

[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)

2016 Third Quarter Operation Updates

(Hong Kong, 31 October 2016) **Biostime International Holdings Limited** ("Biostime" or the "Company", together with its subsidiaries, the "Group"; stock code: 1112), a leading premium family nutrition and care products provider, announces its operating updates for the nine months ended 30 September 2016.

For the nine months ended 30 September 2016, the unaudited consolidated revenue of the Group reached RMB4,681.7 million, comparing to RMB4,491.4 million for the corresponding period of 2015¹.

During the first three quarters of 2016, the infant milk formula ("IMF") market in China remained highly competitive due to a heightened regulatory environment. The Group's revenue derived from the baby nutrition and care products segment decreased by 3.3% for the nine months ended 30 September 2016 as compared with the corresponding period in 2015. The decrease was mainly attributable to the sales decline of the mid-tier IMF products under ADiMIL™ brand. However, the revenue from Biostime™ branded IMF products has increased by 8.8% for the nine months ended 30 September 2016 compared with the same period last year. According to Nielsen, an independent market research company, the Group's share of the overall IMF market in China remained stable and increased to 6.0% for the nine months ended 31 August 2016 compared with 5.9% for the corresponding period ended 31 August 2015.

As of 30 September 2016, the number of member retail outlets decreased from 41,027 as of 30 September 2015 to 38,025, among which, the number of the Group's VIP baby specialty stores decreased from 29,131 to 27,301, retail sales organizations decreased from 6,844 to 5,727, and VIP pharmacies decreased from 5,052 to 4,997.

During the nine months ended 30 September 2016, Swisse Wellness Group Pty Ltd ("Swisse"), a non-wholly owned subsidiary of the Company, maintained its leading position in the Australian vitamin, herbal and mineral supplements ("VHMS") market. The revenue derived from the adult nutrition and care products segment for the nine months ended 30 September 2016 has increased by 13.3% compared with the corresponding period last year. However, due to the destocking effect by resellers in the Australian market post China regulatory change announcements, the revenue derived from Swisse for the three months ended 30 September 2016 has decreased by 15.7% as compared to the three months ended 30 September 2015.

Nevertheless, based on data from IRI, an independent market research company, Swisse remained the No.1 brand in terms of market share in the Australian VHMS market with a market share of 17.1% for the twelve months ended 30 September 2016, which has remained stable when compared to the market share of the same period last year. According

to data from Alibaba, Swisse continued to maintain its No.1 position in terms of sales in the healthcare category on Alibaba sales platforms for the nine months ended 30 September 2016. Swisse has demonstrated strong sales momentum since it formed the strategic partnerships with major cross-border e-commerce platforms in the Chinese market and plans to expand into offline channels in early 2017.

Note:

¹ *The comparative figures for the nine months ended 30 September 2015 are prepared as if Swisse had become a subsidiary of the Company before 1 January 2015.*

² *The revenue % change of Swisse for the nine months ended 30 September and three months ended 30 September are both calculated based on the AUD amount.*

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About Biostime

Biostime is a premium family nutrition and care products 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 83% 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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