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Corporate News

Interview with Dr. Kenneth Li, Senior Vice President of our Group

Dr. Kenneth Li was officially appointed as Senior Vice President (Corporate Development) of our Group in September this year. In his earlier years, Dr. Li was the Chief Editor of "Hong Kong Economic Journal Monthly" and has a good grasp of the operations of the capital markets. Dr. Li has accumulated over 20 years of experience in the market development of drugs and health products, biological technology and pharmaceutical clinical research. He was employed by Boehringer Mannheim, a large pharmaceutical company in Germany, and Abbott Laboratories in the USA as Marketing Manager. He was also the Assistant Dean of the School of

Chinese Medicine at the University of Hong Kong, focusing on research for the modernisation of traditional Chinese medicine. Before joining the Group, Dr. Li had been CEO, Research Director and Operation Director of various biological and pharmaceutical companies in Hong Kong, mainly responsible for research, coordination, business development and corporate strategic development. Dr. Li holds a PhD in biochemistry from EM Lyon in France and McGill University in Canada. With his expertise and extensive experience in business development and specialised pharmaceutical knowledge, management believes that Dr. Li can help the

Group bring about new technology, develop new products, open up the international market and offer professional advice on corporate strategic development. The following is our interview with Dr. Li a month ago.

Editor: Dr. Li, as an expert with broad experience in the pharmaceutical industry, may we ask your views on the prospects of the current international pharmaceutical market?

Dr. Li: Following the aging of the global population in the twentieth century, there has been a significant increase in demand for international generic drugs all over the world. In recent years, drug sales in many therapeutic areas increased dramatically and I do not think this trend will revert. In addition, because of economic factors, developing countries will have an even higher increase in demand for generic drugs. Personally, I think that China is strong and is playing an increasingly important role in international affairs. When developing local markets, manufacturers of generic drugs in China should not limit their scope but should work hard on extending their scope to the international level, and to advance the status of Chinese enterprises in the international pharmaceutical industry.

Editor: So now that you have joined the Jiwa Group, what is in your mind to bring more success to the Group in the international market? Does Jiwa have what it needs to increase its presence in the international market?

Dr. Li: That's right. I decided to join Jiwa Group mainly because I think that their development direction in the international market and their business philosophy are in line. In fact, after learning more about the company and the core management staff, I know that under the leadership of CEO Mr Lau Kin Tung, the Group has been heavily investing in the development of raw material drugs since its IPO in 2003 in order to be well prepared to reach the international market. Now the time has come. The group is aggressively taking on more talent. I hope my network and expertise in the pharmaceutical industry will achieve synergy with the competitive advantages of Jiwa, so that we can work together to bring more success. With time,



I truly believe that Jiwa will not find it difficult to become a leader amongst pharmaceutical enterprises, and we will be able to bring higher returns for shareholders of the Group.

Editor: Can you disclose some strategic views of corporate development and share them with us?

Dr. Li: I'm flattered. Actually, Mr. Lau has plans to develop the international market for two years. Our present task is to quickly launch sales in South America as soon as we receive Columbia accreditation, and we need to further develop sales in the Southeast Asia market. At the same time, we will appoint a few strong international agencies to open up standard markets in North America and Western Europe. On corporate development, we have a consensus that bio-pharmacy must always have technological breakthroughs. No enterprise can solely rely on the research and development of generic drugs to become number one. They must use the existing basis in the research and development of generic drugs to invest in the development of innovative drugs, then they can grow amongst the enterprises in pharmacy. Therefore, apart from opening up new international markets and working on sales, we need to use research and development of new drugs as a way to build up a platform of bio-pharmaceutical technology. We should even use our capital in the market to conduct corporate mergers or acquisitions. These strategies all help the Group set a firm foundation for future development. Over the past twenty-some years in the academic and business circles, then to the research and finance sectors, I have made quite a lot of friends in China and abroad. I have also accumulated extensive and deep professional networks and relationships with various people. This should be able to help Jiwa move on to a new phase. Needless to say, my success not only relies on my capabilities and opportunities, it also depends on a Board of Directors with good foresight, one that is decisive and trusts me.



