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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)

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Corporate News

2010 annual general meeting

Jiwa Bio-Pharm Holdings Limited held its 2010 annual general meeting on 30 August 2010. The meeting was presided over by Lau Kin Tung, Vice Chairman and Chief Executive Officer of the Company and attended by all of the directors of the Board who sought opportunities to communicate with shareholders. In the meeting, Vice Chairman Lau explained in detail to all of the shareholders the product strategies and future development projects of the Company to increase investors' understanding of the business. Management believes that communicating with investors is a good

opportunity for bilateral communication. Besides giving investors a better understanding of the Company's products and business strategies, we can obtain valuable opinions from investors, which is conducive to the development of the Company. In the future, management will actively strengthen communication with investors. Apart from publishing the Group's news on the Company's website and quarterly publications on a regular basis, we will strengthen communications with investors through such channels as email, conference calls and investor gatherings.



"Twelfth Five-Year" development plan of the bio-pharmaceutical industry in Yunnan

To accelerate the development of the bio-pharmaceutical industry and to cultivate the pharmaceutical industry into a new pillar industry of Yunnan, following the tobacco industry, the Development and Reform Commission of Yunnan formulated the "Twelfth Five-Year" development plan of the bio-pharmaceutical industry in Yunnan in conjunction with the Pharmaceutical Industry Association of Yunnan. The plan was approved at the executive meeting of Yunnan Province and the policy will be launched officially. The policy related to biological development in Yunnan Province will be implemented according to the plan.

The development plan listed the projects and products in the pharmaceutical industry of Yunnan that will receive key support during the period of the twelfth five-year plan. The Company's new Cephalosporin workshop construction project, the Glutathione Enteric-coated Pellet Capsule commercialization, the bulk pharmaceutical commercialization project and Cephaloridine preparations are all listed in the plan. With regard to products, eleven of the Group's products are listed as varieties that will receive key support. During the period of the "Twelfth Five-Year Plan", these projects and products will receive priority treatment and key support from the provincial government. The Company will not only be considered an important institution by the local government but is also more likely to get funding support.

The Group's Chief Executive Officer in Research and Development was named "the technical innovation talent of Yunnan Province" by the Yunnan Province government

In August 2010, Miss Feng Pu Chun, Kunming Jida's Chief Executive Officer in Research and Development, was selected as one of the targets in the tenth group to be cultivated as a technical innovation talent in Yunnan Province. These targets were selected among distinguished technical talents responsible for scientific research and development and management in Yunnan Province enterprises and institutions. Procedures such as personal applications, recommendations by entities, examinations by competent departments, preliminary examinations and reviews by the provincial science and technology department, appraisals by experts, determinations at department head office meetings, disclosures to the media and examinations and approvals by the provincial government have been completed. The targets selected to be cultivated as technical innovation talents of the province will sign a statement of cultivation tasks. An annual appraisal will be organised once every year. The cultivation period is normally five years. The cultivation targets will receive a talent cultivation fee subsidy and may be cultivated by appropriate methods selected by themselves after taking into account their own situations and the development needs of the entity, such as furthering education abroad, taking degree courses and attending business training. After the completion of the cultivation process and passing the appraisal examination, the targets will be named the "technical innovation talents of Yunnan Province" by the provincial government and will receive special monthly allowances from the provincial government. That Miss Feng Pu Chun was chosen as a cultivation target marks a further step for the Group in improving its technical innovation capability.

Announcement of selected projects on "raising efficiency and saving costs" from the second half of 2009 to the first half of 2010

In recent years, Kunming Jida has actively promoted activities that "raise efficiency and save costs" within the Company. After information on projects on "raising efficiency and saving costs" from the second half of 2009 to the first half of 2010 as recommended to all workshops and departments by the business steering group and relevant departments of the Company were examined, screened and assessed numerous times, the examination results were submitted to the Company for review and approval. Eighteen award-winning projects were finally selected. These projects succeeded in raising efficiency, reducing costs and streamlining procedures through technological innovations and innovative management. Management is committed to increasing shareholders' returns by developing new sources of business and cutting costs.

