

Top stories of this issue

- Introduction of a strategic cooperation partner 1
- Kunming Jida strives to work on the third terminal market development 3
- “Edaravone” injection achieved a breakthrough in exporting to South Asia market 4
- “Jida BenTe” selected as one of Yunnan Name-Brand Products 4



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

Issue 22 · January 2011



Corporate News

Introduction of a strategic cooperation partner

Kunming Jida, a subsidiary of the Jiwa Group, absorbed the American Warburg Pincus (“Warburg”) as a new shareholder in the early months of 2011. It was reported that Warburg is a privately raised fund with its headquarters located in the USA. The funds managed are as high as US\$35 billion. With over 35 years experience of investing in the medical and healthcare industries, it has invested in 130 companies in those industries globally, with investments amounted to over US\$7.3 billion. Detailed announcements of the transactions can be read on the following websites:

English version: www.jiwa.com.hk/FileDownloadCount.aspx?uploadID=620
Chinese version: www.jiwa.com.hk/FileDownloadCount.aspx?uploadID=624



Kunming Jida named “Double Excellence Enterprise in Foreign Investment in Yunnan Province” for 2009

On 11 October 2010, the Award Ceremony for Double Excellence Enterprise in Foreign Investment in Yunnan Province was held in Kunming. Leaders from the “Department of Commerce of the Province and the Yunnan Association of Enterprises with Foreign Investment” were at the ceremony. Also attending the event were company representatives of the awarded foreign investment enterprises..

Since August, the Foreign Investment Unit of the Yunnan Department of Commerce coordinated and launched a series of selection activities on advanced enterprises in foreign investment within the scope of the province for 2009. Upon submission of applications by respective enterprises, the Departments of Commerce at the city level gave their recommendations.

Afterwards, the provincial Department of Commerce, provincial Bureau of Industry and Commerce, provincial Administration of Foreign Exchange, provincial State Administration of Taxation, provincial Taxation Bureau, Kunming Customs, and the Yunnan Association of Enterprises with Foreign Investment conducted a joint selection.

They finally came up with a total of 31 foreign investment enterprises named “Double Excellence Enterprises”, “Top Ten Export Figure”, “Top Ten Turnover”, and “Top Ten Profit Tax”. Kunming Jida was named “Double Excellence Enterprise in Foreign Investment in Yunnan Province”. This marks the fifth time the Group has received this award since 2005.



2010 Pharmacopoeia successfully implemented in Kunming Jida

The “People’s Republic of China Pharmacopoeia” 2010 has been in force since 1st October. The “People’s Republic of China Pharmacopoeia” 2010 was the ninth edition of a pharmacopoeia compiled since the establishment of the People’s Republic of China 60 years ago. The content has been increased dramatically, now having a total listing of over 4,600 entries, in which new entries exceeded 1,300. This represents an increase of 43%. The proportion of edited entries also reached 70%. These figures mark a new record over all previous editions.

Medicines recorded covered medicines in the Catalogue of Basic Medicines of the State and the Catalogue of Drugs for Basic National Medical Insurance. To ensure that the new edition of the pharmacopoeia is implemented smoothly at Kunming Jida, the Company has launched work in the following aspects:

- I. New and higher standards examination methods were implemented in the 2010 “People’s Republic of China Pharmacopoeia”. Kunming Jida coordinated relevant staff to conduct examinations on the entries concerned beforehand, so that the company’s product quality could reach the new technical standards listed and within the required timeframe.. The Company has also ensured the materials acquired all met the new standards.
- II. The new edition of the pharmacopoeia has significantly raised the standard of supplementary raw materials and quality control of products, in terms of both hardware and software. With our experience in the overseas GMP accreditation, the Company is always in the forefront in this regard.

It has also spent nearly RMB 1 million to acquire relevant examination equipment in order to meet the examination requirements in drug safety and efficiency as required by the 2010 “People’s Republic of China Pharmacopoeia”.

- III. Based on internal company control, quality assurance standards, examination SOP and relevant technological procedures set out in the new pharmacopoeia, certain amendments have been made.
- IV. The Company has coordinated with all members of its Quality Control Department to participate in the training on the new pharmacopoeia, so as to ensure that QC staff are familiar with the requirements and systems of the new pharmacopoeia. They are to have an accurate understanding on the updates and changes in the technical requirements of the new pharmacopoeia.

Through the above measures, the Company ensures that starting from 1st October 2010, all drug examination reports produced will comply with the new pharmacopoeia, and will ensure proper implementation of the new pharmacopoeia.

Kunming Jida strives to work on the third terminal market development

In 2009, following the full implementation of the new medical reform policy, the country has witnessed substantial changes in the entire pharmaceutical industry. According to figures from official statistics, at present, China has 833 million people enrolled in the "New Rural Cooperative Medical Care System". One of the direct outcomes of this major change is that medical needs from the grass-root level are starting to soar. An estimate based on the fund-raising level in this year, shows that 850 million rural residents would participate in the insurance scheme, and 45% were used as a medical claim ratio. The estimate showed that the entire rural medical market could reach RMB 280 billion, bringing in a new growth of over RMB 50 billion to the pharmaceutical market. The extension of the market and the rise of the grass-root terminal have resulted in an unprecedented strategic adjustment in many pharmaceutical enterprises with a long history in the market. Naturally, that included the Group.

