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JIWA BIO-PHARM HOLDINGS LIMITED

積華生物醫藥控股有限公司

(於百慕達註冊成立之有限公司)

e-Newsletter

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Corporate News

The Group's profits hit a record high since its listing

On 16 July 2010, the Group published the results for the year that ended 31 March 2010. During the year, the turnover of the Group amounted to HK\$636,482,000, representing an increase of 34.8 per cent over the last year; profit attributable to shareholders increased by 25.3 per cent over the last year to HK\$64,582,000, hitting a record high since its listing.

Dr. Lau Yau Bor, Chairman of the Group, stated that last year the pharmaceutical industry in China demonstrated prosperous development amidst the recovery of the macro-economy. From the industrial perspective, the expansion fuelled by the new health-care reform is going to lead the pharmaceutical market to grow for a relatively long period. To prepare for this "Golden decade" the Group continuously explored new positioning and opportunities and adopted several timely strategic adjustments in the last few years, the effect of which has now begun to take off, bringing new record high profits to the Group. For the full version of the result announcement, please visit the following websites:

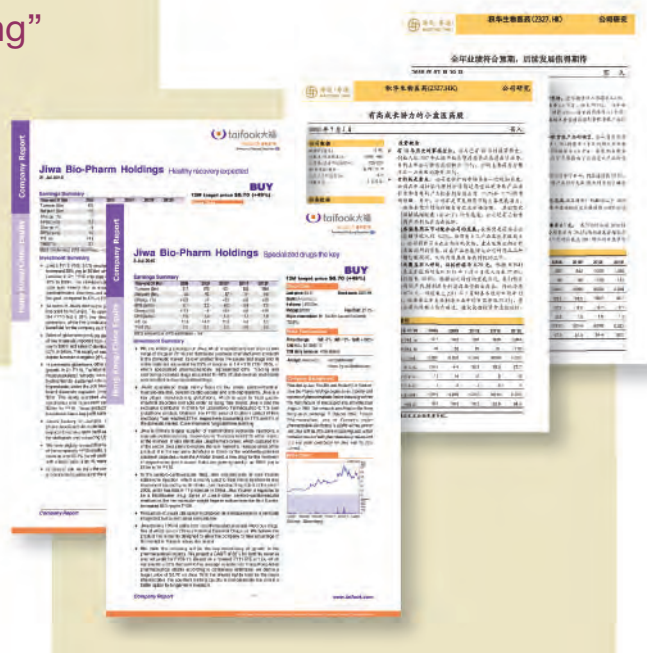
<http://www.jiwa.com.hk/FileDownloadCount.aspx?uploadID=559> (Chinese Version)

<http://www.jiwa.com.hk/FileDownloadCount.aspx?uploadID=558> (English Version)



Taifook and Haitong issued a “buy rating” on Jiwa for the first time with a target price of HK\$0.70

Researchers pointed out that the Group’s “specialised drugs are the key” and the result for the year that ended on 31 March 2010 was “in line with expectation, and we are looking forward to its future development”.



For the full versions of the reports, please visit the following websites:

Taifook:

http://www.taifook.com/data/research/company/20100726165256_C.pdf (Chinese Version)

http://www.taifook.com/data/research/company/20100726165143_E.pdf (English Version)

http://www.taifook.com/data/research/company/20100708182256_C.pdf (Chinese Version)

http://www.taifook.com/data/research/company/20100708182353_E.pdf (English Version)

Haitong:

<http://www.htsec.com.hk/UpFile/news/20100721094910536.pdf> (Chinese Version)

<http://www.htsec.com.hk/UpFile/news/20100709094944184.pdf> (Chinese Version)

The result of the Tenth Appraisal of the Best in Kunming Municipality released with the Company included in two Top 100 rankings



Under the leadership of the Municipal Committee and Municipal Government of Kunming, the leading group of the Tenth Appraisal of the Best in Kunming Municipality, which is formed by 18 municipal-level departments and led by Li Wenrong (Standing Committee member of the Municipal Committee and Standing Deputy Mayor), eventually elected the Tenth (2008-2009) Top 100 Outstanding Entrepreneurs and Top 100 Industrial Enterprises in Kunming Region based on recommendations and approvals given by different levels over three months. Kunming Jida, our major subsidiary, was included in the two Top 100 rankings and was accredited as one of the “Top 100 Enterprises

in terms of Revenue from Major Business” and “Top 100 Enterprises in terms of Tax Contribution”. Since the Eighth Appraisal of the Best, Kunming Jida has won this title for three consecutive times, and the management is confident that it will continue to be included in these two Top 100 rankings in the future.

Kunming Jida was designated as one of the pilot enterprises in intellectual property in Kunming Municipality in 2010

In 2008, Kunming Jida was designated as a pilot enterprise in intellectual property in Kunming Municipality. The pilot program expired this year. On 11 June 2010, Kunming Jida went through the hearing and passed the examination, and will continue to be designated as a pilot enterprise in intellectual property in Kunming Municipality in 2010.

