

[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)*

### **2017 First Quarter Operational Update**

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*\*Baby nutrition and care revenue up 10.8%, despite intense competition*

*\*On-shore China sales of Swisse VHMS products accounted for 19.5% of adult nutrition and care revenue*

*\*Company proposes to be renamed as "Health and Happiness (H&H) International Holdings Limited"*

(11 May 2017, Hong Kong) **Biostime International Holdings Limited** ("Biostime" or the "Company", together with its subsidiaries, the "Group"; stock code: 1112), a global premium family nutrition and wellness provider, announced its operational update for the three months ended 31 March 2017.

For the three months ended 31 March 2017, the unaudited consolidated revenue of the Group reached RMB1,560.2 million, comparing to RMB1,469.0 million for the corresponding period of 2016.

During the first three months of 2017, revenue from the Group's baby nutrition and care ("BNC") products segment increased by 10.8% compared to the corresponding period of 2016, despite intense competition in the Chinese infant milk formula ("IMF") market as many players sought to reduce the number of product series before the enforcement of new formula registration rules on 1 January 2018. Revenue from the Group's super premium and premium IMF products increased by 9.0% during the same period, with sales benefiting from innovative marketing campaigns and contributions from the newly launched Healthy Times™ organic IMF series. At the same time, the Group's probiotics products also enjoyed strong growth as the result of 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, due to a sales decline of Adimil™ branded mid-tier IMF products.

During the period under review, the Group continued to streamline its sales network by discontinuing low output stores and shifting sales and marketing support to high output stores. 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 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 first three months of 2017, revenue from the Group's adult nutrition and care ("ANC") products segment, led by its wholly owned subsidiary Swisse Wellness Group Pty Ltd ("Swisse"), decreased by 9.9% as compared with the corresponding period of last year<sup>1</sup>. The decrease was mainly due to a tightening of the Group's discount policy and a higher base in the first quarter of 2016 recorded prior to the regulatory changes on cross-border e-commerce ("CBEC").

According to research statistics by IRI, an independent market research company, Swisse's share of the Australian vitamin, herbal and mineral supplements ("VHMS") market decreased to 15.9% for the twelve months ended 31 March 2017, which was partially attributable to the shift of revenue of Swisse from Australia to China. As a result, Swisse China sales for the first quarter of 2017 accounted for 19.5% of total ANC revenue.

The Group will be proposing a special resolution at its Annual General Meeting on 12 May 2017, upon which the Company will be renamed as "Health and Happiness (H&H) International Holdings Limited" ("健合(H&H)國際控股有限公司"), conditional on the approval of the Registrar of Companies in the Cayman Islands. The name change is designed to reflect the equal importance of the Group's BNC and ANC businesses.

**Mr. Luo Fei, Chairman and Chief Executive Officer of the Group** said, "It is pleasing to see the overall resilience of our BNC business in light of strong competition in the IMF market. This is a testament to the recognition we are receiving from consumers for our superior products and aspirational brands. We are also excited about growing the Swisse business in China as we seek to take advantage of the significant opportunities available in that market."

*Notes:*

<sup>1</sup> The revenue % change of Swisse for the three months ended 31 March is calculated based on the Australian dollar (AUD) amount.

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#### **About Biostime International Holdings Limited**

Biostime is a global premium family nutrition and wellness provider. The company's family of products includes premium probiotic supplements for children, infant formulas and dried baby food products, baby care products in China. It also owns 100% equity interest in Swisse Wellness Group Pty Ltd., which is a leading provider of vitamins, herbal, mineral supplements products in Australia. The shares of Biostime have been listed on the Hong Kong Stock Exchange since 2010.

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