

**[For Immediate Release]**



**Biostime Signed a Framework Agreement with Isigny Sainte Mère regarding Equity Investment and Financing**

(July 2, 2013, Hong Kong) **Biostime International Holdings Limited** ("Biostime" or the "Company", HKEx stock code: 1112), a premium provider of high-end pediatric nutritional and baby care products in China, has signed a Framework Agreement ("Framework Agreement") with Isigny Sainte Mère ("ISM"), a renowned French dairy manufacturer, regarding equity investment in and financing to ISM to enlarge ISM's production capacity of infant formulas and further enhance long term and stable supply of high quality infant formulas to Biostime.

The cooperation between Biostime and ISM started in 2011, since when, by selecting high quality milk source from Normandy region and using full formula spray-dry technology, ISM has been manufacturing high quality infant formulas in accordance with Biostime's own formula specifications to be distributed by Biostime in the Chinese market.

The Framework Agreement is a great milestone in the cooperation between the two companies. The total equity investment and financing from Biostime to ISM is expected to amount to EUR20 million. Upon completion of the equity investment, Biostime will own 20% of the total issued share capital of ISM and be entitled to nominate one director to be a member of the board of directors of ISM. By utilizing the proceeds from the abovementioned equity investment and financing from Biostime, as well as financing from other sources, ISM will build a new infant formula production and packaging industrial facility located in ISM's premises, increasing its total infant formula capacity up to 50,000 tons by 2016. Biostime has agreed to purchase 18,000 tons of finished products per year and ISM has undertaken to guarantee such supply to Biostime starting from 2016.

The Framework Agreement will also strengthen cooperation in the field of research and development between Biostime and ISM, including the new generation of innovative production process technology, innovative nutritional components application in infant formulas and scientific analysis and quality testing technology, in order to ensure continuous quality upgrade of Biostime's infant formulas distributed in the Chinese market.

Mr. Luo Fei, Chairman and Chief Executive Officer of Biostime said, "Looking forward to the future, Biostime needs to secure sufficient and sustainable supply of high quality milk source from Europe and continue to upgrade its infant formula process technology and innovative formulas. Therefore, we are very proud to have the opportunity to participate in ISM's infant formula capacity extension project through equity investment and financing. We believe this will enable both parties to deepen cooperation while ensuring a long term and stable supply of high quality infant formulas and meet the growing market demand in China.

Mr. Daniel Delahaye, General Manager of ISM said, "We are delighted to sign this long-term Framework Agreement and welcome Biostime as the first historical non-cooperative shareholder of our company. Indeed, the development of our infant formula capacity is a strategic direction for our company aiming at developing our sales internationally, and provides our milk suppliers with long term business outlook for their high quality milk. The Framework Agreement represents a new step in our partnership with Biostime, and signifies a fair, balanced and sustainable cooperation which is in line with our long-term vision and securing the development of our industrial activities in Normandy."

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### **About Isigny Sainte Mère**

The Cooperative Isigny Sainte Mère is a renowned French dairy company with advanced production technology and world presence, established in Normandy, a region with abundant natural resources (recognized milk source used in Isigny AOP products), in 1932. Thanks to consistent high quality and continuous innovation in production technology, the dairy company has received the most "Medals of Excellence Diploma" at the French Concours General Agricole (French General Agricultural Contest).

ISM is composed of 683 milk producers as cooperative shareholders. In 2012 the company had a turnover of approximately EUR250 million, with approximately 250 million liters of milk transformed of which around 42% is exported. The company currently has 708 employees, and is the first company to implement the full spray-dry technology in France, for which ISM received an innovation award at that time. It is also the first food company in France to get ISO 9002 certification.

### **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 of *Biostime*<sup>™</sup>, baby care products marketed under the brand name of *BMcare*<sup>™</sup>. The shares of Biostime have been listed on the main board of The Stock Exchange of Hong Kong Limited since December 2010.

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