Due to the various training programs organised by the intellectual property departments at the provincial and municipal levels during the pilot period, coupled with the Company's appropriate incentive measures in encouraging staff to invent and innovate, the scientific researchers became increasingly aware of patent protection. To that end, our amount of intellectual property has increased significantly in recent years. Prior to the pilot program, the Group had declared only one patent, and by 2009, the number of patents declared had increased to seven, with the patent-implementation rate reaching 28.5 per cent.

In the future, the Group will continue to increase its investment in intellectual property, improve the corresponding management systems, actively encourage innovation, explore and develop protection measures for intellectual property in line with our development, and effectively push forward the development strategies oriented towards the protection of intellectual property, thereby giving an impetus to the market.

Market Digest and Product News

The sale figures of Jiwa Youmin for the period from January 2010 to June 2010 increased by 157 per cent over the corresponding period of last year



Jiwa Youmin progressed steadily towards the sales target set by the Company at the beginning of the year. Its sales volume was over 4000 in the first half of the year, representing an increase of 157 per cent over the corresponding period of last year and laying a solid foundation for achieving the target of doubling Jiwa Youmin's year-on-year sales.

In the first half of this year, the Company implemented various policies to boost sales, and the Marketing Department launched various timely marketing activities targeting clinical doctors according to the specific status of market sales, so as to assist regional sales. In regions where sales of Jiwa Youmin witnessed more rapid growth, such as Sichuan, Anhui and Henan, the Marketing Department cooperated with regional managers and distributors. Not only did they organise science conferences in numerous key cities, but they also visited county-level hospitals in second-tier regions to carry out publicity campaigns on corporate culture and product promotion activities while building the enterprise brand. In half a year's time, the department organised activities on enterprise profile and product education for approximately 200 doctors from more than 20 hospitals and has gradually established a marketing model that combines business solicitation and academic education. In so doing, it established a brand reputation among hospitals and also seized opportunities to cooperate with distributors. These marketing events greatly enhanced the reputation of the enterprise and its products in the sales market for end users and boosted the sales figures of Jiwa Youmin.

Fluconazole Capsules officially launched in the market

Our new product Fluconazole Capsules (Lai Chu An[®]) was recently launched in the market. Fluconazole achieves bacteriostasis by suppressing the synthesis of fungal ergosterol and shows high antibiotic activity against monilia and cryptococcus, which makes it the preferred drug for the treatment of deep fungal infection caused by monilia and cryptococcus. Fluconazole Capsules taken orally can be easily absorbed, and patients can quickly cure the symptoms of itching and burning when they treat acute monilial vaginitis by taking a 150mg oral capsule of Fluconazole. The effects of the drug last for three days, eradicating fungi from the inside out and preventing patients from relapsing, which results in great convenience.



Fluconazole has been sold in over 30 countries in the world and has maintained a leading position in the global markets of anti-fungal drugs. Furthermore, it has been selling well since entering the PRC market. In 2009, Fluconazole was included in the "National Essential Drug List". With the implementation of the essential drug system, the sales of Fluconazole will undoubtedly benefit from a new round of scale effect.

Developing the first Category I new medicine

Acute myeloid leukaemia (AML), which is also known as acute myelogenous leukaemia or acute non-lymphocytic leukaemia, is a clonal disease in the hemopoietic system and affects mostly adults. According to the information on treatment guides of 2005, the total incidence rate of that disease is 3.4/100,000, with the elderly being the most common patients. Nearly two-thirds of the patients suffering from this disease are aged 60 or above. The induced chemical treatment of AML is to enable the marrow to rapidly restore its normal function primarily by using anthracycline-type medicine (Daunomycin mainly) plus cytarabine. The absorption of cytarabine taken orally is lower due to the loss of activity resulting from the deamination of cytidine deaminase in the gastric mucous membrane and liver. Therefore, the method of drug administration should be an intrave-

nous drip. However, this method not only increases the patients' pain, but also triggers a higher rate of adverse reaction since the drug enters into the blood directly. Moreover, the production cost can hardly be reduced due to the complicated technique involved in the production of such an injection. In order to improve patients' drug compliance, the Group has cooperated with Shenyang Pharmaceutical University to develop a prodrug of cytarabine and develop an oral method of administration. Pre-clinical research and a technological optimisation study will commence shortly, and the application for registration of a Category I new drug will be submitted as soon as possible.

