



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

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Corporate News

Sales Increased by 48.7% for the year ended 31 March 2009

The group announced its annual results for the year ended 31 March 2009 on 22 June 2009. During the year, the turnover of the Group amounted to HK\$472,089,000, representing a dramatic increase of 48.7% as compared to the previous year. The gross profit was HK\$208,204,000, up 42.6% from last year. The operating profit for the period, net of the revenue from the sales of assets, increased by 21.3% over last year. Profits attributable to equity holders amounted to HK\$51,522,000, representing a year-on-year increase of 6.8%.

Finished drugs of the Group comprised mainly of anti-infectious, musculo-skeletal and gastro-intestinal category, followed by the category of cerebral-cardiovascular, anti-depressant and psychiatric disorder specific drugs. After two years of market introductory phase, the sales of new drugs entered the growth phase. Sales of Shi Si Tai, Huo Duo Shi and Jida Bente significantly increased by 77.2%, 95% and 126.8% over the previous year respectively. As new specific drugs require a higher level of technical input, the average gross profit margin reached 80%. In addition, the sale of Song Taisi, one of the key products of the Group, recorded an increase of 102%.

The Group launched four finished drugs during the Year, including Risedronate (a new-generation orthodontic product), Sucralfate Gel (a drug for treating peptic ulcer), Citalopram Hydrobromide (an antidepressant), and Cefaclor Suspension (a paediatric oral antibiotic). Currently, tendering process in various regions has commenced smoothly with good market response. The management



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believes that these new drugs will drive the sales of the Group and build up reputation in the specialized drug market for the Group. In addition to the four new products aforesaid, the Group also obtained the drug registration documents for a Category II new drug: Edaravone for injection and bulk materials. Edaravone is the new key product of the Group in 2009, and is mainly used for improving nerve syndromes, and daily activity capacity and function impairment caused by acute stroke. Research findings show that Edaravone has evident efficacy compared to the control drug, and can noticeably improve nerve syndromes caused by stroke with a low incidence rate of adverse effects, reflecting good safety and tolerance.

Mr. Lau Kin Tung, the Group's CEO said, "Leveraging on the opportunities arising in the pharmaceutical market in China under the national medical insurance policy, the Group had carried out some business restructure during the Year, which included disposal of equity interests in Shangxi Province Fanshi County Longchang Industrial Co. Ltd. which is engaged in iron ore business, and acquisition of Yunnan



Jiwa Pharm Logistics Company Limited ("YJPL") which owns an extensive sale of drug's network in the PRC. YJPL will focus on promoting imported drugs distributed by the Group and specialized drugs developed by the Group in the future. In response to the development trends in both the domestic and overseas pharmaceutical markets, the Group will strive to achieve cost advantages through the core efforts of creating "innovations" in order to penetrate into the international market with quality products at low prices. In the long run, as the consumption market continues to grow in emerging countries, the Group will strengthen the research and development of new drugs, and eventually enter into the international market through featured products with quality and brand advantages."

Market Digest and Product News

Sterile Bulk Pharmaceutical Cefpirome Sulphate Launched into the Market

Jiangsu Jiwa Rintech Pharmaceutical Company Limited ("Jiangsu Jiwa"), the Group's subsidiary engaged in the production of bulk material, was issued a GMP Certificate for Cefpirome Sulphate by the State Food and Drug Administration of China in June 2009. When it was first established, Jiangsu Jiwa has already focused on its core products of sterile and non-sterile cephalosporin. In December 2008, the registration approval documents for Cefpirome Sulphate were officially received from Jiangsu Food and Drug Administration. The issuance of approval documents for this variety and the passing of GMP certification marked a milestone in the development of Jiangsu Jiwa, and enable the Group to become the first sterile bulk pharmaceutical production enterprise in Wuxi.



The Group's Products Designated as "Yunnan's Brand Name Products"

On 27 April 2009, the people's government of Kunming held the "municipality-wide quality upgrade and brand name promotion work conference", during which Reduced Glutathione Sodium for injection and Cefradine for injection produced by the Group were designated as "Yunnan's Brand Name Products". The Group will further improve quality management and step up efforts in promoting its brand name products, expand its market and increase the market share of its "brand name products".



Application for Patent in Solid-Phase Peptide Synthesis Technology under Consideration

The application for the patent in the Solid-Phase Peptide Synthesis technology developed by the Group was submitted to the State Intellectual Property Office of China in April 2009 and the "Acceptance Notice of Patent Application" was received.

The technology has been tested and explored numerous times by the Development Department, and an innovative conclusion was made on the parameters affecting the yield. It has been proved in practice that the adoption of such method increases product yield and lowers the side-effect incidence rate and thereby reduces cost. The patent application demonstrates that the Group's continuous effort in strengthening the protection of intellectual property rights is bearing fruit and is helping to enhance the Group's competitiveness.



