

[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)

Biostime and Arla Foods sign a 10-Year Financing and Supply Agreement

(Hong Kong, 22 June 2012) Biostime International Holdings Limited ("Biostime"; HKEx Stock code: 1112), a premium provider of high-end pediatric nutritional and baby care products in China, has signed a 10-Year Financing and Supply Agreement on June 21, 2012 with Arla Foods Amba ("Arla Foods"), a leading European dairy company with long history of producing high-quality infant formulas. The objective of this agreement is to secure Biostime sufficient production capacity at Arinco, Arla Foods's largest infant formula production facility based in Denmark equipped with full formula spray-dry technology and using Arla's own Danish milk.

After one year of co-development in order to allow Arla Foods to produce Biostime's premium infant formulas, both companies have entered into a commercial agreement, qualifying Arla Foods as the third European supplier of Biostime in the field of infant formulas. To strengthen their cooperation and secure additional capacity at Arinco, the two companies have signed a 10-year agreement aiming at co-financing a total investment of DKK163 million, equivalent to approximately HKD216 million (each party to contribute 50% of the investment) in order to upgrade and extend Arinco's capacity and secure a yearly capacity of 20,000 tons of infant formula powders dedicated to Biostime by 2015.

Jens Jorgen Hjortshoj, Vice President of B-to-B Nutrition Business Unit in Arla Foods: "We are very pleased to sign this 10-year cooperation agreement with Biostime. This financing contract will support Arla Foods to invest in upgrading and increasing Arinco's capacity and efficiency in the field of infant formula milk powders and provide Biostime with long-term capacity. This new cooperation will have a positive contribution into Arla's business by enabling our company to produce high-quality dairy products with superior added value. This partnership with Biostime, a leading player in China's premium infant nutrition market, clearly reinforces our confidence in the long-term development of the Chinese premium infant formula market.

Commenting on the cooperation, Mr. Luo Fei, the Executive Director, Chairman and Chief Executive Officer of Biostime said, "Thanks to the flourishing baby product market in China and Biostime's unique business model, our infant formula business has been growing on a fast track. With our focus on maintaining product qualities and stringent quality control, it will be our key strategy to join hands with quality foreign suppliers of infant formula products, as a mean to secure sufficient product supply to support our rapidly growing business. Being a leading dairy company in Europe, Arla Foods is equipped with advanced technology in producing high quality milk powder for long years. We are delighted to enter into a ten-year supply agreement with Arla Foods, which will bring us both into closer and more long-term partnership, and ensure stability and quality of our product source. Looking forward, we will strive to deepen cooperation with other foreign quality suppliers, cater to the Chinese consumers' needs for high-quality and safe infant formula products, and sustain the stable growth of our supreme-tier infant formulas business."

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About Arla Foods

Based on the best of its Scandinavian heritage of 140 years of dairy processing, Arla Foods has become one of the world's largest milk processors. Arla Foods is a cooperative owned by 7,000 dairy farmers situated in several European countries. Arla Foods has a broad range of dairy products from retail products such as milk, yoghurts, butter and cheese to milk powder, nutritional products and milk proteins developed for the global food industry. Arla Foods has a state-of-the-art integrated supply chain for milk powder and nutritional products based on top European quality standards. Today Arla Foods has a revenue of almost 10 billion US dollars and has grown as an exporting company with activities in more than 20 countries.

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™. In May 2010, the Company launched baby diapers and other baby care products marketed under the brand name of BMcare™. According to The Nielsen Company, in the first half of 2011, Biostime™ is the largest player with approximately 44.0% market share in terms of retail sales in the supreme-tier infant formula market in China, and its market share in terms of retail sales in the high-tier infant formula market in China is 7.4%.

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