Tamsulosin hydrochloride was granted the Technological Advancement Award (Third-class)

The development project with respect to the bulk pharmaceutical and new medicine of Tamsulosin hydrochloride was reported to the Yunnan's Scientific and Technological Award Office in May 2009. After a year of strict appraisal, Kunming Jida received the certificate of "Yunnan's Scientific and Technological Advancement Award (Third-class)" which was signed and presented by the People's Government of Yunnan Province in July this year. This award is highly regarded in the province and has a very strict selection procedure. As such, the good results achieved by the Group for this first report represent the province's recognition of Kunming Jida's work in the transformation of technological results as well as technological innovation. In addition, with this award, Kunming Jida's reputation will be enhanced in the province, laying a solid foundation for its future report.



Kunming Jida's eight production lines of sterile preparation passed the site inspection for GMP certification

In April 2010, the GMP recertification inspection group assigned by the Certification Centre of State Food and Drug Administration inspected Kunming Jida's eight production lines of sterile preparation for GMP recertification.

In March of this year, the Company engaged experts to inspect the compliance of eight production lines of sterile preparation for GMP recertification. A series of effective organisation and implementation measures guaranteed that the Company's eight production lines of sterile preparation could pass the inspection for GMP recertification. During the inspection, the site implementing the 6S and the Company's back-office protection measures contributed a great deal to the certification. The passing of the inspection for GMP recertification reflected Jiwa's consistency and effectiveness in implementing the GMP. At the same time, in order to guarantee the quality of its medicine, the Group will continue to improve and establish a highly efficient system for quality control.



Citalopram will apply for FDA registration soon

The citalopram's production workshop was relocated to a new industrial area in November 2009, and its construction was completed in accordance with GMP requirements. After the rigorous test of its IQ, OQ, PO equipment, water system and air-conditioning system, it completed the technology inspection in the first quarter of 2010. In addition, the preliminary draft of the production workshop's US DMF document was submitted and will be delivered to a Canadian expert company for their audit and amendment in the second quarter of 2010. After incorporating the feedback from the auditing expert, the finalised version is expected to be sent to the FDA for registration application in the third quarter of 2010.

Sidelights of Corporate Activities

Wang Yongle, Vice-Chairman of All-China Federation of Returned Overseas Chinese visited Kunming Jida for research and guidance

On 27 April 2010, Wang Yongle, Vice-Chairman of All-China Federation of Returned Overseas Chinese, and his group visited Kunming Jida for research and guidance. Zhong Qiaoguang, Chairman of Yunnan Provincial Federation of Returned Overseas Chinese and the relevant leaders of the Federation accompanied the group in their research. The objective of this research was to understand the production, operation and development of overseas Chinese-invested enterprises in Yunnan Province, and Kunming Jida was one of the two overseas Chinese-invested enterprises inspected and researched by Vice-Chairman Wang. The orderly production environment, advanced GMP production line and modernised inspection equipment impressed Vice-Chairman Wang and his team-mates. Vice-Chairman Wang praised Kunming Jida, as an overseas Chinese-invested enterprise, for its outstanding performance over the years of development. He also encouraged Jida to improve incessantly and achieve even better results.





The Research Group was recommended to visit Kunming Jida for research and guidance at the third meeting of the tenth session of Chinese People's Political Consultative Conference of Yunnan Province

On 16 and 17 May 2010, it was proposed at the third meeting of the tenth session of Chinese People's Political Consultative Conference (CPPCC) of Yunnan Province that the Research Group, led by Chen Xunru, Vice-Chairman of CPPCC of

Yunnan Province, should conduct on-site research into some pharmaceutical enterprises in Kunming city and Yuxi city. During the research, Lau Kin Tung, Vice Chairman of our Group, reported the development plan of Kunming Jida for 2010-2014 to the Research Group. In addition, he made recommendations based on the research content as to how to promote the development of the pharmaceutical industry in Yunnan Province and improve the industry structure, and he also exchanged and discussed ideas with the Research Group. After listening to the report, the leaders of the Research Group gave full recognition to the results achieved by the Group and indicated that they placed high hopes on the Group's scientific medical research.

The Seventh National Clinical Academic Conference on Liver Diseases

"The Seventh National Clinical Academic Conference on Liver Diseases cum the EASL (European Association for the Study of the Liver) Day" which was jointly organised by Chinese Society of Hepatology, CMA and the Editorial Board of the Chinese Journal of Hepatology, convened in Xiamen from 10-13 June 2010. With the objectives of promoting learning and the exchange of ideas while enhancing the level of clinical research, more than 2,000 medical practitioners across the country who specialise in the treatment of liver diseases participated in this conference, which was held at Xiamen International Conference Centre. Gluthion is our star product, and it plays an important role in the treatment of liver diseases. A seminar on the "Anti-inflammatory Treatment of Inflammatory Liver Diseases and Liver Protection" in relation to Gluthion convened, and all the attending representatives showed great interest. They held an in-depth discussion on the use and dosage of Gluthion for critically ill patients and came up with a consensus. The seminar has helped to build a brand image of Gluthion that will be deeply rooted in people's minds.

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