

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



Hua Han Bio-Pharmaceutical Holdings Limited

華瀚生物製藥控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 587)

## CONNECTED TRANSACTION: ACQUISITION OF INTEREST IN GUILIN GU JIN

The Directors wish to announce that GHMM, a wholly-owned subsidiary of the Company, acquired 20% of the equity interest in Guilin Gu Jin.

The Acquisition pursuant to the Equity Transfer Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to reporting and announcement requirements.

### INTRODUCTION

The directors (each, a “**Director**”) of Hua Han Bio-Pharmaceutical Holdings Limited (華瀚生物製藥控股有限公司) (the “**Company**”, together with its subsidiaries, the “**Group**”) wish to announce that on 28 June 2010, 貴州漢方製藥有限公司 (unofficial translation being Guizhou Hanfang Medicine Manufacture Co., Ltd.) (“**GHMM**”), a wholly-owned subsidiary of the Company, and Ms. Yang Yin (“**Vendor**”) entered into an agreement and a letter agreement on the purchase price (collectively, “**the Equity Transfer Agreement**”) for the acquisition of 20% of the equity interest in 桂林古今醫藥科技有限公司 (unofficial translation being Guilin Gu Jin Pharmaceutical Technology Co. Ltd.) (“**Guilin Gu Jin**”) (the “**Acquisition**”). The principal terms of the Equity Transfer Agreement are set out below.

### EQUITY TRANSFER AGREEMENT

#### Date

28 June 2010

## Parties

Purchaser: GHMM

Vendor: Ms. Yang Yin who owns 20% equity interest in Guilin Gu Jin, a non-wholly owned subsidiary of the Company. The Vendor is therefore a connected person (as defined in the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)) of the Company.

## Subject matter

20% equity interest in Guilin Gu Jin (the “**Sale Interest**”). Guilin Gu Jin is a limited liability company established in Guilin, the People’s Republic of China (the “**PRC**”) and is currently owned as to 20% by the Vendor and 80% by GHMM. The registered capital of Guilin Gu Jin is RMB1 million (equivalent to approximately HK\$1.15 million) and has been fully paid up. It is an investment holding company of 桂林華諾威基因藥業有限公司 (unofficial translation being Guilin Pavay Gene Pharmaceutical Co., Ltd.) (“**Guilin Pavay**”). Guilin Gu Jin holds 65% equity interest in Guilin Pavay which is a limited liability company established in Guilin, the PRC. The registered capital of Guilin Pavay is RMB100 million (equivalent to approximately HK\$115 million) and has been fully paid up. Guilin Pavay is principally engaged in the manufacture and sale of Recombinant Human Epidermal Growth Factor Eye Drops and Recombinant Human Epidermal Growth Factor Gel.

## Purchase price

The price payable by GHMM to the Vendor for the purchase of the Sale Interest is RMB47.50 million (equivalent to approximately HK\$54.63 million) (the “**Purchase Price**”) which will be funded by the Group’s internal resources. The Purchase Price is to be paid in cash by GHMM to the Vendor in the following manner: (1) RMB23.75 million (the “**First Payment**”) (equivalent to approximately HK\$27.31 million) shall be paid within three days from the date of the Equity Transfer Agreement; and (2) the balance of RMB23.75 million (equivalent to approximately HK\$27.31 million) shall be paid within three days after the change of shareholder of Guilin Gu Jin has been registered at the relevant Administration of Industry and Commerce (工商行政管理局).

The Purchase Price was determined after arm's length negotiations among the Group and the Vendor having taken into account various factors, including the net asset value of Guilin Pavay, the potential revenue contribution to the Group, growth prospects and business synergy of Guilin Pavay as more particularly described in the paragraphs headed "Information of Guilin Gu Jin and Guilin Pavay" and "Reasons for the Acquisition" below. The board of Directors considers that the Purchase Price is fair and reasonable.

The original acquisition costs of the Sale Interest to the Vendor is RMB200,000 (equivalent to approximately HK\$230,000).

### **Effective date of the Equity Transfer Agreement**

The Equity Transfer Agreement became effective on 30 June 2010 when:

- (1) the directors of GHMM have approved the Acquisition;
- (2) the Equity Transfer Agreement has been signed by the Vendor and GHMM; and
- (3) the Vendor has received the First Payment.