Kunming Jida Proudly Receives the Title of "China Double Excellent Enterprise with Foreign Investment" in 2006

Kunming Jida Pharmaceutical Co., Ltd. ("Kunming Jida") received the titles of "China Double Excellent Enterprise with Foreign Investment" and "Vice Chairman Member of the Yunnan Association of Enterprises with Foreign Investment" from the Yunnan Foreign Investment Commission in 2006, in September this year. These titles recognise the Company's active contribution to the social and economical constructions in Yunnan Province, and the contribution that our Chairman, Mr Lau Yau Bor, made to the Yunnan economy during his tenure as Vice Chairman of the Yunnan Association of Enterprises with Foreign Investment.

Risperidone Received Drug Master File Registration Number from the FDA

Following the acceptance of Citalopram, the first psychiatric drug raw material researched and developed by the Group in January this year, by the Food and Drug Administration (FDA) in the USA to receive a Drug Master File (DMF) registration number, the Group received approval from the FDA for another psychiatric drug, Risperidone, this August. Receiving a DMF registration number marks a new milestone for the Group's entrance into the international market.

Kunming Jida Receives Recognition from Two Levels of "Enterprise Technology Centre"

On 8 August this year, Kunming Jida received two-level recognition as a provincial and municipal Enterprise Technology Centre in Kunming City, Yunnan Province during an on-site evaluation conference of the Enterprise Technology Centre hosted by the department-in-charge of the Yunnan Municipal Government, upon stringent assessment and examination led by specialist groups. Receiving recognition from the Enterprise Technology Centre is undoubtedly positive recognition of the hard work and efforts that the Group has shown in the research and development of new drugs.

The Enterprise Technology Centre is set up based on the Development Department. Currently, it employs 22 research staff on a permanent basis. Standard divisions include the Beijing Pharmaceutical Affairs Department and the Research Department. The Beijing Pharmaceutical Affairs Department includes the Information and Intellectual Property Department, the Department of Pharmacy, the Department of Medicine, Technical Support and the Pharmaceutical Affairs Department. The Research Department include the Drug Production Department, the Composition Department, the Peptides Synthesis Department, the Analysis Department and the Centre for Trial Runs for Larger-Scale Production in the Future. With many years of input in construction and development, all divisions have set up several independent laboratories equipped with advanced equipment and facilities. Currently, while the Department of Development has developed and delivered many new products to market, it has kept a few types of drugs waiting for professional and technical approval and other drugs are being researched.

The set up of the Enterprise Technology Centre will be helpful to technical innovation, promote the achievement of actual results, and hence enhance the core competitiveness of the enterprise as a whole. With the company's diverse development and its strategic approach of standing firm in China while moving forward to the international market, the set up of the Enterprise Technology Centre will further the company's edge in international competition and cooperation, which forms a solid foundation for the future development of the company.

Now that Kunming Jida is recognised as a provincial and municipal Enterprise Technology Centre, it is a meaningful recognition because this programme is in pharmacy sector, which falls into a key support category of Yunnan Province under the Chinese National Development and Reform Committee. It also conforms to the strategy of using technology to strengthen China. In view of this, being recognised as a provincial and municipal Enterprise Technology Centre has profound meaning.



Product and Market Update

"Transton" (Triamcinolone Acetonide) Receives "Yunnan's Famous Brands" Award Again

To seriously implement the "Quality Invigoration Programme" stipulated by the State Council so as to further advance the implementation of the development strategies of famous brands, guide enterprises to establish awareness of famous brands, use quality to vitalise the market and practice famous brand strategies, the Kunming Top Brand Strategy Promotion Committee nurtured, evaluated and recommended 61 products from 51 enterprises in Kunming in 2006, upon assessment and approval from the Yunnan Top Brand Strategy Promotion Committee. The Yunnan Top Brand Strategy Promotion Committee was awarded the product title of "Yunnan's Famous Brands". The Group's well-selling product "Transton" received the award once again.

"Transton" is a star product that has sold well all over China in the past few years. It received the "Yunnan's Famous Brand" product title for the first time in 2003, with an effective period of three years. According to the programme of the regulations of "Products Administration Measures of Yunnan's Famous Brands", the product maintained its quality in quality control and inspection, environmental friendliness and safety

for a subsequent three years, which entitled it to again receive the "Yunnan's Famous Brands" product title.



