

To: Business Editor (For immediate release)



**Hua Han Bio-Pharmaceutical Holdings Limited**  
**華瀚生物製藥控股有限公司**

(HK STOCK CODE: 587)

**ANNOUNCES ITS ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2007**  
**TURNOVER UP 18.5% TO HK\$743,856,000**  
**CONTINUOUS GROWTH IN HEALTHCARE PRODUCTS AND OTC DRUGS PUSHES**  
**TURNOVER UP**

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STATE CATEGORY ONE MEDICINE READY TO BE LAUNCHED INTO THE MARKET  
HIGH-END PRODUCTS DRIVING FUTURE GROWTH

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<u>Financial Highlights</u>	For the Year ended 30 June (HK\$'000)		
	2007	2006	Change (%)
Turnover thereof,	743,856	627,925	+18.5%
<i>Manufacturing</i>	566,698	465,237	+21.8%
<i>Trading</i>	177,158	162,688	+8.9%
Gross profit (Gross profit margin)	334,099(44.9%)	274,469(43.7%)	+21.7%
Net profit attributable to equity holders of the company (net profit margin)	130,626 (17.6%)	123,146 (19.6%)	+6.1%

(Hong Kong, 21 October 2007) – **Hua Han Bio-Pharmaceutical Holdings Limited** (“Hua Han” or the “Group”)(Stock Code: 587), a leading manufacturer of naturally sourced gynecological medicines and medicinal healthcare products for women, today announced its annual results for the year ended 30 June 2007 (the “Year”).

During the Year, Hua Han recorded a turnover of approximately HK\$743,856,000 (2006: approximately HK\$627,925,000), representing a growth of approximately 18.5% as compared with last year. Approximately HK\$566,698,000 (approximately 76.2% of the Group’s turnover) was attributable to the turnover of the Group’s self-manufactured products, representing a growth of approximately 21.8% as compared with approximately HK\$465,237,000 of last year.

During the Year, the Group’s gross profit and net profit rose to approximately HK\$334,099,000 (2006: HK\$274,469,000) and approximately HK\$130,626,000 (2006: HK\$123,146,000) respectively, representing a growth of approximately 21.7% and 6.1% respectively over last year. Gross profit margin and net profit margin reached approximately 44.9% and 17.6% respectively during the Year. The increase in turnover was mainly attributable to the strong sales growth of the “**Magic美即**” series products and OTC drugs, which increased by approximately 76.4% and approximately 16.3% respectively of the total turnover of the Group’s own products. The slight drop in net profit margin was mainly due to the extensive marketing effort made by the Group to promote its “**Magic 美即**” series products and **Fuke Zaizaowan (”婦科再造丸”)** products.

The Board of Directors has recommended a final dividend of HK 2 cents per share (2006: HK 2 cents).

During the Year, the Group has a new product named **Nano Silver Anti-inflammatory Gel** (“**納米銀婦女外用抗菌凝膠**”, “**NSAIG**”), so as to further enrich the Group’s gynecological product mix and consolidate its position in gynecological medicines market. **NSAIG** is a proprietary external ointment used for curing the common gynecological ailment of vaginitis. During the Year, the Group also has a new product **Native DNA Bio Chip** (“**原態基因組生命信息芯片**”, “**DNA Bio Chip**”), a high-end biological product used in medical tests and disease diagnosis.

Mr. Deng Jie, Chief Executive Officer of Hua Han, said, “We are thrilled by the growth which the Group has achieved during the Year, in which we have been proactively consolidating our position in the gynecological medicine market. Healthcare products and OTC drugs continued to be our new profit growing point, while both “**Magic 美即**” series products and **Fuke Zaizaowan (婦科再造丸)** have been providing the Group with high and sustainable source of revenue. We believe that with our efforts to expand distribution channels to further penetrate the market, the Group will continue to have a great growth momentum in the future.”

Mr. Deng added, “Going forward, the Group will continue to focus on developing high value-added products, while broadening our sales network to nationwide level. We are confident that when the State category one new medicine, namely **Human Nerve Growing Factor injection** (“**人神經生長因子注射液**”, “**NGF**”) is successfully launched, our overall profitability will be significantly enhanced, and the Group will be able to enlarge its market share in the biological medicine market. Another new product of **NSAIG** will further strengthen our position in the gynecological medicine market; and the high-end, proprietary **DNA Bio Chip** will bring the Group into a new area of biological medicine. The Group will adhere to its strategic goal of becoming a leading manufacturer of gynecological pharmaceutical products and feminine medicinal healthcare products, and strive to maximize shareholders’ value.”

## **BUSINESS REVIEW**

During the Year, the Group’s business maintained stable growth. This was mainly due to the Group’s fundamental strategy of becoming a leading corporation in gynecological medicine and feminine medicinal healthcare products, and its ability to maintain a strategically leading position. At the same time, the hospital brand image which we have established over the past 15 years has reinforced our marketing strength. We maintained a stable growth in our prescription medicine business and further consolidated the Group’s resources through regulating the Group’s production structure, adopting new sales strategies, raising operation efficiency, integrating sales network and extending marketing channels, opening up of OTC markets and expediting growth of “**Magic (美即)**” series products. We were able to consolidate our status and maintain a leading position in the market, thus realizing sustainable growth for our business.

