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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)

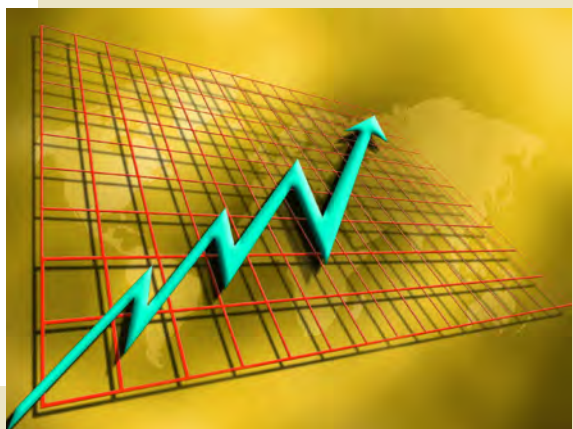
# e-Newsletter

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## Corporate News

### Profit of the Group reached new high



Jiwa Bio-Pharm Holdings Limited (the "Company") announced the result of Jiwa Group for the year ended 31 March 2011 (the "Period") on 24 June 2011.

During the Period under review, profit attributable to owners of the Company reached HK\$255, 663,000, representing an increase of 295.9% over last year. In early 2011, Kunming Jida Pharmaceutical Company Limited ("Kunming Jida", owned by the Company as to 70%) has placed and issued 30% of its equity to strategic investors, and reorganized its businesses in the PRC through including the Company's wholly-owned subsidiaries Yunnan Jiwa Pharm Logistics Company Limited ("Yunnan Jiwa") and Jiangsu Jiwa Rintech Pharmaceutical Company Limited ("Jiangsu Jiwa") into the

PRC pharmaceutical business structure that is headed by Kunming Jida. The reorganization generated a gain of HK\$209,150,000, with Kunming Jida, Yunnan Jiwa and Jiangsu Jiwa becoming a 49%-owned associated company of the Company from 30 March 2011.

On the surface, the Company lost the direct control of Kunming Jida under this reorganization as its shareholding has decreased from 70% to 49%. However, according to Mr. Lau Yau Bor, Chairman of the Jiwa Group, Kunming Jida will be able to achieve growth at a hastened speed as well as accelerated growth in both sales and profits after the reorganization. There also exists the potential of listing in the A-share market, which will enable the Group to increase its returns and investment value.

The annual report setting out the detail of the Group's result has already been uploaded to the Company's website. Please logon to [www.jiwa.com.hk](http://www.jiwa.com.hk).



## Kunming Jida completed the task of increasing capital by the issuance of additional shares

Upon the examination, approval and registration of numerous departments such as the department of commerce of Yunnan Province, the bureau of industry and commerce, the administration of foreign exchange and the taxation bureau of Yunnan Province, the task of increasing capital by the issuance of additional shares was completed successfully. Such move aims at improving the Company's strength, speeding up the Company's development, raising the staff's morale and seeking to realize the objective of laying the foundation for the establishment of a capital platform in the PRC as soon as possible.

After the completion of this task, the registered capital of Kunming Jida increases from the original RMB130 million to RMB180 million and the total investment amount increases to RMB560 million. On top of Jiwa Pharmaceuticals Limited and Yunnan Pharmaceutical and Industrial Corporation Limited, we introduced four additional shareholders: Green Grove Investment Ltd, Panda BT Limited, Shenzhen Hua Yun Investment Company Limited and Kunming Ji Zhong Enterprise Management Consulting Company Limited. 2011 is the year in which the "Twelfth Five-Year Plan" kicks off and also the first year of the implementation of the twelfth five-year plan for the development of the biopharmaceutical industry in Yunnan Province. After consolidation, the Group's pharmaceutical business in the PRC is poised to scale new heights.