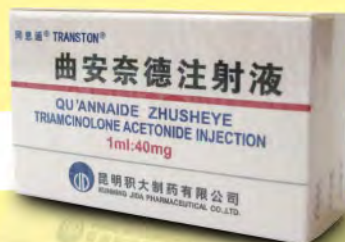
Mr. Ma Ze Wen was appointed as General Manager of Yunnan Jiwa Pharm Logistics Co., Ltd.

Mr. Ma Ze Wen was officially appointed as the General Manager of Yunnan Jiwa Pharm Logistics Co., Ltd., a Group subsidiary, on 1 July. Mr. Ma joined the Group in 2001. He practised as a doctor for six years and has accumulated nearly 13 years of working experience in the pharmaceutical industry. He was the Company's Marketing Supervisor and was promoted to Deputy General Manager in 2007. Mr. Ma received a bachelor degree in clinical medicine from Shanghai Jiao Tong University and a master degree in business administration from Shanghai Donghua University. Under the leadership of General Manager Ma, the Company has stepped up its sales efforts and has fully captured opportunities in China's pharmaceutical market during the "golden decade". Market Digest and Product News

Market Digest and Product News

Numerous Group products are included in the Yunnan Province essential drug list

At present, 13 of the Group's products are listed in the provincial essential drug list recently published by Yunnan Province, of which seven products are supplementary items of the province. The supplementary products include Triamcinolone Acetonide for injection and Reduced Glutathione Sodium for injection, and both are the Group's flagship products. With the implementation of the new medical reform in China, Kunming Jida endeavours to expand its sales and consolidate its position in the industry and, in particular, increase its market share in Yunnan Province through the essential drug list. Meanwhile, management is focusing on developing six-star products with annual sales exceeding RMB100 million in the following years, and the Company may even become the leading enterprise with regard to individual products.



Jiangsu Jiwa Rintech successfully passed the GMP certification for Risperidone and Citalopram

In March 2008, the production base of the bulk pharmaceutical Citalopram was relocated. Critical procedures such as the inspection of equipment, technology and cleaning processes were completed and the GMP certification conditions were met in April 2010. In July 2010, the production and registration approvals for the bulk pharmaceutical Risperidone, another new variety, were issued by the State Bureau in July 2010. In August 2010, the Company submitted application information for GMP certification of the two varieties "Risperidone and Citalopram", to the Jiangsu Province Food and Drug Administration. Thanks to the concerted efforts of all of the Company's staff, the above two bulk pharmaceuticals passed the on-site inspection for GMP certification on 27 August, 2010. This marked the entry of the Company's products into the international and domestic markets after plant relocation. Meanwhile, the Company's antidepressant products are also expected to achieve higher growth in profits.



Construction progress of the Reduced Glutathione Sodium freeze-dehydration production line

Reduced Glutathione Sodium for injection (Song Taisi) is used as supplementary treatment for poisoning caused by alcohol, certain drugs (chemotherapy, anti-cancer drug, antidepressant drug and Paracetamol), liver injury caused by alcohol, viruses, medication and other chemical substances, therapeutic injury caused by ionising rays and for all kinds of hypoxemia. Song Taisi is Kunming Jida's flagship product and its bulk material is imported from abroad. However, as demand from the preparation market continues to grow, the bulk materials imported from abroad can no longer satisfy such market demand.

In early 2010, the Group decided to construct the freeze-dehydration production line of the bulk materials for Reduced Glutathione Sodium in its existing Jiangsu Jiwa Rintech factory, the Company's bulk material plant, to resolve the problem of restrained production capacity for preparation resulting from the inadequate import of bulk materials from abroad, and to increase profits from the preparation varieties. Government procedures with respect to administrative examination, approval of the feasibility report, project proposal and environmental protection issues were completed in March 2010.

As of October 2010, the concept design in compliance with cGMP and the working drawings of the design institute were basically completed. The work with respect to equipment selection and contracts execution is in progress. The construction and ancillary work are expected to be completed at the end of 2010, the purification project and the installation of equipment, pipelines and freeze dryers will be completed and commissioning will commence in the first quarter of 2011, production will commence in the second quarter of 2011 and the project will be reported to the Food and Drug Administration of Jiangsu for registration, review and approval in the fourth quarter.