### ***Prescription drugs***

Our Yeosure Natural Medicine Lotion (日舒安洗液) joined the China Primary Health Care Foundation (中國初級婦女保健基金會) project. Pursuant to the project surveys conducted with women in Luyi county in Henan Province, Qitaihe City in Helongjiang Province and Lianyungang City in Jiangsu Province, Yeosure Natural Medicine Lotion (日舒安洗液) was chosen under the project as a medicine for curing gynecological illnesses for its good treatment effect. The Directors believe this will help increase the sales of Yeosure Natural Medicine Lotion (日舒安洗液) and enhance the Group's brand image in gynecological products.

### ***OTC drugs***

Fuke Zaizaowan (婦科再造丸) continued to be the Group's core branded OTC medicine. The main promotional strategy of this product line lies in product branding and enhancement of the Group's corporate image through brand promotion and points of sale promotion. In addition to consolidating and developing markets in six provinces, namely, Guizhou, Yunnan, Sichuan, Chongqing, Shaanxi and Gansu, we further extended our marketing plans to more than 10 other regions including Guangdong, Guangxi, Hubei, Hunan, Beijing and Shanghai. At the same time, by capitalizing on the emerging trend of cooperative medical care with new rural villages and optimizing the regional brand name advantage of Guiyang De Chang Xiang Pharmaceutical Company Limited (貴陽德昌祥藥業有限公司) ("DCX") and the product type advantage, we have achieved promising sales results in the rural markets.

### ***Feminine medicinal healthcare products***

The Group has continuously strengthened the implementation of the brand strategy and differentiation strategy for the "Magic 美即" series products and has explored further into the distribution channels. Through closer strategic co-operation with Watsons, Carrefour, Wal-Mart, 1000colour Department Store, PARKnSHOP, Jusco and other famous nation-wide retail channels, the Group's sales channels cover most of the major cities throughout the PRC. Points of sale for this product series had grown significantly from approximately 700 in last year to more than 1,000 during the Year. The Group has also improved the depth and breadth of the local sale channels in key regional markets such as Guangzhou, Shenzhen, Beijing, Shanghai and Northeastern region of the PRC to further penetrate into these markets. In view of the satisfactory market response from consumers to the marketing campaign of this series, and in order to further strengthen the brand image and technical quality of the "Magic 美即" series products, the Group has established a wholly-owned subsidiary in Korea in December 2006. Such subsidiary is designated to hold the trademark and patent in respect of the "Magic 美即" brand and products in Korea, and also to form strategic alliances with renowned universities and research institutes with a view to conducting in-depth research and development of the "Magic 美即" products and enhancing their products with foreign advanced technologies. At present, product variety under this "Magic 美即" series has increased to more than 100 items, of which approximately 50 items have been launched in the

market, covering three major categories of feminine healthcare, namely facial treatment, eye treatment and body treatment. The development of the “Magic 美即” series products has firmly established the foundation for the Group’s expansion into the international market. Since December 2006, “Magic 美即” series products have been launched in Hong Kong and Macau with a coverage of about 170 points of sale under the Watsons network. The sale prospect has been promising. .

## **PROSPECTS**

There are great potentials for the “Magic (美即)” series products in the medicinal healthcare market. The Group will continue to strive to further improve its market share, enlarge its production capacity, consolidate its sales network and increase its turnover.

In the coming year, the Group will implement the following measures:

1. Through the launching of the State category one new biological medicine Human Nerve Growing Factor Injection (人神經生長因子注射液), we will continue to consolidate and aim to raise the sales of prescription medicine, enhance sales of OTC and feminine medicinal healthcare products and thus expedite the Group’s development in the field of prescription drugs, OTC drugs and feminine medicinal healthcare products. At the same time, we will actively pursue strategic cooperation with major research and development institutions in the PRC. We aim at using R&D breakthroughs as one of the driving force for the Group’ development.
2. Regulate product structure, so as to raise the proportion of sales of high value-adding products, and focus on sales of the State category one new medicine Human Nerve Growing Factor Injection (人神經生長因子注射液) and Native DNA Bio Chip (原態基因組生命信息芯片). We aim at raising the proportion of sales of biological medicines. We aim at raising the proportion of sales of biological medicines and products in the Group’s profit.
3. Focus on the Group’s development strategy and identify merger and acquisition opportunities with companies possessing an edge and potential to fuel the Group’s development as well as to raise the Group’s profit and return for shareholders.

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### **About Hua Han Bio-Pharmaceutical Holdings Limited**

Hua Han Bio-Pharmaceutical Holdings Limited is a leading manufacturer of a range of naturally sourced gynecological medicines and medicinal healthcare products for women. Hua Han is NOT a generic drug producer. Capitalizing on China’s huge pharmaceutical market, Hua Han has enjoyed robust growth in both turnover and net profit in the past 4 years. Moreover, its quality products and proprietary production technology are unrivaled in the marketplace. In addition to its extensive gynecological specialist network, Hua Han has a

strong focus on R&D and various strategic alliances with distinguished medical research institutions in China and Hong Kong. Furthermore, Hua Han has a nationwide sales and distribution network with offices in 29 major provinces and municipalities in China and direct distribution channels to over 3,000 hospitals, 70,000 drugstores and 2,000 supermarkets. Hua Han has formed a strategic alliance with Haw Par Corporation Limited, which is a Singapore-listed multinational pharmaceutical enterprise. The Group was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 10 December 2002.

Released by **Elites Communications Limited** for and on behalf of **Hua Han Bio-Pharmaceutical Holdings Limited**. For further information, please contact:

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