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## Corporate News

### Innovative Management, Innovative Enterprise

The grand commendation conference of the sixth "2006 Innovative Persons of Chinese Enterprises," together with the corporate innovation ceremony co-organised by the China Marketing Association and China Enterprise News, were held at the Great Hall of the People in Beijing from 8 December to 10 December 2006.

One Hundred "Innovative Persons of Chinese Enterprises" were elected by the Selection Committee, which comprises

experts, scholars and public figures from institutions such as the National Development and Reform Commission, the State-owned Assets

Supervision and Administration Commission under the State Council, the Research Office under the State Council, the



#### 国家领导人接见2006中国企业创新人物获奖代表

2006年12月 北京人民大会堂 王岐山



Chinese Academy of Social Sciences, the China Enterprise Confederation and Peking University. The Selection Committee elected Mr. Lau Yau Bor, Group Chairman, in recognition of his innovative concepts and outstanding performance in the development of his healthcare business. The Group's independent and innovative capabilities were once again recognised by experts, reaffirming the development of its business model under the principle of innovation.

The election of one hundred "Innovative Persons of Chinese Enterprises" attracted significant attention from all walks of society, which strongly reflects its contribution to encouraging Chinese enterprises to promote innovative activities. This activity has several objectives, including further reinforcing the spirit of "enhancing independent and innovative capabilities and building an innovative country" as advocated by the Central Committee of the Communist Party; strengthening the leading role of enterprises and the core function of entrepreneurs in promoting independent innovation; encouraging enterprises to establish independent innovation systems; fully demonstrating Chinese enterprises' evolution in innovation development and their outstanding achievements; publicising and recognising distinguished persons with outstanding achievements in promoting innovation in enterprises and their advanced undertakings; creating an effective communication platform and a supportive social atmosphere for the promotion of innovation among enterprises; and enabling Chinese enterprises to participate in economic globalisation at an earlier stage.

## Kunming Jida Named "Double Distinction Foreign-Invested Enterprise"

In November 2006, the Yunnan Province Department of Commerce held the meeting to commend Yunnan's outstanding foreign-invested enterprises in 2005. Meeting participants included the Foreign Investment Administration Office under the Department of Commerce of Yunnan Province; the Association of Enterprises with Foreign Investment and authorities related to foreign investment, namely the National Tax Bureau, the Local Tax Bureau, the Industry and Commerce Authority; and the Customs Department of the Province. During the meeting, the president of Yunnan's Association of Enterprises with Foreign Investment and other representatives explained the criteria for appraising and selecting outstanding foreign-invested enterprises for 2005. Kunming Jida Pharmaceutical Company Limited ("Kunming Jida"), the group subsidiary, was named "Double Distinction Foreign-Invested Enterprise" because of its outstanding contribution in various aspects and its compliance with profit and export standards.



## Another New Product's Bulk Material Production Facility Obtains GMP Certificate

In 2006, the group implemented the GMP Internal Inspection Programme and proactively improved the daily management of GMP and product quality. As a result of the continuous efforts and staff improvements at the facility, Kunming Jida's Buflomedil Pyridoxal Phosphate bulk material production facility officially obtained the GMP Certificate in December.

After more than three years of research on bulk material synthetic technology, the production of preparations and clinical trials, Kunming Jida received the production certificate for Buflomedil Pyridoxal Phosphate capsules (product name: Bei La Xin) and bulk material as early as April 2006. The successful certification of the bulk material facility will contribute to the Company's production and operation indicators in 2007.



## Market Digest and Product News

### "Gluthion" Captures Second-largest Market Share

"Gluthion" is a Reduced Glutathione (GSH) produced by a renowned Italian pharmaceutical manufacturer. In 1997, the group successfully secured the exclusive right to distribute the drug in China. Over the past 10 years, "Gluthion", with its distinguished quality and good reputation, has established its position in the Reduced Glutathione market.

Its market share has been increasing, from 15.5% in 2004 to 24% in 2006, and "Gluthion" now holds the second-largest share of the Reduced Glutathione market.



At present, "Gluthion" is mainly targeted for

digestive and contagious diseases and is used as auxiliary treatment for liver damage caused by alcohol, viruses and drugs. "Gluthion" demonstrates excellent, stable and long-lasting efficacy against viral hepatitis, alcoholic hepatitis, fatty-liver and drug-induced hepatitis (also called toxic hepatitis). Over the years, "Gluthion's" clinical promotion has helped create its unique brand image as treatment for liver diseases and has built a vast network of experts. The drug is represented by its own expert spokespersons in different regions of the country, which lays a solid foundation for its academic promotion. Continuous effort will be made in enhancing "Gluthion's" efficacy against liver diseases. In addition, the drug has further extended its scope of treatment to other areas, such as its use in chemotherapy and radiation therapy for patients with tumours. The prospects for this market segment are promising.

