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Corporate News

Chairman of the Group Serves as the Founding Member of "China Overseas Chinese Entrepreneurs Association"

The inauguration ceremony of the "China Overseas Chinese Entrepreneurs Association" was held at the Great Hall of the People in Beijing on 16 January 2008. Leaders of the State, leaders of the Overseas Chinese Affairs office of the State Council and relevant ministries and commissions attended the ceremony. Premier of the State Council Wen Jiabao met all the deputies attending the inauguration ceremony of the China Overseas Chinese Entrepreneurs Association and offered congratulations on the establishment of the China Overseas Chinese Entrepreneurs Association on behalf of the Chinese government. Officials from all the relevant authorities of the State, persons-in-charge of Overseas Chinese Affairs office in different regions and overseas Chinese entrepreneurs all witnessed this important moment, and discussed the development plan of the Association.



The China Overseas Chinese Entrepreneurs Association is of the highest rank among the overseas Chinese entrepreneurs associations in China and is regarded as the "Home of Overseas Chinese Entrepreneurs". The inauguration ceremony was an important event in the industrial and commercial sectors of the Chinese community both at home and abroad. Lau Yaubor, Chairman of the Group, was invited to be the founding member and attended the ceremony in Beijing.


The major missions of the China Overseas Chinese Entrepreneurs Association are to enhance the relationship and cooperation among overseas Chinese and investors in Hong Kong and Macau, assist members to identify business opportunities and develop their business, contribute to the economic development and social progress of the country, communicate with the government, reflect the opinions and requests of its members, help to solve the problems of member enterprises and protect the legal interest of its members. The establishment of the Association has demonstrated the importance that the State and the government attach to overseas Chinese and their enterprises. According to the estimate by the participants at the ceremony, the asset value of these 300 enterprises owned by overseas Chinese amounts to approximately RMB2.5 trillion. As such, commentators were of the view that the China Overseas Chinese Entrepreneurs Association would develop into an economic organization that plays a decisive role in the world. 

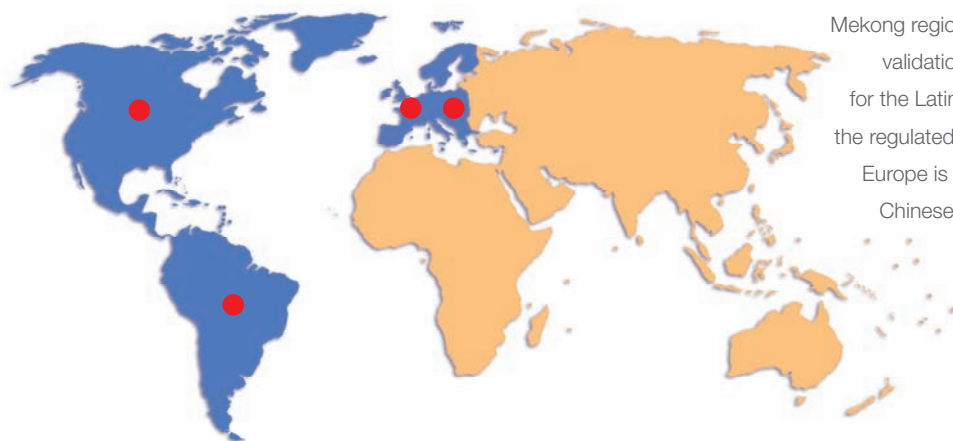
Strategic Marketing Collaboration with ACIC

As one of the global marketing strategies, Jiwa has recently signed an Agency agreement with ACIC of Toronto, Canada, for the distribution of its bulk pharmaceuticals in the regulated markets of North America and Western Europe as well as several key dosage form finished products for the semi-regulated markets in Latin America and Central Europe.

ACIC is an integrated pharmaceutical marketing services company with expertise in regulatory and cGMP compliance and a well established sales and marketing network in Canada, the USA and most member countries of the European Union. Since its establishment in 1974, ACIC has helped dozens of Asian manufacturers to procure FDA certification and successfully forge partnerships with more than 20 pharmaceutical companies in both the regulated and non-regulated markets for the sale of generic pharmaceutical bulks and dosage form finished products with total annual sales of USD100 million.




For the past two years, Jiwa has been actively pursuing opportunities to expand its pharmaceutical bulk business to the global markets and has registered several finished products in Myanmar and Vietnam of the Mekong region, and also successfully passed the site validation by INVIMA of Colombia in preparation for the Latin American market. However, access to the regulated markets of North America and Western Europe is still an insurmountable challenge for any Chinese pharmaceutical company even with the help of an experienced collaborator. Therefore the strategic collaboration with ACIC is certainly a milestone in the development of Jiwa's global market. 



