

[For Immediate Release]



Biostime International Holdings Limited
合生元國際控股有限公司

2015 Annual Results Announcement

Revenue sales reached RMB4,818.6 million
Profit for the year amounted to RMB293.3 million

Repositioning led to a new stage of development
Consolidate resources strategically to grasp market opportunities and
secure market position

Financial Highlights

| <i>RMB'000 unless otherwise stated</i> | <i>For the year ended 31 December</i> | |
|--|---------------------------------------|-----------|
| | 2015 | 2014 |
| Revenue | 4,818,561 | 4,731,563 |
| Gross profit | 2,984,565 | 2,926,931 |
| Profit for the year | 293,321 | 806,786 |
| Basic earnings per share | RMB0.41 | RMB1.34 |

(Hong Kong, 30 March 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 annual results for the year ended 31 December 2015.

During the year of 2015, the Group reached a new stage of development. Through its acquisition of an 83% equity interest of Swisse Wellness Group ("Swisse") in September 2015, the Group has repositioned itself as an all-round premium family nutrition and care provider. The Group has leading positions across all major channels in the baby nutrition and care market in China. Meanwhile, Swisse is the market leader with strong brand recognition in Australian vitamin, herbal and mineral supplements ("VHMS") segment and its performance was very robust in the fourth quarter, contributing strong sales to the Group in the fourth quarter of 2015.

With the financial results of Swisse consolidated for the fourth quarter of 2015, the Group's total revenue for the year ended 31 December 2015 reached RMB4,818.6 million and the net profit of the Group amounted to RMB293.3 million.

During the year under review, the Chinese infant formula market maintained high single digit growth, but competition intensified at the same time because of new competitors and increasing industry-wide promotional activities. The Group took several initiatives including launching "Biostime" branded SN-2 PLUS Balanced Formula series and coordinately carrying out a series of price discounting activities in which the Group offered one-off discount to its distributors on the previous version of infant formulas stocks. As a result, revenue from infant formulas decreased by 15.7% to RMB3,355.8 million in 2015.

After introducing strategic initiatives, the Group's baby nutrition and care products business returned to normal in the fourth quarter. The new series of SN-2 PLUS

Balanced Formulas were proven to promote the balanced growth of babies by clinical study. The new products enjoyed increasing attention from the market and were well-received by the market after its launch. The Group is confident that the SN-2 PLUS Balanced Formulas will help it to maintain competitive advantage and achieve positive growth in the long run.

Despite the industrial headwind, the Group kept its market position in the infant formula market in 2015. According to independent market research firm Nielsen, the Group's share of the overall infant formula market in China increased from 5.6% in 2014 to 5.9% in 2015, making it the sixth largest player in the overall market. In terms of online sales, the Group has quickly gained market share since it launched B2C online sales in the second half of 2014 and ranked among the top 10 industry players in 2015. Revenue from high-tier infant formulas accounted for 65.3% of total sales within the segment during the year, up by 2.3 percentage points from 2014.

Pursuant to the completion of the Swisse acquisition, the Group outreached its product portfolios into adult nutrition and care segment with vitamins and health supplements products under the "Swisse" brand name. During the fourth quarter of 2015, Swisse contributed incremental sales equivalent to RMB849.9 million to the Group for the fourth quarter of 2015, representing 17.6% total sales of the Group. According to an independent market research company, Swisse became the No.1 brand in total Australian vitamin and herbal market in 2015.

In late 2015, the Group initiated direct sales of Swisse's products on the Mama100 APP and received high popularity among Chinese customers. The Group officially introduced Swisse's vitamin and health supplement products to Chinese market in the newly set-up flagship store on Tmall.hk in March 2016 and the platform has been receiving increasingly strong traffic. Swisse is currently the top 1 brand in the healthcare category on both Tmall and Taobao.

Going forward, the Group will seek to make Swisse's products available on multiple cross-border e-commerce platforms. Swisse has also successfully launched in Singapore and the United Kingdom and will continue its global roll-out in select countries in Europe, Asia and North America.

To align with its new positioning, the Group has integrated its previous Biostime Business Unit, Adimil Business Unit and BMcare Business Unit into a Baby Nutrition and Care Business Unit, and has also established a dedicated Swisse China Business Unit to support Swisse's business development in China. The strategic objective of Mama100 e-commerce platform has been revised to be an internal service platform, which will be dedicated to the sales and marketing of the Group's products exclusively. The Group believes that this new structure will help integrate resources and achieve higher operating efficiency for its long-term business growth.

Looking ahead, the Group is optimistic on the outlook for both baby nutrition and care market and adult VHMS market. The baby nutrition and care market in China remains attractive and will be further boosted by the full implementation of two-child policy which will have a positive and significant impact on the number of newborn babies. In addition, the Chinese VHMS segment represents a large market with enormous growth potential. It currently has a market size of approximately RMB100 billion and is expected to grow at a double digit CAGR from 2015 to 2019, driven by an aging population, Chinese consumers' growing awareness of health and well-being as well as increasing disposable income. Another tailwind for the market is the recently announced Administrative Measures for Registration and

Filing of Health Food (《保健食品註冊與備案管理辦法》) to be effective on 1 July 2016, which will generally shorten the approval process for health food to be sold in traditional channels.

The Group will adhere to its all-round innovative market model, which is composed of brand communication, interactive education, online and offline POS management, and database marketing (the "BIOD model"). The Group will allocate more resources to emerging media and maintain a certain exposure in traditional media. It will continue to develop in-house customer relationship management system to achieve precision marketing and consumer education.

Sales and distribution channel expansion under the online and offline POS management system is a critical business growth driver for the Group. Baby specialty store and pharmacy channels are rapidly growing in sales. The Group will expand in these channels to increase the nationwide distribution penetration of the Group's products.

Swisse has for many years positioned itself as a premium, proven and aspirational brand: premium formulas using high standard ingredients and pharmaceutical manufacturing, proven by scientific evidence and aspirational through the use of sponsorships including the Olympic Games and celebrities endorsing the brand. Its sophisticated marketing model integrates campaigns across different formats and is repeatable across all marketing media and regions. Swisse will continue to invest in strengthening its leading market position in Australia, while it will refine its 360-degree marketing model to fit into the business environment in China.

The Group will stay committed to fulfilling its customers' diversified and ever-growing needs. With its prominent and global R&D network in the fields of baby and adult nutrition and care, the Group will seek to expand its product offerings in different markets, leveraging its strong brand assets and distribution network. Besides product development, the Group will continue to carry out its business model innovation initiatives. The Group will continuously advance its in-house Customer Relationship Management ("CRM") system to support precision marketing and consumer education. It will also seek to leverage this CRM system to manage Swisse's customer data and apply database marketing in order to achieve greater synergy.

Mr. Luo Fei, Chairman and Chief Executive Officer of the Group said, "The Group is confident that its new strategy and strong execution capability will set the Group's business up for success and help capture the opportunities in both the baby and adult nutrition and care segments."

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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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