"Gluthion" has had a presence in the PRC market for ten years. To celebrate this tenth anniversary, the group participated in the "Ninth Annual Conference of Contagious Diseases of the Chinese Medical Association." Kunming Jida's exhibition theme was "the Tenth anniversary of Gluthion" and its slogan was "A 10-year classic brand enjoying ten years of a good reputation." All participating experts recognised the product. With the improving market environment in 2006, the group held a number of grand and spectacular activities in different regions to develop a closer relationship with target customers and pave the way for product sales in 2007. Sales of "Gluthion" are mature and steadily increasing, and market share is on the rise. Based on an analysis of the existing reduced glutathione

market, the company devised corresponding competitive strategies for both domestically produced and imported Glutathione.

With further adjustment

to the company's future development strategies and with cooperation from the entire team, sales of "Gluthion" will continue to grow in the future and the product is positioned to be the only leading imported brand of Reduced Glutathione in the PRC.



### The State Food and Drug Administration Launched a Large-scale, Countrywide Specialised Inspection of Pharmaceutical Enterprises

In 2006, two serious counterfeit drug incidents occurred in the PRC. The counterfeited drugs were the Armillarisni A Injection produced by Qiqihar No. 2 Pharmaceutical Co. Ltd. and the Clindamycin Phosphate Glucose Injection manufactured by Anhui Huayuan. Both pharmaceutical plants have GMP Certificates. Because of the severity of the cases, the State Food and Drug Administration launched a large-scale, specialised inspection to further regulate the development and production of drugs and the operation of pharmaceutical plants throughout the country. Yunnan Food and Drug Administration also organised a uniform, specialised inspection of the development and production of drugs and the operation of pharmaceutical plants throughout the province.

From 23 to 25 October 2006, Kunming Jida underwent the specialised inspection by the Yunnan Food and Drug Administration. Unlike the GMP certification inspection, this specialised inspection was conducted in accordance with the basic requirements of the "Administrative Measures on Certification of Good Pharmaceutical Manufacturing Practice," the "Provisional Regulations for Drug Inspection" and the "Implementation Scheme for the Specialised Inspection of Pharmaceutical Production in Yunnan Province." The



inspection focused on whether critical processes in pharmaceutical production, such as material management, quality management, production management and pharmaceutical sales, comply with pharmaceutical laws and regulations and kept track of pharmaceutical plants' implementation of GMP after obtaining the certificates. This inspection was more in-depth than the GMP certification inspection.



The inspection team comprised four experts. During the three-day inspection, the team inspected facilities of cephalosporin powder for injection, oral cephalosporin, oral

penicillin facility and oral bulk material. They also inspected the warehouses, utility system and quality certification system. After on-site inspection of the software, the expert team gave positive feedback on Kunming Jida's GMP implementation and once again recognised the group's quality control efforts.

## New Products to be Launched for Sale in 2007

After launching numerous new products in 2005, the group's research department expects that nine new products (including four bulk materials) will be granted production approval and will be launched for sale in 2007–2008. The new products include Buflomedil Pyridoxal Phosphate bulk material and capsules, Risedronate Sodium bulk material and tablets, Edaravone bulk material and injection, Citalopram bulk material and tablets, and Sucralfate Gel Suspension.

**Buflomedil Pyridoxal Phosphate** belongs to the cerebro-cardiovascular drug therapeutic category and is clinically used for the prevention and treatment of cerebrovascular lesions and related symptoms, peripheral cerebrovascular lesions and related symptoms and intermittent claudication. It demonstrates excellent efficacy and modest side effects, is the upgraded substitute product of Buflomedil Hydrochloride and has a dual-effect structure and compound function. After more than three years of research on the bulk material

synthetic technology, the production of preparations and clinical trials, Buflomedil Pyridoxal Phosphate produced by Kunming Jida has become an exclusive product in the PRC, under the product name Bei La Xin. The Company obtained production approval for the capsule preparation and the bulk material in April 2006 and the drug is expected to be launched for sale in the first quarter of 2007.

**Risedronate Sodium** belongs to the third-generation bisphosphonates. Bisphosphonates are now commonly developed to treat osteoporosis. They demonstrate excellent efficacy and few adverse reactions. Global sales of the second generation alendronate, Fosamax, exceeded US\$1 billion in 1999, and it has become one of the most important pharmaceuticals for the prevention and treatment of osteoporosis. Risedronate sodium is clinically used to treat women's osteoporosis during menopause, Paget's disease and osteoporosis caused by long-term use of hormones.

