclosed in the Previous Announcement.
- (ii) The revenue derived from active sales of Swisse products in China for the financial year ended 31 December 2016 only accounted for approximately 5.8% of the Group's total net revenue, which is not material to the results of the Group. The sales and marketing investment plan approved by the Board on 11 May 2017 and which resulted in the Company making the Previous Announcement was specifically in relation to active sales of Swisse adult nutrition and care products in China. The Board's approval of the

new investment plan was driven by positive changes in the relevant circumstances for conducting active sales of Swisse products in China, including the clarification on China Cross Border E-Commerce (“CBEC”) regulations in March this year, newly released guidelines on filing of vitamins and minerals and positive feedback from the Group's normal trade commercial launch in March 2017. The Company expects that the new investment plan will result in active sales of Swiss products in China accounting for a proportionately higher contribution to the Group’s results in the future.

- (iii) The options granted to PGT under the Collaboration Agreement cover the active sales business of Swisse products in China, including sales through CBEC platforms and normal trade. The options do not affect any other territory operated by Swisse including Australia, New Zealand, the United States and Canada. If PGT exercises Option A to have Swisse's China active sales business transferred to it, Swisse will receive an annual fixed fee from PGT without the burden of any related distribution costs within China or any further investment in China and Swisse will continue to manage the supply of the Swisse products produced for PGT for sales to the China market.
- (iv) The Company would like to remind that the earliest time that the option could take effect is in September 2020. In the meantime, the Group will continue to invest and drive consumers' demand for Swisse products in China which the Company believes will benefit not only the Chinese market but also other markets for Swisse products including Australia and New Zealand. The Company considers that this is a business strategy which is in the interest of the Company and its shareholders as a whole.

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 advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 15 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.*