"Artrodar" (Diacerein) Included in "Osteoarthritis Treatment Guidebook"

On 12 October 2007, World Arthritis Day, the Division of Orthopaedics under the Chinese Medical Association issued the "Osteoarthritis Treatment Guidebook" (2007 edition) in Beijing. The Guidebook offers standard medical guidelines and advice. It is authoritative and practical, contains

considerable clinical references, and concerns the general public's health and economic interests. The world-class patented drug "Artrodar", distributed exclusively by the Group, with its unique efficacy and outstanding treatment outcome, was included in the Guidebook as a drug to alleviate symptoms and as a cartilage protecting material. The Guidebook also points out that "Artrodar" not only can alleviate symptoms, it can also truly decelerate the progress of the illness and has a unique structural regulatory effect.

Following the official release of the "Osteoarthritis Treatment Guidebook", the Division of Orthopaedics under the Chinese Medical Association will launch various promotion activities and continue its educational medical events in 2008, including mobilising experts to conduct seminars in various major cities in China, distributing product educational medical audio-visual CDs, encouraging interactive learning and discussions on the osteoarthritis website, setting up continual education and learning corners in relevant journals under the Chinese Medical Association, following the study guideline/expert recommendations of Chinese osteoarthritis specialists and implementing as soon as possible clinical practices to better serve patients. At the same time, the Association will make use of the media and educational activities for patients to enhance people's understanding of relevant illnesses and raise their awareness in preventing such illnesses. The aim is to let patients start treatment as early as possible, thus reducing disability and mortality rates and increasing people's standards of living. Artrodar's inclusion in the Guidebook will offer tremendous support to marketing and promotion in the coming years, and will form a solid foundation on which to extend the Chinese market on a larger scale.

The "Osteoarthritis Treatment Guidebook" was formulated by a strong group of specialists with the highest standards in contemporary orthopaedics. As an enthusiastic advocator of scientific treatment, Jiwa Group has long been participating in the formulation of the Guidebook, providing all its available support to the specialists group. Various editing specialists gave very positive comments to the treatment efficacy of "Artrodar", and they highly approved of the rigorous and sincere attitude of Jiwa.



Launch Activities to Promote the Brand with Full Force to Set a Leading Role in Specialised Drugs

The Group has long been working on raising and improving the building of its brand name and increasing its fame. After refining the characteristics of drug logistics and actual performance in 2007, Jiwa Pharmaceutical, a Group subsidiary mainly responsible for marketing and sales, employed brand image specialists to set up a comprehensive brand system and a visual identity system. These systems have been widely used in external communication and internal team building, which helped to strengthen visual recognition of the brand.

With various activities celebrating the ten years* listing of "Gluthion" in 2007, together with high sales of leading products such as "Gluthion", "Artodar" and "Calco", the Company is showing the advantages of having a more famous brand. To deepen the influence its famous brand so as to foster quicker expansion in the market and acquire a larger

market share in the drug markets for liver illness, digestive systems and orthopaedics, the Marketing Department is grasping all the opportunities to conduct a series of brand promotion activities.



During 30 August 2007 to 2 September 2007, the Company organised the "Symposium on Bone and Arthritis Health" in Wuhan, and invited nearly 100 famous Chinese and overseas specialists and professors. During the symposium, experts from Shanghai, Nanjing and Hangzhou conducted in-depth discussions on the outbreak mechanism of arthritis, the breakthrough of Artodar in treating arthritis and the application of "Calco" in treating osteoporosis. The symposium showed a serious attitude towards research and fostered extensive academic exchange. Moreover, participating representatives gave high appraisals, given the contributions that pharmaceutical enterprises, with Jiwa Pharmaceutical as the representative, have made to the recovery of orthopaedic patients and the efforts in reforming and exploring the current pharmacy market.

During 4 September 2007 to 6 September 2007, the Company held the "Gluthion, Celebrating its Ten-Year Anniversary as a Classic and Excellent Brand" Symposium in Chongqing. Specialists and representatives from different places exchanged their stories and experiences of using the product over the past ten years. All gave high acclaim to the high quality and stability of the product. Participants expressed that they would continue using the product, and were expecting the Company to launch more high quality and value-for-money products to benefit patients. The Symposium was a huge success.

