

[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)

2012 Annual Results Announcement

**Profit for the year surged 40.9% to RMB743 million
Recommended final dividend per share of HK\$0.39 and
special dividend per share of HK\$0.46**

Financial Highlights

<i>RMB'000 unless otherwise stated</i>	<i>For the year ended 31 December</i>		
	2012	2011	Change (%)
Revenue	3,381,901	2,189,034	+54.5%
Gross profit	2,228,946	1,456,127	+53.1%
Profit for the year	743,106	527,351	+40.9%
Net cash flows from operating activities	947,182	516,212	+83.5%
Basic earnings per share (RMB)	1.24	0.88	+40.9%
Annual dividend per ordinary share (HK\$)	1.08	0.76	+42.1%
Paid interim dividend per share (HK\$)	0.23	0.16	+43.8%
Proposed final dividend per share (HK\$)	0.39	0.27	+44.4%
Proposed special dividend per share (HK\$)	0.46	0.33	+39.4%

(Hong Kong, 20 March 2013) **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 annual results for the year ended 31 December 2012.

Thanks to the booming baby products market in China supported by solid demand from Chinese mothers for various baby products, the Group has sustained its rapid growth. In 2012, revenue and net profit of the Group increased by 54.5% and 40.9% year on year to RMB3,381.9 million and RMB743.1 million, respectively. Basic earnings per share increased to RMB1.24 in 2012 from RMB0.88 in 2011. The board of directors of the Company recommended the payment of a final dividend and a special dividend of HK\$0.39 and HK\$0.46 respectively per ordinary share.

In 2012, infant formula business remained the largest revenue contributor of the Group. This segment registered strong growth of 61.2% in sales revenue and accounted for 80.3% of the Group's total. Despite fierce market competition, the supreme-tier¹ segment of the Group's infant formula business maintained fast growth at a rate of 42.1%; the high-tier infant formula business segment² delivered notable growth and grew at a rate of 77.4% year on year. The high-tier segment contributed 59.4% of the infant formula business and became the more significant growth contributor to the Group's infant formula business.

¹ Refers to infant formulas priced over RMB300 per can of 900g

² Refers to infant formulas priced between RMB200 and RMB300 per can of 900g

Probiotic is the second largest business segment of the Group and its gross margin was also the highest among products in our portfolio. In 2012, the sales revenue of probiotic business recorded 14.2% growth as compared with 2011, contributing to 11.2% of the Group's total revenue.

Baby care products, under the BMcare™ brand, experienced a year of breakthrough in 2012. Its sales revenue rapidly rose year on year by 121.5% to RMB106.0 million. Revenue of dried baby food products increased by 38.8% year on year in 2012. The increase was mainly attributable to the continuous growth of revenue generated from organic baby cereal products and the newly introduced natural baby cereal products in October 2012. Baby care products and dried baby food products contributing to 3.1% and 4.0% of the Group's total revenue respectively. Nutrition supplements rose 70.0% during the period and accounted for 1.4% of the total revenue.

The three new product lines, namely Pre-school Formula, Natural Baby Cereal and BMcare Essential & Natural Series, launched in October 2012 has help further extend the life cycle of the Group's product portfolio and increased consumer spending.

The following table sets forth the Group's revenue by product segment:

	Year ended 31 December		
	2012	2011	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Probiotic supplements	379,203	331,962	+14.2%
Infant formulas	2,715,291	1,684,655	+61.2%
Dried baby food products	134,765	97,126	+38.8%
Baby care products	105,989	47,845	+121.5%
Nutrition supplements	46,653	27,446	+70.0%

During the year, the Group has strengthened cooperation with its suppliers. In June 2012, the Group signed a 10-Year Financing and Supply Agreement with Arla Foods Amba at Arinco, to ensure a sustainable, stable and quality supply of its infant formula powders. At the same time, the Group has signed a renewed infant formulas manufacturing agreement with La Laiterie de Montaigu, a renowned French dairy manufacturer, for a term of three years from January 1, 2014 to December 31, 2016. Currently, the Group has three infant formula suppliers in European countries for premium quality infant formula products.

During the year, the number of Mama100 active members rose by 69.7% to 1,400,781. Sales generated by Mama100 active members contributed to about 84.7% of the Group's total revenue. Sales and distribution channels expansion under the control of real-time distribution management system is an important business growth driver for the Group. During 2012, the Group registered increases of the number of VIP baby specialty stores to 10,404, Mama100 Member's Zones in pharmacies to 744, and retail sales organizations to 4,174, representing increases of 54.7%, 36.5% and 40.6%, respectively.

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Looking ahead, the Group will continue to exert its professional knowledge and unique business pattern, to drive the development of the business. In 2013, the Group will further integrate the distribution network, and increase the penetration into low-tier cities by consolidating distribution channels. The Group targets to increase the amount of its VIP baby specialty stores to 13,000, Mama100 Member's Zones in pharmacies to 1,500 and retail sales organizations to 5,000. The Group targets to own about 2 millions Mama100 active members in two years, while maintaining the existing high-end membership base at the same time.

In order to satisfy the different needs, the Group has decided to launch new series of infant formulas in 2013 for the premium market segment. To further leverage the well-known brand equity and capture the business opportunity of probiotic in food market, the Group also decides to launch a new premium food-class probiotic product in 2013. This new product will complement the Group's current probiotic product portfolio, increase distribution rate of the probiotic category and fulfill the diversified needs of high-end consumers.

As for R&D and quality management, the Group has built a new R&D team in Europe to focus on infant formula processing technology to improve product quality and develop innovative products. A scientific institute "Biostime Children Nutrition, Care and Psychology Behavior Institute" set up in collaboration with research organizations and top scientists in the field of pediatric nutrition and child psychology will be operational in 2013. The Guangzhou R&D and Quality Analysis Centre, which has commenced construction in June 2012, is scheduled to complete at the end of 2014.

Mr. Cao Wenhui, the Company's chief financial officer said, "Looking forward into 2013, the Group expects the increase in babies born will continue in China while the baby care market will continue to benefit from the baby boom in the Chinese Year of Dragon in 2012. The Group is therefore confident to further capture tremendous opportunities in China's fast growing market of premium pediatric nutrition and baby care products."

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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 marketed under the brand name Biostime™, and baby care products marketed under the brand name of BMcare™. The shares of Biostime have been listed on the Hong Kong Stock Exchange since 2010.

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