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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)

UNAUDITED OPERATIONAL STATISTICS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

In order to provide better disclosure to investors and the shareholders of Biostime International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), the board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to announce the unaudited operational statistics of the Group for the nine months ended 30 September 2016. The following are the unaudited operational statistics of the Group for the nine months ended 30 September 2016, with comparative figures for the nine months ended 30 September 2015:

Revenue by product segment (unaudited)

The unaudited consolidated revenue of the Company by product segment for the nine months ended 30 September 2016 and the comparative figures for the nine months ended 30 September 2015 are as follows:

	For the nine months ended 30 September	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue by product segment		
Baby nutrition and care products	2,760,347	2,854,282
Adult nutrition and care products	1,921,358	1,637,151
Total	4,681,705	4,491,433

Note:

1. The comparative figures for the nine months ended 30 September 2015 in the above table are prepared as if Swisse Wellness Group Pty Ltd had become a subsidiary of the Company before 1 January 2015.
2. For illustrative purpose, the exchange rates of AUD1 = RMB4.7175 and AUD1 = RMB4.8865 have been used for the preparation of the unaudited consolidated revenue of the Company for the nine months ended 30 September 2015 and comparative figures for the nine months ended 30 September 2016, respectively.

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 has 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.

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 adjustment. **Shareholders and potential investors are cautioned not to unduly rely on such statistics and are advised to exercise caution in dealing in the shares of the Company.**

Note:

1. The revenue % change of Swisse Wellness Group Pty Ltd for the nine months ended 30 September and three months ended 30 September are both calculated based on the AUD amount.

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

Hong Kong, 31 October 2016

As at the date of this announcement, the executive Directors are Mr. Luo Fei and Mr. Radek Sali; 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.