A Key Step to Tape into the Korean and Japanese Markets

By late March, the Group's wholly owned subsidiary Jiangsu Jiwa Rintech Pharmaceutical Company Limited ("JJRP") entered into a technology and manufacturing agreement with DONGDO Co. Ltd. ("DONGDO"), a South Korea pharmaceutical company specialized in manufacturing, researching and developing pharmaceutical APIs and intermediates. Under this cooperation, DONGDO will provide technology and technical support to JJRP on two key cephalosporins API. At the same time, DONGDO will be responsible for the worldwide marketing of these products, especially in the Korea, Japan and China markets, which demand is already surging. JJRP will also supply these APIs to Kunming Jida for its development of finished products.

DONGDO's strategy is to serve the upscale niche markets of the pharmaceutical industry with highly advanced and sophisticated technologies supported by well-trained technicians and experienced experts, DONGDO's superior process development and optimization from early-on lab scale to mass commercial production enable it to provide manufacturing flexibility and cost efficiency.

It is expected that annual demand for these two key products will reach 12 tons, and the production will begin in October this year. This cooperation marks a major step for JJRP to expand production on key cephalosporins and tap into the international market. 



Market Digest & Product News

Impressive Progress Reported in the R&D project of Reduced Glutathione

In less than three months after the setting up of the joint venture of GeneHarbor (Hong Kong) Technologies Limited ("GeneHarbor") and Jiwa Group for the commercialization of the reduced glutathione (GSH) project, rapid progress has been reported. This R&D achievement will eventually lead to a very cost-effective production technology for GSH not achievable by conventional methods. The R&D team is currently conducting process development experiments in preparation of scale-up manufacturing. The JV management is now looking forward to a de facto technology transfer to large scale manufacturing before the end of this year. Upon successful commercialization, this JV project is expected to confer an unprecedented competitive edge for the Jiwa group in the sales and marketing of this tripeptide in China as well as in the global market. 

Jiwa and GeneHarbor Cooperate Again in the R&D of a key antibiotics

Last year, the Group and GeneHarbor formed a joint venture for the R&D of reduced glutathione. The two parties have collaborated and made smooth progress in the project. This year, in line with the enterprise market's development strategy for cephalosporin, Jiwa Group decided to cooperate with GeneHarbor again in March and invested substantially in the R&D of a key antibiotics, so as to ensure that the Group will be in a leading position in the domestic and international market of cephalosporin after three years.

Cephalosporin is also called cephalexin. It is a broad spectrum antibiotic that has anti-infective efficacy. Since the invention of the first cephalosporin antibiotics in the 60s, four generations and over 60 varieties of cephalosporin have been launched into the market, accounting for more than 60% of global antibiotics production. Compared with penicillin, cephalosporin has a number of advantages, including broader antimicrobial spectrum, is penicillase resistant, has higher efficacy, lower toxicity and causes fewer allergic reactions. It has become an anti-infection drug with the highest usage for anti-infection treatment until now, and its sales represent 40% to 45% of the global sales of anti-infection drugs.

The PRC cephalosporin antibiotics market is in a rapid development stage at present and sales have been increasing substantially every year. The usage of bulk pharmaceuticals for preparation of cephalosporin antibiotics in China reached 789 tonnes in 1995 and 1,300 tonnes in 1998, representing an average annual increase of 21.6%. In the subsequent years, the PRC cephalosporin antibiotics market developed rapidly and grew at a fast pace of approximately 30% along with the 15% annual growth of the domestic pharmaceutical economy. In 2007, the global and domestic sales of cephalosporin antibiotics exceeded USD20 billion and RMB18 billion respectively.

This key antibiotics researched and developed by the joint venture of the Group and GeneHarbor (Hong Kong) is an original invention and all the varieties, techniques and equipment involved are protected by patents and infringement by competitors is hardly possible.

This project can be regarded as an important breakthrough in the antibiotics industry and has profound impact. Due to the unique competitive edge of this key antibiotics, its annual demand exceeds 3000 tonnes, which translates into a value of more than RMB2 billion. The value of downstream products exceeds RMB50 billion. Jiwa Group will make use of this excellent opportunity to fully capitalize on its solid foundation in the synthesis of cephalosporin antibiotics and its strength in production and sales, so as to open up a new world in the domestic and international antibiotics industry.



The First Patented Product and the Establishment of the Intellectual Property Right Task Force

Citalopram is a 5-Selective Serotonin Reuptake Inhibitor (SSRIs). Its clinical indication is the treatment of depressive neurosis (endogenous depression and non-endogenous depression). Among the SSRIs antidepressants, citalopram has advantages that cannot be replaced by other similar drugs. It is highly selective on receptors and can therefore reduce the incidence of side effects normally associated with SSRI drugs, and it has little interaction with other drugs.


Citalopram drugs for oral use that have been launched to date are in traditional dosage form, such as coated tablet and can only be taken by swallowing. However, the number of elderly suffering from depression has been on the rise and a large number of elderly has difficulty in swallowing drugs. Besides, the traditional method of taking medicine may create negative impacts on patient psychology. Oral dosage form with better flavour, such as mastication tablets, can not only solve the problem of elderly patients who have swallowing difficulties, but also eases the psychological burden of patients while enhancing the adaptability of the dosage. After numerous trials, the R&D department of the Group discovered that coating citalopram with cyclodextrin can hide the taste of the drugs without affecting the stability of the drugs. By using such a key technology, the Company succeeded in producing numerous dosage forms that can easily be taken. These forms include: mastication tablets, dispersible tablets and orally disintegrating tablets.