Tapping into the Vietnamese Market

The Group has been actively expanding its ASEAN market in recent years and has started to work on drug registration in Vietnam. Following the successful completion of first time supply, the Group's key product Song Taisi (common name: Reduced Glutathione Sodium for injection) was formally introduced into the Vietnamese market and competes with similar imported products in the country. Vietnam has a population of approximately 80 million and the pharmaceutical market there has developed rapidly in recent years. According to market data, the sales of drugs will exceed USD750 million in 2009 and the compound annual growth rate (CAGR) may reach 10.4% by 2013. In the past decade, the per capita pharmaceutical consumption has increased ten times to USD9 per year, demonstrating the huge potential in Vietnam's pharmaceutical market.



Expand sales to the South America

Following the INVIMA audit visits to our GMP manufacturing facility at Kunming Jida in 2008, the International Marketing Division has recently succeeded in making inroads into Colombia. The group has signed a 5 year distribution agreement for the sales and marketing of four of the group's best selling products which include Enoxaparin, Somatostatin, Triamcinolone Acetonide and Ceftriaxone, all high quality dosage forms for injection.

As the registration of products to be filed with INVIMA in Colombia will be recognized by most countries in Latin and Central America, our partner is poised to extend their distribution of Jiwa products to other neighboring countries in the region, including Peru, Venezuela, Costa Rica, Dominican Republic, Guatemala and El Salvador.

Licensed global right of a novel product

We have recently licensed the global right of a novel formulation of Glucosamine Hydrochloride for marketing development from a local R&D pharmaceutical company. The novel Glucosamine formulation is the only product on the market with the distinct features of two folds of bioavailability in solid dosage form and three folds in liquid dosage form, making it best of its class. To the patients and consumers, the benefit of this glucosamine formulation lies in exerting much better therapeutic effect on the same dosage when compared with other existing glucosamine formulation.

Recently, several companies have shown interest in marketing this product in Canada and US and a well established Malaysian pharmaceutical group has enquired about this product for the South East Asian markets.

Flagship Product "Jida Youmin" Receives Overwhelming Market Response

The Group's 2009 flagship product "Jida Youmin" (common name: Edaravone) has witnessed growth in its sales and hospital clients since being launched into the market at the beginning of this year. Over 200 hospitals are now using the product, of which 30% are tertiary hospitals. Since "Jida Youmin" has demonstrated efficacy in the treatment of cerebral vascular accidents, the number of patients taking the drug has been on the rise and the product is now being used in divisions such as neurology, neurosurgery, emergency and orthopaedic divisions.

"Jida Youmin" is the new product on which we focus our promotional efforts this year. As such, the Company is stepping up academic promotion, such as organizing country-wide clinical trials. Besides offering doctors the opportunity to practically test the drug, we have distributed a variety of academic materials such as clinical literature through the market. In order to pass on product information promptly, we organized product launch activities in provinces such as Hubei and Jiangsu, where renowned experts were invited to give lectures and these activities achieved striking effects. As the number of regions in which tenders are awarded for the supply of "Jida Youmin" gradually increases, all kinds of academic promotion activities will be rolled out.



Sidelights of Corporate Activities

"Delaying Disease Progression, Bringing a New Life" 2009 Artrodar DMOAD Summit Forum

On 12 April 2009, the Group hosted "Delaying Disease Progression, Bringing a New Life" 2009 Artrodar Summit Forum in Jin Jiang Hotel in Shanghai. More than 20 experts, including chairmen and vice chairmen of rheumatism committees all over the country, and committee chairmen from different provinces and municipalities gathered together to discuss the osteoarthritis guide, and the clinical and latest developments. Professor Bao Chun De, Vice-president of the Chinese Rheumatism Association, systematically explained the current status and development of "DMOAD", a new concept in the treatment of osteoarthritis: DMOAD drugs that are currently on sale include Diacerein, Glucosamine and Chondroitin Sulphate. Diacerein is at present the DMOAD with the most abundant clinical trial evidence and the highest potential: the three-year trial results demonstrate that Diacerein can cause a distinct delay in disease progression and promote structural adjustment. This is by far the only clinical trial that proves that a drug can promote structural adjustment in the treatment of osteoarthritis. A large amount of domestic and overseas clinical research on Diacerein's efficacy in improving osteoarthritis conditions show that Diacerein can relieve pain, improve the functions of joints and has a carry-over effect. This forum significantly increased the industry's recognition of "Artrodar" and helps to ensure optimal product penetration.



2009 Hunan Urology Annual Conference

The "2009 Hunan 4th Minimally Invasive Urology Academic Conference and Hunan Urology Annual Conference" hosted by the Urology Professional Committee of the Hunan Medical Association was held in Changsha on 19 June 2009. The Conference featured expert seminars, live broadcasts of surgeries, exchange of dissertations and satellite symposiums, and was attended by more than 600 urology experts and doctor representatives from Hunan and other provinces and municipalities. The Group promoted "Jida Bente" (common name: Tamsulosin Hydrochloride sustained release tablet), and the Company's brand name through the Conference and achieved satisfactory results.

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