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BIOSTIME

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)

Updates about the Administrative Investigation into a Subsidiary of the Group

The board of directors (the “**Board**”) of Biostime International Holdings Limited (the “**Company**”) and together with its subsidiaries, collectively referred to as the “**Group**”) wishes to advise shareholders and potential investors of the Company of the following:

Reference is made to the announcement in relation to an administrative investigation into a subsidiary of the Group made by the Company on 27 June 2013 (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as ascribed to them in the Announcement.

BiosTime, Inc. (Guangzhou) (廣州市合生元生物製品有限公司, “**Biostime Guangzhou**”), a wholly-owned subsidiary of the Company, is still under the investigation (the “**Investigation**”) conducted by National Development and Reform Commission of the People’s Republic of China (“**NDRC**”).

During its cooperation with the Investigation, Biostime Guangzhou realized that those terms which provide fixed prices and price floors for the Group’s products in its agreements entered into with its distributors, may be allegedly in breach of Sub-articles 1 and 2 of Article 14 of Anti-Monopoly Law of the People’s Republic of China. In light of the above said, Biostime Guangzhou has started amending relevant terms in relation to fixed prices and price floors in the previous distribution agreements so as to comply with the Anti-Monopoly Law of the People’s Republic of China and has been recently arranging the re-signing of distribution agreements.

In response to the initiative of NDRC and in order to reward consumers of our products and enhance our business partners’ confidence, Biostime Guangzhou will carry out a series of consumer rewards activities starting from 10 July 2013, in which consumers of our infant formulas products will be rewarded with additional 50% of accumulation points (which will result in 1.5 times of the original accumulation points and that every 10 points will be equivalent to RMB1 in value for redeeming the Group’s products). Through such accumulation points rewards, consumers will enjoy a discount of around 11% off the suggested retail prices. These activities will apply to all series of the infant formulas products of the Group. The Board believes that these activities will benefit consumers directly and will enhance our business partners’ confidence.

As at the date of this announcement, the Investigation is still ongoing. The Company will actively cooperate with the Investigation and make further announcements to inform its shareholders of relevant updates when and where appropriate.

This announcement is made pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 9 July 2013

As at the date of this announcement, the executive Directors of the Company are Mr. Luo Fei and Ms. Kong Qingjuan; the non-executive Directors of the Company are Dr. Zhang Wenhui, Mr. Wu Xiong, Mr. Luo Yun and Mr. Chen Fufang; and the independent non-executive Directors of the Company are Dr. Ngai Wai Fung, Mr. Tan Wee Seng and Professor Xiao Baichun.