Antibiotics produced by Kunming Jida have always had a reputation for high quality. As the Company's specialised drugs are publicly listed one by one, such as BenTe, Bismuth, Magnesium and Sodium Bicarbonate, Ao Mi Xin, Fluconazole and its comprehensive range of antibiotics, the Company has a very extensive application prospects in the grass-root pharmaceutical market. Its products are very suitable for sale in the third terminal market. Nowadays, competition in county-level hospitals has become more and more keen. The Company's regional sales team has moved to the forefront of marketing; as they have planted drugs manufactured by the Group extensively throughout the grass-root market. So far the Company has achieved excellent results. Many success stories of infiltrating the grass-root pharmaceutical market in certain regions also supported the determination for the Company to fully extend its sales network in the grass-root market in 2011. In 2010 the market system underwent a substantial adjustment, where the country was divided into 7 sales regions, whereby a larger region would be in charge of all sales within the region. This has in turn helped the sales team of the third terminal market remove many management obstacles. In 2011, the market system will fully support the grass-root pharmaceutical market in China, which will set a solid foundation for the long-term development of the enterprise.

After a few months planning and preparation, the market system has set up 18 terminal Sales Departments all over China, and the terminal sales team is in basic form now. In January 2011, the shipment amount of the newly-established terminal Sales Department has exceeded RMB 1.5 million. Considering it's a new team, this achievement is a very good start, which will keep bringing in more profits to Kunming Jida.

As policies of the central government continue to tilt towards the grass-root market, capital injection has also been increasing. The third terminal market will eventually become a fertile land for pharmaceutical enterprises to earn substantial profits, and will also bring about long-lasting impact to the development of the Group in general. It is believed that in the near future, the third terminal market will become the focus of competition amongst all pharmaceutical enterprises. Nonetheless, the early steps in making reforms undertaken by Kunming Jida will certainly help the Group earn some advantages in advance!



“Edaravone” injection achieved a breakthrough in exporting to South Asia market



Edaravone, the new key drug that Kunming Jida has developed to treat strokes as an injection, has confirmed the first order to export to South Asia. This represents the first step in becoming international. As Kunming Jida works hard to implement “expanding outward” strategy, the Company has kept raising its manufacturing standards, so as to ensure the quality of export products. The Company has also worked hard to remove the doubts in product registration and GMP approval from national drug administration departments overseas. As the Company has successfully obtained proper approvals, its products can be exported overseas and generate foreign currency.

“Pen Yan Jing” soluble pellet successfully registered in Thailand

“Pen Yan Jing” is a type of traditional Chinese medicine. It is a soluble pellet manufactured by Kunming Jida to treat gynecological problems. In January 2011, with significant efficacy, safety and controllability, this drug was successfully registered with the Health Department of Thailand, and was permitted to enter the Thai market. Traditional Chinese medicine has gradually gained international recognition, and this has helped bring traditional Chinese medicines overseas through exports. Since the Thailand market has a large Chinese population, their acceptance to traditional Chinese medicine is high. This is helpful for traditional Chinese medicine to enter into the South-east Asia market, and the aforesaid drug has made a good start. Additionally, traditional Chinese medicine is gaining respect and is welcomed among the people of Thailand. At present, the country has about 1,000 scientifically trained doctors who have accepted traditional Chinese medicine. There are also two medical universities offering training in traditional Chinese medicine in Thailand, so the prospect of traditional Chinese medicine there is promising.

“Jida BenTe” selected as one of Yunnan Name-Brand Products

In 2010, the China Top Brand Strategy Promotion Committee in Yunnan conducted evaluation work for Yunnan name-brand products in 10 product categories:

Roller cigarettes and accessories, pharmacy and biological products, goldsmiths, electronics, chemical fertilizers, chemical products, food, machinery, light industry and flowers.

According to the procedures stipulated in the “Measures for the Administration of Yunnan Name-Brand Products”, there are approvals and recommendations. Following reviews of the quality and technology administrative bureau of various cities, and on-site verification, all committee members of the China Top Brand Strategy Promotion Committee in Yunnan made a preliminary evaluation of materials. They announced to the public that it has finally selected 98 products manufactured by 81 enterprises to be the 2010 Yunnan Name-Brand Products.

Between 2005 and 2009, Kunming Jida manufactured three brand products, namely “Radin”, “Triamcinolone Acetonide” and “Reduced Glutathione Sodium”. They were chosen as name-brand products. This year, the key product of the Group, “Jida BenTe”, was highly recommended by the Bureau of Quality and Technical Supervision in the High and New Technology Zone when it participated in the selection. Eventually this drug earned the title of being one of the 2010 Yunnan name-brand products. It was an honour for the Group that the high quality product once again received extensive recognition.





