

[For Immediate Release]



牵手妈妈·只为宝宝  
HAND IN HAND FOR MUM & BABY

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

**2015 Interim Results Announcement**

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**Stable sales volume despite revenue down**  
**Rapid B2C sales growth supports online market share gain**  
**Overall market position consolidated**

**Financial Highlights**

<i>RMB'000 unless otherwise stated</i>	<i>For the six months ended 30 June</i>	
	<b>2015</b>	2014
Revenue	<b>1,962,902</b>	2,188,974
Gross profit	<b>1,142,904</b>	1,345,601
Profit for the period	<b>204,955</b>	312,223
Basic earnings per share	<b>RMB0.34</b>	RMB0.52

(Hong Kong, 18 August 2015) **Biostime International Holdings Limited** ("Biostime" or the "Company", together with its subsidiaries, the "Group"; stock code: 1112), a premium pediatric nutrition and baby care products provider in China, announces its interim results for the six months ended 30 June 2015.

During the first half of 2015, China's infant formula market remained challenging with intensified competition. In order to promote the new infant formula SN-2 PLUS, the Group carried out active promotional price discounting activities on its previous version of infant formulas amid price competition. The revenue and profit of the Group decreased by 10.3% and 34.4%, respectively, as compared with the corresponding period in 2014. Nevertheless, the Group managed to keep stable sales volume and consolidate its market position.

Infant formulas remained the Group's major revenue source. Revenue from the Group's infant formulas segment decreased by 8.7% to RMB1,697.8 million for the six months ended 30 June 2015. However, the Group's share of the overall infant formula market in China increased to 6.0% in the first half of this year and it continued to rank as the third largest player offline. Meanwhile, the Group's online market share increased to 1.3% in the first half of this year and it became one of the top ten online players. During the period, the Group's B2C business contributed 4.5% of the total sales and increased by 527.2% in sales as compared with that for the second half of last year.

The Biostime SN-2 PLUS Balanced Formulas were launched at the end of June. The SN-2 PLUS structured lipid is developed and customized for the Group by a world leading lipid provider through lipid structure optimized technology. The Group is the first provider of infant formulas that adopts SN-2 PLUS structured lipid in China. Alongside the launch of "Biostime" branded SN-2 PLUS Balanced Formulas, the Group placed new commercials in TV and Internet to highlight the milk source from

Normandy and the technology employ in SN-2 PLUS to differentiate from other competitors. The new products have now been distributed to the retail outlets and received preliminary positive feedback from both member stores and end-consumers.

Revenue from probiotic supplements, dried baby food and nutrition supplements, and baby care products were down, and respectively amounted to RMB173.1 million, RMB43.1 million and RMB48.8 million for the six months ended 30 June 2015.

The Group continued to expand its sales network in the first half of 2015. At the end of the period under review, the number of the Group's VIP baby specialty stores, retail sales organizations and VIP pharmacies increased to 28,649, 6,933 and 4,869, respectively. The Group also continues to track inventory and sales of its product at the distributors' level on a real-time basis to avoid excessive inventory. According to the system, the average inventory turnover days of the Group's distributor was about 38 days in the first half of 2015.

The average number of Mama100 active members increased by 7.2% year on year to 2,138,631 in the first half of 2015, while the combined number of Mama100 mobile APP registered users and Mama100 WeChat followers increased to about 2.9 million at the end of June 2015. The Group expects to develop Mama100 into a baby store based e-commerce platform which integrates both online and offline resources. Apart from carrying the Group's brands, Mama100 has also selected nearly 20 independent international and leading domestic baby product brands and introduced them into the platform since April this year.

Meanwhile, the Group's new R&D and quality control center in Guangzhou commenced operation in the first half of this year. The same period also witnessed the inauguration of the new plant for infant formula production at Isigny Sainte Mère ("ISM") in France. This new plant will help ISM increase its milk powder production capacity and ensure a long-term supply of premium milk source and high quality products from Normandy, France to the Group.

Looking ahead to the second half of this year, the Group expects that the intense competition in the infant formula market will not abate. In such competitive environment, the Group believes that it is more than ever important to continue with investment in branding and marketing to maintain its market position and enhance its brand recognition.

The Group has recently acquired an American company, which owns a strong heritage US organic brand since 1980 that currently has presence in several geographical markets such as North America and Asia. The Group plans to develop organic infant formulas and baby food products and introduce them into the Chinese market.

Mr. Luo Fei, Chairman and Chief Executive Officer of the Group said, "Despite the challenging environment, we are pleased with the strengthened market position and enhanced brand recognition which will lay a solid foundation of the Group's sustainable development. The Group will continue its product category expansion to serve the diverse needs of the Chinese mothers, and it is the Group's long-term strategy and vision to become a solution oriented provider of nutritional and parenting products and services."

### **About Biostime**

Biostime is a premium pediatric nutrition and baby care products provider in China. The company's family of products includes premium probiotic supplements for children, infant formulas and dried baby food products, and baby care products. The shares of Biostime have been listed on the Hong Kong Stock Exchange since 2010.

### **For further inquiries, please contact:**

#### **iPR Ogilvy & Mather**

Charis Yau/ Heng Tam/ Adrian Leung

Tel: (852) 2136 6183/ 3920 7656/ 3920 7646

Fax: (852) 3170 6606

Email: [biostime@iprogilvy.com](mailto:biostime@iprogilvy.com)