



JIWA BIO-PHARM HOLDINGS LIMITED

積華生物醫藥控股有限公司

(incorporated in Bermuda with limited liability)

www.jiwa.com.hk

e-Newsletter

Issue 14 · January 2009

Corporate News

The Group's interim profit surged 56% from last year

On 5 December 2008, the Group announced its unaudited interim results for the six months ended 30 September 2008. In the first half of 2008, the business environment remained favourable and the Group performed remarkably. During the period, the Group's turnover amounted to HK\$186,381,000, representing an increase of 41% over the corresponding period last year. Profit attributable to equity holders reached HK\$23,384,000, representing a surge of 56% compared with the corresponding period last year.

According to Lau Kin Tung, the Chief Executive Officer of the Group, "Facing this sweeping financial tsunami, many industries have already been hard hit by the storm. However, market participants believe that the pharmaceutical industry has so far been relatively stable. The management expects that the Group will continue to benefit from the reforms of the medical insurance system, the health system and the drug distribution system in China. The Group has been well prepared for the gradual establishment of the rural cooperative medical system and the improvement of the urban community medical system, and has been carefully and meticulously positioned to capture these unique opportunities arising in the pharmaceutical industry."

The current economic climate is seemingly unfavourable to the pharmaceutical export industry in China, but it represents both a challenge and a rare opportunity for the Group. It is expected that because of the high prices of on-patent drugs, world demand for generic drugs will increase relatively, and the demand for high quality generic drugs will be substantial. As a quality conscious generic drug producer, the Group will seize such an opportunity and by capitalising on the innovative technologies that it has actively introduced in recent years, the Group seeks to explore international markets and proceed from "a period of steady growth" to "a period of rapid growth."



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Kunming Jida was pleased to be designated as an “Advanced Foreign Invested Enterprise in Yunnan” in 2007

The meeting to commend outstanding foreign invested enterprises in Yunnan was held in Kunming on 22 October 2008. Kunming Jida, the subsidiary of the Group, was awarded the certificate and medal for “Double Excellent Foreign Invested Enterprise in Yunnan” in 2007. The commendation meeting aimed at concluding results, setting examples and motivating enterprises. Especially under such a harsh economic environment, all foreign invested enterprises should cooperate with one another to overcome difficulties and strive to achieve greater breakthroughs.

Subsidiary established to manufacture on-patent products

In December 2008, a subsidiary named Yunnan Jiwa Biotech Limited was established in Yunnan by the Group. The company will be engaged in the production, research and development of new biotechnological products. Its main product is Reduced Glutathione produced by patented technology. The construction of the company's production facility is now near completion and trial production is expected to commence in March 2009.

GMP certification and re-inspection passed successfully

On 25 December 2008, Kunming Jida's workshops for oral cephalosporin, oral penicillin, oral preparation and four bulk materials passed GMP re-inspection. In addition, the first certifications for gel and Edaravone bulk material were granted. GMP certification and inspection is an all-dimensional inspection of the quality system of the entire company, and guarantees the sustainability of the company's pharmaceutical production.



Drug import permits for the Group's products were granted by Vietnam

After more than a year's effort, the Group received from the Ministry of Health of Vietnam drug import permits for four types of products: Reduced Glutathione Sodium, Low-molecular-weight Heparin Sodium, Ceftriaxime for Injection and Ceftriaxone Sodium for Injection. This has laid a solid foundation for the Group's drugs to enter the Vietnamese market. The export of products to Vietnam is expected to commence in 2009. Success in the registration work allows the company to further expand its export destinations, and marks the opening of another export channel for the company. This will help the company's products enter into international markets and compete with distinguished products from abroad.



Successful trial production of Edaravone

In December 2008, the trial production of Edaravone bulk was successful and passed GMP certification. The production of injection has already commenced in the second half of December. We are now conducting quality check and safety tests and expect the product to be launched into the market soon.

Edaravone is the Group's key new product in 2009. It is mainly used to improve nerve symptoms, impaired mobility and dysfunction in daily life caused by acute cerebral infarction. According to research results, the efficacy of Edaravone is similar to that of the control drug. It can significantly improve nerve symptoms caused by acute cerebral infarction while adverse reactions seldom occur. It is safe and the problem of drug tolerance is not commonly encountered.

According to the information in the 2007 yearbook of the Ministry of Health of China, the incidence rate of cerebrovascular disease is 6.6% and over eight million people all over the country are estimated

to be suffering from such disease. Cerebrovascular disease is most common among the middle-aged and the elderly, and its incidence rate increases with age for people over 50 years old. As the Chinese population continues to age and the proportion of the elderly gradually increases, the incidence rate of cerebrovascular disease will increase. According to IMS statistics, nerve protection drug market sales in China reached 1.95 billion dollars in 2007 and are expected to exceed 2.5 billion dollars in 2008. Among all of the nerve protection drugs, Ganglioside ranks first in market share, at 44%, after going through 13 years of sales and marketing. Edaravone achieves the second largest market share at 19% after being in the market for four years. As regards the policy environment, Edaravone has been included into the local medical insurance catalogue of 22 provinces all over the country. Management is very optimistic about the market prospects for Edaravone, and this new drug is set to bring the Group new profit growth.