With a series of brand promotion activities, the brand influence of "Jiwa" has been reinforced. Its brand name has

also become more well-known. This foundation opens up wider market possibilities for product sales, provides a favourable marketing channel for successors and further develops the brand value of "Jiwa".





"Jida Bente" (Tamsulosin Hydrochloride) Breaks Sales Records

"Jida Bente" is one of the key new products of Kunming Jida. This product is mainly used to treat urination problems caused by prostate disease. With the aging of the general population, the market for prostate drugs will show a steady increase in the next few years. In 2000, China had a population of 88.11 million over the age of 65, in which males accounted for 44.55 million. Based on the average outbreak rate of 30% for this age group, about 13.36 million prostate patients are expected.

The product specialists of Kunming Jida started to promote products by participating in a series of symposiums, pharmacy trade fairs and other activities since last year. Thanks to the joint effort of our sales team, the "quick efficacy, safe and convenient" characteristics of the drugs gradually increased market share. As of September, sales of "Transton" had broken new records for two consecutive months.

The third season of this year continued the promotion momentum of the first two seasons. The Company participated in the Zhejiang Provincial Andrology Symposium (Hangzhou), Shanghai Urology / Andrology Symposium (Shanghai), World Symposium on Chinese Medicine in Urology (Nanjing), Yunnan Provincial Urology Symposium (Lijiang), Chongqing Municipal Urology Symposium (Chongqing) and Jiangsu Provincial Urology Symposium (Changzhou). In addition, since August, the Department of Products organised a nationwide clinical trial on Tamsulosin Hydrochloride. On one hand, clinical physicians gained a better understanding of the clinical efficacy and high quality of Tamsulosin Hydrochloride; on the other, this practice may develop a prescription habit among physicians, and they will be able to recognise the clinical efficacy of Tamsulosin Hydrochloride. Currently, many hospitals have launched this trial. The Marketing Department estimates that sales of Tamsulosin Hydrochloride would increase significantly next year.

Cephalosporin Workshop Passed the On-site Assessment by the Provincial SFDA

After rigorous work, the pharmaceutical bulk materials production base of the Group ("Jiwa Rintech") is now in shape. The registration of Cefpirome was officially accepted by Jiangsu Provincial Food and Drug Administration (SFDA) in August as a supplementary application for new drug technology transfer. The drug sample has been sent to Jiangsu Provincial Institute for Drug Control. It has also passed the on-site assessment of the Jiangsu SFDA. Approval documents are expected to be released by the end of this year. Trial production will immediately follow, forming a solid foundation for sales next year.

From the market perspective, non-standard markets both at home and abroad are important for Cefpirome products. After being in the market for two years, Cefepime and other fourth-generation Cephalosporin products have become mature, with increasing demand. Currently, major Cephalosporin manufacturers in China are still in the second or third generations such as Ceftriaxone. As their focus on fourth-generation products is not great enough, an extensive market expansion and development opportunity is available for us to develop and manufacture a fourth-generation drug.

The Company's production equipment is mainly high quality, supplied by first-class, large-scale manufacturers, with some production equipment being introduced from overseas. This can truly ensure the quality of our Cephalosporin products. On the control of production technique, the Company chooses internationally advanced manufacturing techniques to make improvements with its own characteristics, so that product quality is further refined whilst product costs remain low. With low cost of raw materials in Zhejiang and an efficient logistics and delivery system, product competitiveness is greatly enhanced.

Full production of Cephalosporin products will certainly increase the fame and reputation of Jiwa Rintech in China and overseas. Cephalosporin products will complement and encourage the development and extension of featured raw drugs such as Citalopram. This will form a solid foundation for promoting pharmaceutical bulk materials like Citalopram and Risperidone

mainly in Europe and the USA.