Based on the above theory and the research results, Kunming Jida applied for a patent for the "oral medical composition of antidepressant containing citalopram and cyclodextrin" and was granted the invention patent certificate with a protection term of 20 years at the end of 2007. Meanwhile, the Group has further transformed the patented result and



the product is expected to be launched into the market in the near future.


With China's accession to the WTO, the impact of intellectual property rights is increasingly influential in the development of the pharmaceutical industry. The way an enterprise devises its own strategy on intellectual property rights is crucial to its future existence and development. Under such circumstances, all the staff of Jiwa Group have been aware of the issue of intellectual property rights and an intellectual property rights task force headed by the President of the Group was set up to formulate a long and medium-term development plan in the area of intellectual property rights.

In February 2008, Kunming Jida was designated as a "pilot enterprise with intellectual property rights" by the Intellectual Property Bureau of Kunming. This is another award for Kunming Jida in the area of intellectual property rights after being named one of the "100 pilot enterprises with intellectual property rights in Yunnan Province" by the Intellectual Property Bureau of Yunnan Province in April 2007, and marks an excellent beginning in the establishment and development of the Group's follow-up intellectual property right system, and promotes the enterprise's development in the area of intellectual property rights. 



New Drug in the Pipeline – Risedronate

Risedronate is a third generation bisphosphonate, and is clinically used for the treatment and prevention of postmenopausal osteoporosis. Upon the approval of the State Food and Drug Administration (SFDA), a randomized, double-blind, placebo-controlled, parallel group and multicentre clinical study was conducted for the product developed by Kunming Jida. During the 15 months of clinical study, a total of 240 patients were included in the groups scheduled for the study, and statistical results showed that the product demonstrated excellent efficacy in the treatment of postmenopausal osteoporosis, hormone-induced osteoporosis and osteitis deformans.

While perfecting various chemical research projects, Kunming Jida applied to the SFDA for the launch of its new drug in early 2006. After going through two years of stringent technical appraisals and quality reviews by the SFDA and the examination in the "special action to regulate and standardize drugs" by the provincial and state bureaus, the Company received the drug registration approval and new drug certificate for the "bulk materials and tablets of risedronate" on 18 March 2008. The Company is now stepping up the preparation for the GMP certification and marketing of the product. The product is expected to be launched into the market in the second half of this year and will contribute to the Group's profit and revenue. 



Sidelights of Corporate Activities

Highlights of the Marketing Activities of "Artrodar"

"Artrodar" (Diacerein) was previously listed in the "Manual for the Diagnosis and Treatment of Osteoarthritis (2007 version)". In order to standardize the clinical treatment offered by orthopaedic surgeons and to improve the standard of diagnosis and treatment, the Society of Osteology of the Chinese Medical Association planned to organize activities to promote the "Manual" in twelve cities in 2008. As usual, the Group will participate in the academic activities held by the Society of Osteology of the Chinese Medical Association, so as to lay a solid foundation for Artrodar to rapidly capture the national market and create an academic environment for the promotion of Artrodar.

any 2008. More than 300 people attended the conference, including most of the orthopaedic experts from all over the country. After the conference, an academic exchange was held for major clients in places such as Beijing, Hebei, Heilongjiang and Jilin. The persons-in-charge of all the regions had a high regard for the conference and indicated that they all had benefited a lot from the conference. In their opinion, the conference not only helped to publicize the product, but also strengthened the Company's communication with local renowned experts and laid a solid foundation for further promotion of the product in the market. 

The first promotional activity of Artrodar was held in Beijing on 29 Febru-





Giving Honour to a Courageous Staff and Promoting Corporate Culture

In February this year, Wang Xin, a kid from Chongqing fell into a pool that was over 2m deep when playing in Bi Jin Park in Yubei, Chongqing. During this cold time in Chongqing, it would have been a life-threatening situation for any kid falling into such a pool. At this critical moment, Mr. Pang Hongwei, a staff of Kunming Jida, took off his clothes immediately and jumped into the pool to rescue the kid even though he was not very good at swimming. After much effort, Mr. Pang finally rescued the kid, but he did not disclose his name and left quietly in wet clothing after confirming that the kid was safe. Subsequently, channel 630 of Chongqing TV broadcast the incident for three consecutive days and tried to find this kind person. The neighbours of Mr. Pang contacted the TV station on their own initiative after watching the news and the heroic conduct of Mr. Pang was then disclosed.

The parents of the rescued kid presented a silk banner and a thank you letter to extend their heartfelt gratitude to Mr. Pang, who received much praise from others. In view of Mr. Pang's courage and his noble character of not seeking benefit, the Company gave him an honour and a reward, and called upon all the staff of the Company to learn from him, and carry forward his spirit, so as to create a harmonious society and a harmonious enterprise together.

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