Actively commencing registration work in Thailand

The Group has commenced registrations with the Ministry of Public Health of Thailand for four of its major products and registrations are expected to be completed in 2009. By then, the company will be able to open another export sales channel into South East Asian countries and the company's products will compete with more international brands. Meanwhile, the company is actively identifying appropriate sales cooperative partners for exploring the Thai market and enhance its brand recognition.

Jiangsu Jiwa Rintech received approval for drug registration and orders from Canada

On 7 December 2008, drug registration approval was duly granted by the State Food and Drug Administration for cefpirome sulphate, the first sterile bulk pharmaceutical of Jiangsu Jiwa Rintech. The approval for such a variety marks the first approval of a sterile bulk pharmaceutical granted to areas under the jurisdiction of the Wuxi Drug Administration. To accelerate the GMP certification of such a product so that it can be promptly launched into the market and create market sales, the Group engaged an experienced consultant in Beijing to provide guidance on its certification. The drug is expected to be granted the GMP certificate in the second quarter of 2009.

At the time that cefpirome sulphate was granted approval, we also received good news about international market sales of citalopram, another variety from Jiangsu Jiwa Rintech. The company executed a production order with a Canadian pharmaceutical group, which laid a solid foundation for the export of the product to the US and Canada.

Sidelights of Corporate Activities

Inaugural Meeting of the Yunnan Overseas Chinese Chamber of Commerce

On 18 October 2008, the Yunnan Overseas Chinese Chamber of Commerce was formally established. More than 100 overseas Chinese merchants from countries and regions such as the US, Singapore, Thailand and the Philippines attended the inaugural meeting. Zhao Yang, deputy director of the Overseas Chinese Affairs Office of the State Council and Qin Guang Rong, governor of Yunnan Province, hosted the unveiling ceremony and gave speeches. As the initiator of the Yunnan Overseas Chinese Chamber of Commerce and the vice president of the first session of the Chamber, Lau Yau Bor, Chairman of Jiwa group was invited to attend the meeting and witness this important moment.

The Yunnan Overseas Chinese Chamber of Commerce is a non-profit social organisation formed by overseas Chinese enterprises invested in by compatriots in Hong Kong and Macau, enterprises owned by overseas Chinese and enterprises established by overseas Chinese who have returned to Yunnan. It is Yunnan's only non-government organisation involving overseas Chinese and is administered by the Overseas Chinese Affairs Office of the People's Government of Yunnan Province.



As a member of the Yunnan Overseas Chinese Chamber of Commerce, the Group will use its best endeavour to support the work of the Chamber. Supporting the Chamber's principle of "enhancing networking, services, cooperation and development" through the Chamber, which is now acting as a bridge and a link, the Group will communicate, cooperate and seek development with numerous overseas Chinese merchants to help to promote the economic development of Yunnan Province!



The Tenth Orthopaedic Academic Conference and the Third International COA Academic Conference

The tenth Orthopaedic Academic Conference and the third International COA Academic Conference organised by the Chinese Medical Association were held in Suzhou on 13–15 November 2008. The theme of the Conferences was “The Same Orthopaedia, The Same Mission”. The Conference received overwhelming response and attracted more than 8000 participants.

The Group organised a “One day Suzhou tour with a crab meal in Yangcheng Lake” and a welcome dinner on “Artrodar Night” for this grand gathering of the orthopaedic community. Many experts participated in the functions, during which the brand images of “Jiwa” and “Artrodar” were well promoted.

To promote Artrodar’s unique mechanism in treating orthopaedic diseases, the marketing department has been launching academic promotions with indefatigable zeal. The company was actively involved in the compilation of the “Manual for the Diagnosis and Treatment of Osteoarthritis” in 2007 and the promotion tour in 2008, which laid a solid foundation for the sales of “Artrodar”.

The 60th Chengdu Pharmacy Trade Conference

The 60th Chengdu Pharmacy Trade Conference, with the theme “A healthy future brought about by medical and pharmaceutical technology”, was held in Chengdu Century City–New International Convention & Exhibition Centre from 11 December 2008. As the number one brand promotion occasion for the industry, the conference housed more than 3000 exhibition booths, and attracted more than 2000 exhibitors and over 100,000 participants.

By participating in this exhibition, Kunming Jida demonstrated the unique edge of its brand and its new product, “Edaravone”, exchanged and communicated with existing and new clients, promoted the strengths of the Group and provided a highly effective promotion channel for the sales of “Edaravone”.

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