Updates on Corporate Activities

2007 Annual General Meeting

The 2007 Annual General Meeting of Jiwa Bio-Pharm Holdings Limited was held on 31 August. During the meeting, all resolutions were passed, including the decision that each share should entitle a shareholder to an allotment of two bonus shares. CEO of the Group, Mr. Lau Kin Tong, expressed that, "We deliver bonus shares because we hope to share our results with our shareholders. The success of the Group really depends on the support of all staff members and shareholders. This year marks the 20-year anniversary of the Group, and next year will mark the 15-year anniversary of Kunming Jida. We will organise large-scale celebration activities to express our gratitude for all your support."



Mr. Lau continued, "Management has decided that the development motto in the new era shall be 'Innovation, Excel with Certainty'. Regarding 'Innovation', we not only require the Group to be innovative in its development strategies, we also ask all of our staff to review what we do and bring innovation into reality, so that we form a strong force in moving forward within Jiwa. Regarding 'Excel', we should dare to exceed our competitors. We should have the courage to cross our own province and country and embrace the international market. Our 'Innovation' and 'Excel' are aimed at working smart, not just working hard.

We need stability. We do not need to rush.

This is what I mean by 'Excel with Certainty'.



全国政协委员团赴昆明积大制药有限公司考察调研 合影留念
2007年8月18日



CPPCC (All-China Federation of Returned Overseas Chinese) Yunnan Study Group Comes to Kunming Jida

On 10 August 2007, the National Committee of the Chinese People's Political Consultative Conference (All-China Federation of Returned Overseas Chinese) commissioners came to Kunming Jida as part of their Yunnan study tour. The visiting group consisted of 26 members, with Mr. He Tianfa as the group leader. Mr. He is a CPPCC standing member, Vice Director of the Committee for Liaison with Hong Kong, Macao, Taiwan and Overseas Chinese under CPPCC, and the original deputy commissioner of the All-China Federation of Returned Overseas Chinese ("China QL"). One of the deputy group leaders is Zhang Weizhao, the Director of the Chinese Language and Culture Education Foundation of China, Vice Director of the Committee for Liaison with Hong Kong, Macao, Taiwan and Overseas Chinese under CPPCC, and the original Vice Director of China QL under the State Council. The other deputy group leader is Mr. Lin Mingjiang, the Vice Director of China QL and Vice Secretary of the CAS Party. Other members include various leaders of China QL, the Committee for Liaison with Hong Kong, Macao, Taiwan and Overseas Chinese under CPPCC and Provincial QL or the Committee of Returned Overseas Chinese in Fujian, Sichuan, Guizhou and Yunnan.



The Group's Chairman, Mr. Lau Yau Bo, and his business leadership team received this visiting group. All guests were impressed and showed approval of the fruitful results that the Group achieved. Upon the closure of the exchange, the visiting group leader Mr. He gave a CPPCC flag and memorial plaque on behalf of CPPCC commissioners to the Company, in recognition to the contribution made by the Company to economic development.



Investment in Thailand Encourages Studies

On 24 August this year, in response to the arrangement of the China Council for the Promotion of International Trade, Kunming Jida welcomed the guided visit of the Thai Board of Investment (BOI) to Yunnan.

The visit of the Thai Board of Investment (BOI) was another official visit from Thailand after visits of medium-level civil servants and the Thai Labour Department last year. This time, the Thai party specifically requested a visit to Kunming Jida based on recommendations of officials who had visited us last year. This study group consisted eight people, led by Ms Sugjit Inthaiwong, Assistant Secretary General of Thai BOI. Other members included the Thai Consulate General in Shanghai and the Chief of the Division of Investment, Senior Consultant of the "Sino-Thai Investment Promotion Consultation Programme Group" and senior officials from the office of the Thai BOI.



On the afternoon of the arrival of the Thai party, with the help of Chinese-Thai translation offered by the Senior Chair Consultant of the "Investment Promotion Consultation Programme

Group", Thai officials had a quick debriefing of different aspects of the Group's development. They raised questions on product positioning, product use, target market and development goals. Upon learning more about our corporate overview, the Thai

party visited our Company's major

factories and showrooms with the guidance of our enterprise. They complimented us on our development. Before they left, the Thai party expressed that they would continue to work on strengthening the cooperation and friendship between Thailand and China. This exchange reinforced the exchange between the Group and Thai officials. We also gained more insights into the Thai market, which is helpful to the future development of our business.

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