A category I new drug project has commenced

Acute myeloid leukaemia (AML), also known as acute myelocytic leukemia or acute nonlymphocytic leukemia, is a clonal disease in the hemopoietic system and affects mostly adults. According to 2005 treatment guides, the total incidence rate of the disease is 3.4/100,000, with the elderly being the most common patients. Nearly two-thirds of patients of this disease are 60 years old or over.

The induced chemical treatment for AML is to enable the marrow to rapidly restore its normal function by primarily using anthracycline-type medicine (Daunomycin mainly) plus cytarabine. The absorption of

cytarabine taken orally is lower given the loss of activity resulting from the deamination of cytidine deaminase in the gastric mucous membrane and liver. Therefore, intravenous drip should be the method of drug administration. However, this method not only increases patients' pain, but also triggers a higher rate of adverse reaction since the drug directly enters into the blood. Moreover, production costs can hardly be reduced given the complicated technique involved in the production of such injection. To improve patients' drug compliance, the Company has cooperated with Shenyang Pharmaceutical University to develop a cytarabine prodrug and to develop an oral administration route. At present, the relevant preliminary research work has commenced and improved prodrugs have been chosen and acquired after screening. The oral bioavailability of (A), one of the prodrugs, was increased from 21.8% to 60%, and the compound patent was applied for that prodrug. Moreover, preclinical research and technological optimization study will commence shortly, and the application for registration of a Category I new drug will be submitted as soon as possible.

Sidelights of Corporate Activities



The launch conference in Chengdu for Risedronate

On 2 July, 2010, the "2010 Sichuan Osteoporosis Expert Forum - the launch conference for Risedronate" was hosted by the Osteoporosis branch of the Medical Association of Sichuan and organised by Jiwa in Chengdu.

This conference was chaired by Professor Jin Xiao Lan (Chengdu Army Hospital). The speakers included Professor An Zhen (Fourth Affiliated Hospital of Huaxi Medical University), Professor Liu Yi (First Affiliated Hospital of Huaxi Medical University) and Professor Liu Hao (First Affiliated Hospital of Huaxi Medical University). The three speakers discussed and explained in an in-depth and detailed manner the progress in the treatment of osteoporosis from different perspectives based on their extensive clinical experience. They had high regard for the clinical advantages and academic standing of Jiwa Gusong (Risedronate), a first-line drug for the treatment of osteoporosis.

With continuous changes in the geographical domain of the pharmaceutical market, pharmaceutical heavyweights have now regarded the Southwestern market as the most important market in their future development. We believe that the launch conference in Chengdu for Risedronate laid a solid foundation for and marked the beginning of the Group's future promotion and sales in Southwest China.



The Company expressed gratitude to clients visiting the World Expo

Kunming Jida successfully held an activity to express its gratitude to clients visiting the World Expo from 27 to 30 August 2010. At the banquet, Mr. Yu Qi, Marketing Director of Kunming Jida, delivered a speech and explained the Company's development and future plans, conveyed Jida's concern about human health and welcomed and thanked attendees. Marketing manager Miss Yao Chun Xu gave a thank you speech and introduced the Company and its products in a full dimensional manner, and raised the Company's status and its products in the minds of clients. "Better City, Better Life. Better Jida, Better Health". The World Expo significantly increased clients' understanding of Kunming Jida and the entire Group, and helped us strengthen the promotion of the enterprise's brand.



The eighth "Venture Cup" kicked off

The eighth "Venture Cup" of Kunming Jida was officially kicked off. Besides such traditional contests such as photo, writing, rope skipping, chess and poker, ball game, tug-of-war and mountain climbing, the "Venture Cup" organised new contests this year, such as a chorus contest, to widen the scope of contests and accept more participants. "Venture Cup" is an important Kunming Jida activity that has enriched the cultural life and aroused the enthusiasm of the staff and strengthened the cohesive force of the enterprise. The staff has actively participated in and widely supported the activity.

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