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)

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 17 December 2007, Longchang, a 70% owned subsidiary of the Company, had entered into a subcontracting agreement with Wutai. Wutai is a PRC mining operation company, associate of the 25% equity shareholder of Longchang. Accordingly, Wutai is a Connected Person to the Company, transactions between Longchang and Wutai would therefore constitute Continuing Connected Transactions.

As the applicable percentage ratios for the Continuing Connected Transactions on an annual basis are more than 2.5% but less than 25% and the annual consideration is less than HK$10,000,000, the Continuing Connected Transactions are only subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS

Subcontracting Agreement

Date

17 December 2007

Parties

Longchang
Wutai

* *for identification purpose only*

Subject:

Pursuant to the Subcontracting Agreement, Wutai will undertake operation of Langchang during the New Contracting Period; it would take up profit and loss incurred from Langchang, and assume all responsibility of Longchang.

Contracting Period:

1 January 2008 to 31 December 2012

Longchang subsequently entered into a supplementary agreement with Wutai on 7 August 2008 (the "Supplementary Agreement"), pursuant to which the Contracting Period will be amended from "1 January 2008 to 31 December 2012" to "1 January 2008 to 31 December 2010" while all other terms in the Subcontracting Agreement remain the same.

License Fee Payment:

Wutai would pay to shareholders of Longchang an annual license fee of RMB8,600,000 (approximately HK$9,772,727) each year in proportion to their shareholdings in Longchang. Accordingly, Jiwa Development, the Company's wholly owned subsidiary, which directly own 70% issued share capital of Longchang, will receive from Wutai RMB6,020,000 (approximately HK$6,840,909) each year during the New Contracting Period.

The first payment of RMB1,500,000 (HK$1,667,000) was received on 28 March 2008, and the second payment is receivable on 28 June 2008, monthly installment is receivable on the 28th day of each month thereafter during the New Contracting Period.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

With reference to the disclosure in the announcement of the Company dated 26 June 2007, Jiwa Development has acquired 70% equity interest in Longchang, which possesses the rights to the exploitation of iron ores in Shanxi Province, the PRC (the "Acquisition"). The Acquisition was completed in July 2007 and Jiwa Development had organized a management team to takeover the management of Longchang in August 2007. After due consideration, the managements of Jiwa Development decided to subcontract full operation of Longchang to Wutai, the managements considered Wutai, as an experienced mining operating company would be able to bring Longchang into operations in a more efficient way.

Pursuant to the Subcontracting Agreement, Longchang will assign the management and operation rights to Wutai during the New Contracting Period. And, Wutai will be entitled to all the profit of Longchang and bear all the losses of Longchang during the New Contracting Period. Under this arrangement, the Directors consider that the Group exert no control or influence on Longchang during the New Contracting Period, the Group 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 Rule1.01 of the Listing Rule.

The annual license fee of RMB6,020,000 payable by Wutai to Jiwa Development is about 24.5 % annual return on the total acquisition cost of Longchang, which the Directors consider it being a reasonable return on its investment.

The Directors (including the independent non-executive Directors) consider the terms of the Subcontracting Agreement and the Supplementary Agreement were reached after arm's length negotiations that reflect normal commercial terms, fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

CAP AMOUNTS

Based on the annual subcontracting fee as referred to the Subcontracting Agreement, and taking into consideration of the fluctuation of exchange rate of RMB, the Cap Amounts set for the three financial years ended 31 March 2011 would be HK$7,000,000 (2009), HK$8,000,000 (2010) and HK$5,800,000 (2011) respectively.

The Directors are of the view that the exchange rate of RMB to Hong Kong dollars may increase by not more than 15% for the year ended 31 March 2009 and 2010 As the Cap Amounts are represented in Hong Kong dollars, the Directors are of the view that the Cap Amounts, being greater than the annual payment (represented in RMB) payable by Wutai to Jiwa Development as stipulated in the Subcontracting Agreement is fair and reasonable.

ANNUAL REVIEW OF THE CONTINUING CONNECTD TRANSACTIONS

The independent non-executive Directors shall review annually the Continuing Connected Transactions and confirm in the Company's annual report for the year in question that the Continuing Connected Transactions have been entered into:

1. in the usual and ordinary course of business of the Group;

2. either on normal commercial terms or, if there is no available comparison, on terms that are no less favorable than terms available to or from independent third parties; and

3. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole.

The auditors of the Company shall review annually the Continuing Connected Transactions and confirm in a letter to the Directors (a copy of which shall be provided to the Stock Exchange) in respect of each relevant financial year, that the Continuing Connected Transactions:

1. have received the approval of the Directors (including the independent non-executive Directors);

2. are in accordance with the pricing policies as stated in the relevant agreements;

3. have been entered into in accordance with the relevant agreements governing the Continuing Connected Transactions; and

4. each of the Continuing Connected Transactions has not exceeded the Cap Amounts.

GENERAL

The Group and Jiwa Development are principally engaged in the research, development, manufacture and sale of pharmaceutical products. Wutai is an experienced iron ore operating company, specialized in exploration, exploitation, process and sale of iron ores.

LISTING RULE IMPLICATIONS

Longchang, a 70% owned subsidiary of the Company, had entered into a subcontracting agreement with Wutai, an Associate of Mr. Guo Dongyu. With reference to the announcement dated 26 June 2007, Mr. Guo Dongyu owned 30% of the shares of Longchang, he had transferred 5% of the shares of Longchang to an independent third party subsequently, Wutai is a PRC mining operation company, which owned as to more than 30% by Mr. Guo Dongyu, accordingly, Wutai is a Connected Person to the Company, and transactions between Longchang and Wutai would therefore constitute Continuing Connected Transaction.

As the applicable percentage ratios for the Continuing Connected Transactions on an annual basis are more than 2.5% but less than 25% and the annual consideration is less than HK$10,000,000, the Continuing Connected Transactions are only subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

DEFINITIONS

"Associate"	has the meaning ascribed to it under the Listing Rules;
"Board"	the board of Directors;
"Cap Amounts"	the cap amounts for the Continuing Connected Transactions as set out in the paragraph entitled "Cap Amounts" in this announcement;
"Company"	Jiwa Bio-Pharm Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange;
"Connected Person"	has the meaning ascribed to it under the Listing Rules;
"Continuing Connected Transactions"	has the meaning ascribed to it under the Listing Rules;
"Contracting Period"	1 January 2008 to 31 December 2012
"Directors"	the directors of the Company;

"Group"	the Company together with its subsidiaries;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"Jiwa Development "	Jiwa Development Company Limited, a wholly owned subsidiary of the Company incorporated in British Virgin Islands.
"New Contracting Period"	1 January 2008 to 31 December 2010
"Listing Rules"	the rules governing the listing of securities on the Stock Exchange;
"Longchang"	Fanshi County Longchang Industrial Co., Ltd.* (繁峙縣龍昌實業有限公司)
"PRC"	the People's Republic of China (for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan);
"Shareholders"	holders of the shares of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subcontracting Agreement"	the agreement entered into between Longchang and Wutai on 17 December 2007;
"Wutai"	Wutai County Fudi Mining Co., Ltd* (五台縣福地礦業有限公司), a company incorporated in the PRC;
%	per cent.

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

Hong Kong, 15 August 2008

As at the date of this announcement, the Board of the Company consists of Mr. Lau Yau Bor, Mr. Lau Kin Tung, Madam Chan Hing Ming as executive directors, and Mr. Choy Ping Sheung, Mr. Fung Tze Wa and Mr. Seet Lip Chai as independent non-executive directors.