Progress of Citalopram Hydrobromide EDMF

To develop the European market for Citalopram Hydrobromide, technology verification work started in October 2010. Through cooperation among the R&D Department, Production Department and Quality Control Department, by December 2010, Citalopram Hydrobromide drugs completed verification using EP methodology. Three batches of the products have gone through verification and production; experiments were conducted quicker than usual; and the impact factors have also passed laboratory tests. EDMF file compilation is on schedule and is being conducted systematically. It is planned to complete EDMF file submission for Citalopram Hydrobromide on 10 January 2011. A close relationship with the distribution company in Europe will be reinforced, so that a solid foundation for Citalopram Hydrobromide in the European market can be secured earlier.

Sidelights of Corporate Activities



Deputy Secretary General of the City Government, Mr Fu Xi, and others paid a study visit to Kunming Jida

On 26 November 2010, Deputy Secretary-General of the City Government, Mr Fu Xi, represented the Deputy Mayor, Mr Chen Yong, led a study group visit to Kunming Jida to provide guidance. Members of the Company's Business Leadership Team participated in the reception and made a brief presentation on the Company status. After

gaining a basic understanding of the Company, Mr Fu and others paid a visit to the Company's Exhibition Room. They then had a better understanding of the Company's development history and range of products. They have also offered the Company recognition and encouragement for its success in corporate development and product research and development.

Deputy Secretary-General of the City Commission and others paid a study visit to Kunming Jida to provide guidance

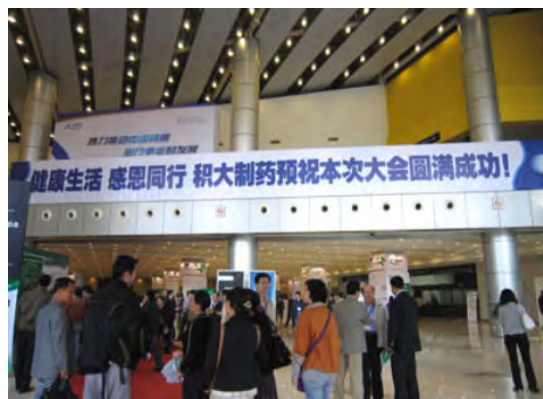
On 12 November 2010, Deputy Secretary-General of the City Commission of the Chinese Communist Party, Mr Li Yifei, accompanied by the Officer of Kunming High and New Technology Zone Management Committee, Mr Dong Baotong, led other officers-in-charge from relevant departments, on a study visit to Kunming Jida to provide guidance. During their visit, Mr Li had a good exchange with the Company leaders on corporate development, product update, future development direction and challenges that the Company encounters. Mr Li gave positive recognition to the success that Kunming Jida achieved and the contributions it made to foster the development of the local economy.





The Seventeenth National Urology Annual Conference

During 14-17 October 2010, the Seventeenth National Urology Annual Academic Conference officially took place in Xi'an Greenland Pico International Convention & Exhibition Center, Shaanxi. Over 3,000 urology specialists from home and abroad gathered together in the old city of Xi'an to participate in this conference. During this annual conference, the Group was involved in sponsoring hotel accommodation, a welcome dinner, and a tour to Yanan. The number of participants by frequency exceeded 300, which showed that the corporate brand of "Kunming Jida" and the product brand of "Jida BenTe" have left a strong impression to all participating specialists.



Disclaimer

Data and information contained in this e-Newsletter is provided for private circulation and informational purposes only and is for distribution only under such circumstances and to such recipients in such jurisdictions as may be permitted by applicable laws. This e-Newsletter is not intended to offer or solicit purchase or sale of shares in Jiwa Bio-Pharm Holdings Limited in any jurisdiction. Whilst reasonable effort has been made to ensure the information contained herein is not untrue or misleading at the time of circulation, the information contained herein may be changed. Use of any information herein shall be at the sole risk of the user. Jiwa Bio-Pharm Holdings Limited made no representation as to the accuracy and completeness of and expressly disclaimed any liability whatsoever for any loss howsoever arising from the information contained in this e-Newsletter.

This e-Newsletter may contain forward-looking statements that are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of Jiwa Bio-Pharm Holdings Limited about its business and the industry and markets in which it operates. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, development outcomes, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, project delay, project approval, cost estimates and other risks, which are beyond the control of Jiwa Bio-Pharm Holdings Limited and are difficult to predict. Consequently, actual results could differ materially from those expressed or forecasted in the forward-looking statements.

Editorial

Chief Editor: Lau Kin Tung (Vice Chairman and CEO of the Group)

Executive Editor: Carol Yue

Editorial Board: Kelvin Chu, Feng Pu Chun, Ma Ze Wen, Yang Min, Yu Qi, Wang Chang Wen

Enquiries: carol-finc-hk@jiwa.com.hk

Website: www.jiwa.com.hk