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Jiwa Bio-Pharm Holdings Limited
積華生物醫藥控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 2327)

ANNOUNCEMENT

CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION

The Board announce that on 13 February 2008, Kunming Jida, a 70% owned subsidiary of the Company, entered into the Asset Transfer Agreement with Yunnan Pharmaceutical pursuant to which Kunming Jida agreed to sell and transfer the Assets to Yunnan Pharmaceutical for a cash consideration of RMB18,500,000.

Yunnan Pharmaceutical, which is interested in 30% of the registered capital of Kunming Jida, is a connected person of the Company under the Listing Rule. Accordingly, the Transaction constitutes a connected transaction under the Listing Rule.

According to the Listing Rule, the Transaction is subject to the reporting, announcement and independent shareholders approval requirements under the Listing Rule.

A circular containing, among others, details of the Transaction will be dispatched to Shareholders as soon as practicable.

BACKGROUND

On 13 February, 2008, Kunming Jida entered into the Asset Transfer Agreement with Yunnan Pharmaceutical pursuant to which Kunming Jida agreed to sell and transfer the Assets to Yunnan Pharmaceutical.

The Assets are land and building of Kunming Jida situated at Wang Jia Ba of Kunming City in the PRC, which was no longer be in use since Kunming Jida has completed its relocation to the new production plant situated at the Hi-Tech Development Zone of Kunming city in the PRC in December 2005.

THE ASSET TRANSFER AGREEMENT

Date:

13 February 2008

Parties:

Transferor: Kunming Jida

Transferee: Yunnan Pharmaceutical

Assets to be disposed of:

Under the Asset Transfer Agreement, Kunming Jida shall sell and transfer to Yunnan Pharmaceutical the Assets, which are fixed and non-revenue-generating assets of the Group.

Consideration

A cash consideration of RMB18,500,000 (approximately HK\$20,072,500) has been determined with reference to the aggregate appraised value of the Assets evaluated by the Valuer. To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Valuer is not a connected person of the Company and is independent of the Company and connected persons of the Company. The valuation was carried mainly by way of cost and revenue method (i.e. the valuation method based on the historical cost or the prevailing market price of the Assets). As at 31 May 2007, the appraised value of the Assets was RMB12,902,800 (approximately HK\$13,999,538) whereas the book value of the Assets, as at 31 December 2007, was RMB9,861,771 (approximately HK\$10,700,022) as shown in the management accounts of the Group prepared in accordance with Hong Kong Financial Reporting Standards. Upon Completion of the Asset Transfer Agreement, a gain of RMB8,638,229 (approximately HK\$9,372,478) is expected to accrue to Kunming Jida based on the difference between the consideration and the said book value of the Assets. There was no profit or loss before taxation of the Assets for the two years preceding the Transaction.

Yunnan Pharmaceutical will pay Kunming Jida RMB1,000,000 (approximately HK\$1,085,000) as deposit within 15 working days after signing the Asset Transfer Agreement. The second instalment of RMB7,000,000 (approximately HK\$7,595,000) will be payable on the completion of the transfer of the title of the Assets and the final instalment of RMB10,500,000 (approximately HK\$11,392,500) will be payable in March 2009.

The Company will engage a qualified valuer to provide to the Company an updated valuation report, which will be included in the circular to be dispatched to the Shareholders as soon as practicable.

REASON AND BENEFIT OF THE TRANSACTION

The Board considers that the Asset Transfer Agreement will improve the cash flow and asset structure of Kunming Jida by disposal of the Assets. It is expected that the proceeds will be used for repayment of bank borrowings.

Since the Assets to be disposed of are assets that no longer be in use by Kunming Jida, the Directors considers that the disposal will not have any material impact on the operation of Kunming Jida.

The Board considers that the terms of the Asset Transfer Agreement have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and the Transaction is in the interest of the Company and the Shareholder as a whole.

LISTING RULE IMPLICATION

Kunming Jida is a 70% owned subsidiary of the Company, and Yunnan Pharmaceutical is interested in 30% of the registered capital of Kunming Jida. Being a Substantial Shareholder of Kunming Jida, Yunnan Pharmaceutical is a Connected Person of the Company. Accordingly, the Transaction constitutes a Connected Transaction. As the applicable Percentage Ratios in respect of the Transaction is more than 2.5% but less than 25% and the consideration is more than HK\$10,000,000, the Transaction is subject to the reporting, announcement and independent shareholders approval requirements under the Listing Rule.

Furthermore, as the applicable Percentage Ratios in respect of the Transaction is more than 5% but less than 25%, the Transaction, therefore, constitute a Discloseable Transaction and it is subject to the reporting and announcement requirements under the Listing Rule.

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, no shareholder of the Company is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transaction. The Company has received a written resolution on 13 February 2008 from Mr. Lau Yau Bor, who holds 937,878,000 shares of the Company (58.43% of the total issued shares of the Company), which is more than 50% in nominal value of the securities giving the right to attend and vote at that general meeting to approve the Transaction. The Company has applied to the Stock Exchange under 14A.43 to the Listing Rule a waiver of accepting the written independent shareholders approval in lieu of holding a general meeting.

A circular containing, among others, details of the Transaction will be dispatched to Shareholders as soon as practicable.

GENERAL

The core business of the Group includes research, production and sale of pharmaceutical products in the PRC; the Group also engaged in trading and distribution of pharmaceutical products for European pharmaceutical companies.

Yunnan Pharmaceutical is principally engaged in research, production and sale of pharmaceuticals in the PRC.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Assets”	land and building owned by Kunming Jida located at No. 22 Wang Jia Ba of Kunming City of the PRC with land areas of 3,729.1m ² and building areas of 6,177.5m ² .
“Asset Transfer Agreement “	the asset transfer agreement dated 13 February 2008 entered into between Kunming Jida and Yunnan Pharmaceutical
“Board”	the board of Directors of the Company
“Company”	Jiwa Bio-Pharm Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Connected Person”	has the meaning as given in the Listing Rules
“Connected Transaction”	has the meaning as given in the Listing Rules
“Directors”	the directors of the Company
“Discloseable Transaction”	has the meaning as given in the Listing Rules
“Group”	the Company and its subsidiaries
“Kunming Jida “	Kunming Jida Pharmaceutical Co. Ltd. (昆明積大製藥有限公司), a Sino-foreign equity joint venture established in the PRC and a 70% owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratio”	has the meaning as given in the Listing Rules
“PRC”	People’s Republic of China
“Shareholders”	holders of the shares in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial shareholder”	has the meaning as given in the Listing Rules

“Transaction”	Sale of Assets pursuant to the Asset Transfer Agreement
“Valuer”	Yunnan Reall Assets Appraisal Co., Ltd. (雲南瑞爾資產評估有限公司), a PRC qualified valuer
“Yunnan Pharmaceutical”	Yunnan Pharmaceutical and Industrial Corporation Limited* (雲南醫藥工業股份有限公司), a domestic enterprise established in the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong; and
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

In this announcement, the exchange rate of RMB1 to HK\$1.085 is used.

By order of the Board of
Jiwa Bio-Pharm Holdings Limited
Lau Kin Tung
Vice Chairman and Chief Executive Officer

Hong Kong, 19 February 2008

As at the date of this announcement, members of the Board comprise three executive Directors, namely Mr. Lau Yau Bor, Mr. Lau Kin Tung and Madam Chan Hing Ming and three independent non-executive Directors, namely Mr. Choy Ping Sheung, Mr. Fung Tze Wa, and Mr. Seet Lip Chai.

* *for identification purpose only*