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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 announcements in relation to an administrative investigation into a subsidiary of the Group made by the Company on 27 June 2013 and 9 July 2013 (the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as ascribed to them in the Announcements.

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**”).

Biostime Guangzhou has amended the relevant terms which provided fixed prices and price floors for the Group’s products in its previous distribution agreements and has entered into new distribution agreements with all its distributors to substitute the previous distribution agreements as at the date of this announcement, so as to comply with the Anti-Monopoly Law of the People's Republic of China. Such amendments mainly include the deletion of those terms in relation to fixed prices and price floors.

Besides, since 10 July 2013, Biostime Guangzhou has been carrying out a series of consumer rewards activities, in which consumers of our infant formulas products are rewarded with additional 50% of accumulation points. In order to deepen the rewarding to consumers of our products and further enhance our business partners’ confidence, Biostime Guangzhou will lower the ex-factory prices and suggested retail prices of its infant formulas products, with effect from 27 July 2013. Those prices will be adjusted in the following ways: the prices of stage 4 of all series of Biostime’s infant formulas will be lowered by 10%; and the prices of stage 1, 2 and 3 of Biostime Supreme Care Infant Formulas and stage 1, 2 and 3 of Biostime Supreme Infant Formulas will be lowered by 5%. The consumer rewards activities of rewarding consumers of our infant formulas products with additional 50% of accumulation points will not be affected by the price adjustments mentioned above.

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 by our Company 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, 23 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.*