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積華

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
DISCLOSEABLE TRANSACTION

The Board announce that on 8 October 2008, Jiwa Development entered into the Agreement with Mr. Pang, pursuant to which Mr. Pang agreed to purchase and Jiwa Development agreed to sell 70% of the issued share capital of Longchang at a consideration of RMB27,000,000 (equivalent to approximately HK$30,700,000).

Given that the relevant percentage ratios under the Listing Rules for the Transaction is less than 25% but greater than 5%, the Transaction constitutes a discloseable transaction of the Company under the Listing Rules which is subject to the reporting, publication of announcement and circular requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

A circular containing, among other things, details of the Transaction will be dispatched to Shareholders as soon as applicable.

THE SALE AND PURCHASE AGREEMENT

Summary

On 8 October 2008, Jiwa Development entered into the Agreement with Mr. Pang, pursuant to which Mr. Pang agreed to purchase and Jiwa Development agreed to sale the 70% of the issued share capital of Longchang for a cash consideration of RMB27,000,000 (equivalent to approximately HK$30,700,000). Longchang is engaged in exploitation and refining of iron ores.

The remaining 25% interest of Longchang is held by Mr. Guo Dongyu and 5% being held by Mr. Li Qi. To the best of the Directors' knowledge, information and beliefs having made all reasonable enquiry, Mr. Pang is third party independent of the listed issuer and connected person of the Group, and, Mr. Guo Dongyu and Mr. Li Qi are independent third parties to Mr. Pang.

* *For identification purpose only*

Consideration and payment terms

There is no condition precedent for the Transaction. Mr. Pang shall effect the payment of RMB2,000,000 to Jiwa Development within 30 working days upon signing of the Agreement, the second and third payments of RMB15,000,000 and RMB10,000,000 shall be settled within 60 working days and 120 working days respectively upon completion of the share transfer of the 70% equity shares of Longchang.

REASON AND FINANCIAL EFFECT OF THE TRANSACTION

The management of the Company considered the acquisition of Longchang in 2007 as capital investment opportunity for the Group. Due to the recent economic downturn and difficult operating environment in the mining industry of the PRC, the management recognized focusing on the Group's core pharmaceutical business would be more profitable, thus the management continuously seeking an appropriate selling opportunity of Longchang The management considered selling Longchang to Mr Pang being the most beneficial to the Group among the available offers made by potential buyers in view of offer price and payment terms. The basis of determining the consideration is based on the available options and the rate of return on investment of Longchang. The management considered the consideration of RMB27,000,000 being a reasonable return to the Group on its investment in Longchang.

Following the completion of the Transaction, the Group will receive the consideration of RMB27,000,000 and would recognize a gain on disposal of approximately HK$5,200,000 (calculated as sale proceeds of approximately HK$30,700,000 less investment cost of Longchang of approximately HK$25,500,000). The Company currently expects to apply all the sale proceeds received from the Transaction for general working capital of the Group. The consideration was determined with reference to the options available to the Group in selling Longchang.

In view of the above factors, the Directors are of the view that the Transaction is in the interests of the Company and its Shareholders as a whole and that the terms of the Agreement is fair and reasonable and on normal commercial terms.

According to the unaudited management accounts of Longchang, Longchang recorded a loss before and after taxation and extraordinary items of approximately RMB412,405 (equivalently to approximately HK$468,642) and RMB234,564 (equivalently to approximately HK$266,550) for the year ended 31 March 2007 and 31 March 2008 respectively. As at 31 March 2008, Longchang recorded a net liability of RMB146,969 (equivalently to approximately HK$167,010).

Reference is made to the announcement of the Company dated 15 August 2008 in relation to the continuing connected transactions of the Company (the "Previous Announcement'), Longchang had entered into a subcontracting agreement with Wutai County Fudi Mining Co. Ltd. ("Wutai"), pursuant to which, Wutai would pay an annual license fee of RMB6,020,000 each year to Longchang during 1 January 2008 to 31 December 2010, accordingly, the Company recorded a net profit of HK$1,667,000 attributable to the disposed asset for the year ended 31 March 2008 (the "Subcontracting Agreement"). After completion of the Transaction, the Subcontracting Agreement shall remain valid to Longchang, and the Group will not enter into any termination agreement in respect of the Subcontracting Agreement and Supplementary Agreement as defined in the Previous Announcement.

With reference to the Previous Announcement, the Directors consider that the Group exert no control or influence on Longchang, the Company recognized the investment in Longchang as available for sale investment and recognized it at cost less accumulated impairment in the latest annual report of the Company. Nevertheless, Longchang is a subsidiary undertaking of the Group as defined in the Company Ordinance as the Group owned more than 50% equity shares of Longchang, and hence it is a subsidiary of the Company as defined under Rule 1.01 of the Listing Rule.

Upon completion of the Transaction, Longchang will no longer be recognized as available for sale investment for the Group and it will cease to be a 70% owned subsidiary of the Company under the Listing Rule.

LISTING RULE IMPLICATION

Given that the relevant percentage ratios under the Listing Rules for the Transaction is less than 25% but greater than 5%, the Transaction constitutes a discloseable transaction of the Company under the Listing Rules which is subject to the reporting, publication of announcement and circular requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

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.

DEFINITIONS

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

"Agreement"	the sales and purchase agreement entered into between Jiwa Development and Longchang on 8 October 2008;
"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;
"Directors"	the board of Directors of the Company;
"Group"	the Company and its subsidiaries;
"Jiwa Development"	Jiwa Development Co. Ltd., a company incorporated in British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company;
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange;

"Longchang"	Shanxi Province Fanshi County Longchang Industrial Co. Ltd.* (山西省繁峙縣龍昌實業有限公司);
"Mr. Pang"	Pang Yue Jun* (龐躍軍), the purchaser of Longchang;
"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;
"Transaction"	The transaction contemplated under the Agreement;
"RMB"	Renminbi, the lawful currency of the PRC; and
"%"	per cent.

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

Hong Kong, 9 October 2008

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