**Edaravone** injection is a new Category II drug developed by the Group. It is a radical scavenging agent and a brand new neuroprotective agent used to ease nerve symptoms caused by acute cerebral infarction and to treat motor dysfunction in daily activities. As a cell-protective agent, edaravone is not only used clinically for the treatment of cerebral infarction and cerebral haemorrhage, but also treats various neurological diseases and even various cerebro-cardiovascular diseases. Edaravone is developed by a Japanese pharmaceutical company and was launched for sale in Japan in 2001. It demonstrates excellent clinical efficacy and is expected to become a first-line drug in the treatment of acute cerebral infarction. Edaravone has huge market potential.

**Citalopram** tablet is used for the treatment of depressive neurosis. The product demonstrates excellent efficacy and has the advantage of low treatment cost. It has been launched for sale in more than 60 overseas countries. Citalopram was the antidepressant that registered the fastest sales growth in the US market from its launch to the year 2000. Sales of PRC-imported Citalopram amounted to US\$334 million in 1999 and US\$737 million in 2000. Citalopram is ranked the 32nd best-selling drug and has promising prospects.

**Sucralfate Gel Suspension** is a preparation researched and developed by Lisapharma S.p.A, an Italian pharmaceutical enterprise, and was introduced into the PRC by the Group. It is researched and produced with the prescription and technique of Lisapharma S.p.A. The product can effectively treat gastric ulcers, duodenal ulcers, acute and chronic gastritis, duodenitis and reflux esophagitis.



## The Post-Launch Clinical Trials of "Artrodar" to be Completed in 2007

Kunming Jida has been conducting post-launch clinical trials for "Artrodar" since 2006, and has achieved remarkable progress. The Company has already conducted trials in more than ten hospitals in Beijing, Shanghai and Guangzhou. More than half of the trials have been completed, and the remainder are expected to be completed in 2007.

The post-launch clinical trials of "Artrodar" will have a profound influence on future sales of the drug. These clinical trials will help "Artrodar" to get listed in the Medical Insurance Catalogue. Once the drug is listed in the Medical Insurance Catalogue, patients with medical insurance can be reimbursed when using "Artrodar" and sales of "Artrodar" will be boosted significantly. Through the clinical trials, "Artrodar" will receive more academic recognition and recognition from doctors, which will help in the marketing promotion of the drug.

## Citalopram Obtains Official Drug Master File (DMF) Number from the US

In December 2006, Jiangsu Jiwa Rintech Pharmaceutical Company Limited ("Jiangsu Jiwa Rintech") formally submitted the DMF regarding the Company's first export product, Citalopram, to the US FDA's Center for Drug Evaluation and Research (CDER), and successfully obtained a DMF number in January 2007. This marks substantive progress by the Group in introducing its products to the European and US markets, and in preparing for FDA inspection and certification.

## The Technical Package of Risperidone successfully Completed

Risperidone is another psychiatric drug researched and developed by Jiangsu Jiwa Rintech. From the mid 90s, the global market of anti-schizophrenic drugs has registered strong growth, with an annual rate of approximately 60%. The market has been dominated by Olanzapine and Risperidone which together accounted for approximately 65% of the entire market of anti-schizophrenic drugs.

The patent protected period for Risperidone will end in 2007. The Group commenced the research and development of the drug as early as 2006. The delivery of a technical package and the submission of DMF are two critical procedures in the project. The Group has formulated a detailed working plan for the Risperidone project. The technical package of Risperidone was successfully completed on schedule in December 2006 after passing almost 30 intensive optimisation trials.

The delivery of the technical package for Risperidone demonstrated the mature and perfect technology of the laboratory, raised the curtain for the industrialisation and commercialisation of Risperidone, and also marked the beginning of the FDA certification of Risperidone.

## Sidelights of Corporate Activities

### Inauguration Ceremony for the Cephalosporin Project at the Bulk Material Plant

On 23 December 2006, the Jiangyin Municipal government, Group Chairman Mr. Lau Yau Bor, and the people in charge of the business unit attended the inauguration ceremony for the cephalosporin project of Jiangsu Jiwa Rintech.