### The marketing system of the PRC pharmaceutical business was restructured

Following the completion of the restructuring of their corporate structure early this year, Kunming Jida and Yunnan Jiwa consolidated their marketing systems. Both of these two enterprises operate in the PRC pharmaceutical market. Part of their business operation models differs but some areas overlap. After the merger, the new Jida combined and re-distributed the premium resources of the two enterprises and made important adjustment to the enterprises' current structure, re-allocated the management personnel in important posts, enabling the new Jida to strengthen its market competitiveness after the merger. The significant change of the



entire marketing system alters the previous pattern whereby each of the two enterprises fights their own battle, prevents the redundant investment in and the waste of resources, enable the enterprises to draw on each other's merits and bring into play the advantage of team work. The marketing department also made important adjustment and re-classified Jida's key products according to the product lines. This has laid a solid foundation for the enterprise's more orderly and sustainable development in the future. In addition, the terminal operation department will establish a huge sales team comprising 800-1000 members in the coming two years. The team will cover the entire country and is expected to generate a sales amount of RMB150 million for the enterprise, making it another bright spot that drives the enterprise's profit growth.

### Phase II clinical trial of Palonosetron Hydrochloride Injection was completed successfully

After one and a half years' of great efforts, the medical department of Kunming Jida successfully completed the phase II clinical trial of Palonosetron Hydrochloride Injection that it took charge of as planned.

Palonosetron Hydrochloride Injection is category 3.1 chemical drug. In accordance with the requirements set forth in the Measures for the Administration of Drug Registration, a pharmacokinetic test and at least 100 pairs of randomized control trials have to be completed before the application for production can be made. There were altogether seven cooperative hospitals conducting this clinical trial. Beijing Cancer Hospital was the head of the group. The trial adopted the randomized, double blind, self-crossover and active control design method and a total of 179 subjects joined the groups and took the trial drug for treatment.

The result of the trial demonstrated: With regard to the Palonosetron Hydrochloride Injection researched, developed and produced by Kunming Jida, adverse reactions seldom occur, it is safe and the problem of drug tolerance is not commonly encountered. It is an effective and safe drug that can prevent nausea and vomiting caused by chemotherapy.

## Patent certificates were received

In the second quarter of this year, Kunming Jida received the "patent certificate for a type of Tamsulosin Sustained Release Tablet and its preparation method" and the patent certificate for "a type of Glutathione Enteric-coated Pellet and its preparation method". Applications for these two patents were lodged to the State Intellectual Property Office in 2009. After approximately two years of preliminary examination, publication and substantive examination, the invention patent certificates were received in April 2011 and June 2011 respectively. The term of the patents is 20 years.

## Sidelights of Corporate Activities

### Semi-annual conference at Wuyishan

In early July this year, Kunming Jida and Yunnan Jiwa held the first conference after the merger. Mr. Lau Yau Bor, Chairman of the Group and Mr. Lau Kin Tung, Vice-chairman of the Group delivered important speeches at the conference, which explained the urgency and necessity of the merging of the two enterprises and indicated that this conference marked a milestone in the development history of Jida. After the merger, Jida's structure is more optimized and its personnel

arrangement is more reasonable. All the departments are encouraged to collaborate with one another so as to make contributions to the rapid development of the entire Group.



## The 2011 economic work conference of Kunming High-tech Development Zone was convened

In March this year, the 2011 economic work conference of Kunming High-tech Development Zone was convened. Dong Bao Tong, member of the standing committee of the municipal committee, secretary of the working committee and president of the management committee of the party of the High-tech Development Zone delivered a speech titled "Exerting oneself to make progress, keeping one's nose to the grindstone, uniting in a combatant spirit and making effort to establish the zone into an internationally renowned and domestically first-rate innovative and distinctive park". President Dong concluded the work completed according to the "Eleventh Five-Year Plan" and the work of 2010 and arranged the tasks for the "Twelfth Five-Year Plan" and 2011 that aim at vigorously developing distinctive industries in the Park, stepping up the construction of infrastructure facilities, breaking through the funding bottleneck constraint, improving independent innovation ability, taking care of people's livelihood, strengthening the development of teams so as to achieve the overall objective of making active contributions in establishing Kunming as an international city that is opened up in the southwestern region of China.

In order to give recognition to achievements and praise advanced entities, the conference gave commendation and rewards to large taxpayers in the High-tech Development Zone in 2010 and the enterprises that were named to have the renowned trademark in China, the famous trademark in Yunnan Province and the well-known trademark in Kunming in 2010. Kunming Jida was commended for being a "large taxpayer" and having a "famous trademark in Yunnan Province".



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