### **Completion**

The Vendor and GHMM agreed that the registration of the change of shareholder of Guilin Gu Jin at the relevant Administration of Industry and Commerce (工商行政管理局) shall be completed within three months after the effective date of the Equity Transfer Agreement. The Acquisition shall be regarded as completed when: (1) the change of shareholder of Guilin Gu Jin has been registered at the relevant Administration of Industry and Commerce (工商行政管理局); and (2) the Vendor has received the Purchase Price in full from GHMM. Upon completion of the Acquisition, Guilin Gu Jin will become a wholly-owned subsidiary of the Company and Guilin Pavay will remain a non-wholly-owned subsidiary of the Company. The effective interest of the Group in Guilin Pavay will increase from 52% to 65% upon completion of the Acquisition.

## INFORMATION OF GUILIN GU JIN AND GUILIN PAVAY

Guilin Pavay specialises in bio-pharmaceutical medicine development based on recombinant human epidermal growth factor (“RHEGF”) technology. RHEGF is a growth factor that plays an important role in the regulation of cell growth, proliferation, and differentiation. Studies have shown that RHEGF technology can also be applied in gynecological medicine and medicinal healthcare products. Guilin Pavay currently has two commercialised bio-pharmaceutical medicines, namely 易孚 (Yi Fu) and 易貝 (Yi Bei), both of which are granted as the State category one new bio-pharmaceutical medicine by the State Food and Drug Administration of the PRC (中國國家食品藥品監管局). 易孚 (Yi Fu) in gel form is used for the treatment and healing of skin wounds and 易貝 (Yi Bei) in eye-drops form is used for the treatment of cornea wounds. Guilin Pavay has also established a distribution channel and national sales network, and has a professional sales team for bio-pharmaceutical medicines in the PRC. Guilin Gu Jin was established in the PRC in April 2008 and no financial statements have been prepared since its establishment. As at 31 December 2009, the unaudited net assets value of Guilin Pavay (prepared in accordance with the generally accepted accounting principles (“GAAP”) of the PRC) is approximately RMB121,336,000. The unaudited net profits of Guilin Pavay (before and after taxation and extraordinary items) for each of the two years ended 31 December 2008 and 2009 (prepared in accordance with PRC GAAP) are as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>
Net profit (before taxation and extraordinary items)	24,688,000	14,817,000
Net profit (after taxation and extraordinary items)	19,837,000	11,113,000

## REASONS FOR THE ACQUISITION

The Group is principally engaged in the research and development, manufacture and sale of gynecological medicine and medicinal healthcare products for women in the PRC.

It is the mission of the Group to become a leading enterprise in the manufacture and sale of gynecological medicine and medicinal healthcare products in the PRC. The Group also places emphasis on developing bio-pharmaceutical medicines. Currently, the Group is planning to launch its bio-pharmaceutical medicine, namely 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). The board of Directors believes that the Acquisition could enable the Group to strengthen the synergy effect on the research and development capability and sales network in bio-pharmaceutical medicines. The Acquisition could help the Group to strengthen its foothold in bio-pharmaceutical medicines sector. The board of Directors considers that the Acquisition is on normal commercial terms and is in the interest of the Group and the shareholders of the Company as a whole.

## **GENERAL**

As each of the relevant percentage ratios of the Acquisition is less than 5%, the Acquisition pursuant to the Equity Transfer Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules which is subject to reporting and announcement requirements and is exempt from the independent shareholders' approval requirements.

*As at the date of this announcement, the Board comprises Mr. Zhang Peter Y., Mr. Deng Jie, Mr. Long Xian Feng and Mr. Zhou Chong Ke as executive Directors, Mr. Wee Ee Lim (Mr. Chng Hwee Hong as his alternate) and Mr. Tarn Sien Hao as non-executive Directors, and Professor Kung Hsiang Fu, Professor Tso Wung Wai and Mr. Hon Yiu Ming Matthew as independent non-executive Directors.*

*For illustration purpose only, translations of HK\$ into RMB or vice versa in this announcement have been calculated by using an exchange rate of HK\$1.15 = RMB1.00.*

By order of the board of Directors of  
**Hua Han Bio-Pharmaceutical Holdings Limited**  
**Zhang Peter Y.**  
*Chairman*

Hong Kong, 30 June 2010