In his speech, Mr. Lau gave his full recognition to the progress of the Group's investment project in Jiangyin, and expressed his heartfelt gratitude to the government for its continuous and strenuous support of Jiangsu Jiwa Rintech. He also placed high hopes on the company's future

development and wished that the

cephalosporin production project would turn out to be a masterpiece, and a distinguished project that would lay a solid foundation for the development of Jiangsu Jiwa Rintech into a pharmaceutical enterprise with annual sales surpassing RMB100 million. He also called for our concerted efforts to work for the ultimate objective of developing the Company into a vigorous, dynamic and prosperous pharmaceutical enterprise that promoted the well-being and health of mankind.





## The 56th National Pharmacy Trade Conference

The 56th National Pharmacy Trade Conference was held at Shenzhen Convention and Exhibition Center from 1 December to 3 December 2006. The size of the exhibition area for this year's conference was unprecedented, with more than 2,600 exhibition booths accommodating over 1,600 pharmaceutical enterprises from throughout the country. The number of participating enterprises was the largest ever, and Kunming Jida was one of the major exhibitors this year.

In the exhibition zone, product specialists received significant feedback from customers. According to many customers, Kunming Jida's products are of high quality and demonstrate excellent efficacy; they had high regard for the products. Many distributors expressed interest in new products such as Huo Duo Shi, and enquired and discussed business opportunities with us, which boosted the company's confidence regarding future promotions of the product in the secondary market.



## 2006 Annual Orthopaedic Conference of China

The Annual Orthopaedic Conference of China was held in Beijing on 11 November to 15 November 2006. More than 3,000 experts attended the conference, including orthopaedic experts and renowned experts from hospitals all over China. Many media groups at the state level also attended to provide coverage of the event. "Artrodar", a drug launched by the group, was highly acclaimed by the orthopaedic experts, many enquiries were made about it during the conference. This was a successful promotion of "Artrodar" among the orthopaedic experts, and a big step towards achieving the marketing personnel's objective of enabling the drug to completely penetrate into the orthopaedic market.

## The 13th National Urology Academic Conference

The 13th National Urology Academic Conference and the 8th Global Chinese Conference on Urology were held at the People's Hall of Liaoning Province on 13 October 2006.

Participants included chief medical practitioners, associate medical practitioners and professors from urology divisions of hospitals at different levels. More than 1,800 representatives attended the conference. Kunming Jida was successfully given the opportunity to organise the dinner banquet, during which the company effectively promoted its new product, "Jida Bente", to a large group of clinical workers while at the same time building the corporate brand name. The results were remarkable.





## The Donation Campaign "Giving Warmth and Spreading Love and Care"

Yunnan Province is frequented by natural disasters. This year, the province was hard hit by a devastating snowstorm, an earthquake, drought and debris flow, resulting in a large number of deaths and injuries, the collapse and destruction of houses and extreme difficulties in basic living for victims at the disaster zones. To cater to the pressing needs at the disaster zones and to ensure that people in the zones were taken care of during winter, the provincial committee and the provincial government launched a social donation campaign, "Giving Warmth and Spreading Love and Care". The campaign received the help and arrangement of the central government and was implemented after taking into account the actual problems faced by the disaster zones in Yunnan.

In response to this government campaign and with intent to spread love and care to disaster zone victims, at the end of November 2006 the Group issued a proposal to its staff regarding donations and received an overwhelming response. The staff donated money and supplies without hesitation, a manifestation of our "responsible" corporate culture.

## Inauguration of the Fifth "New Business Venture Cup" Staff Recreational Campaign

Kunming Jida has organised four "New Business Venture Cup" campaigns since its establishment. This recreational campaign has effectively strengthened the cohesion of the enterprise, motivated the staff and built a harmonious environment. Because of our plant relocations and preparing for the certification of the new facilities, the campaign has been on hold since 2002. In 2006, with all of the above work basically completed and the resumption of production, operation and profit growth becoming more certain, company leaders decided to kick off the fifth "New Business Venture Cup" campaign in November 2006 to strengthen the harmonious corporate culture and encourage all staff to actively promote our continuous and healthy development.



Under this campaign, a total of nine recreational activities, including six competitions and three non-competitive projects were organised. The activities were well received by the staff. Everyone actively participated and chose appropriate projects based on their interests and specialties. The campaign promoted the comprehensive and healthy development of both the staff and the enterprise.

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### Editorial

Chief Editor: Lau Kin Tung (Vice Chairman and CEO of the Group)

Executive Editor: Carol Yue

Editorial Board: Kelvin Chu, Feng Pu Chun, Sean Lau, Ma Yi Wen, Weng Zi Zhong, Yang Min, Yu Qi

Enquiries: carol-finc-hk@jiwa.com.hk

Website: [www.jiwa.com.hk](http://www.jiwa.com.hk)