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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)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the disclosure in the announcement of the Company dated 5 March 2007 regarding a master sale and purchase agreement entered into between Kunming Jida (a 70% owned subsidiary of the Group) and Yunnan Pharmaceutical (a substantial shareholder of Kunming Jida) for the three years ended 31 March 2009. The contract had been renewed on 1 April 2009.

As the applicable percentage ratios for the Transactions on an annual basis are more than 2.5% but less than 25% and the annual consideration are less than HK$10,000,000, the 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

A) Yunnan Pharmaceutical Master Agreement

Yunnan Pharmaceutical is currently one of the major distributors principally engaged in the distribution of pharmaceutical products in Yunnan Province, the PRC. Kunming Jida has sold to Yunnan Pharmaceutical certain pharmaceutical products in accordance with the master sale and purchase agreement dated 1 November 2006, the agreement was renewed on 1 April 2009.

* *for identification purpose only*

Date

1 April 2009

Parties

Seller: Kunming Jida
Buyer: Yunnan Pharmaceutical

Major terms and conditions

1. The term of the Yunnan Pharmaceutical Master Agreement will be 3 years from 1 April, 2009 to 31 March 2012;

2. The unit price of pharmaceuticals will be agreed by seller and buyer at each transaction contemplated under the Yunnan Pharmaceutical Master Agreement;

3. The quality of the pharmaceuticals supplied by Kunming Jida shall conform to the state regulated standards;

4. In case of any claim on received pharmaceuticals, buyer shall promptly inform seller in written form within 15 days after the arrival of pharmaceuticals;

5. If the buyer cannot pay on time, the buyer should pay 0.05% day fine on the total value of goods, to the seller from the payment date stipulated in the contract. The contract is governed by and should be construed in accordance with the law of PRC;

6. The payment for the purchase of pharmaceuticals shall be settled within 45 days after delivery.

REASONS FOR THE TRANSACTION

The price for each transaction contemplated under the Yunnan Pharmaceutical Master Agreement shall be determined with reference to the price charged by Kunming Jida to other independent customers. The terms and conditions on which the pharmaceuticals are to be sold to Yunnan Pharmaceutical should be no less favorable to the Group then those sold to independent third parties. The Group retains the right to choose to sell to an independent third party where the terms offered by such independent third party may be more favorable than those sold to Yunnan Pharmaceutical.

The Group continuously sells pharmaceuticals in various therapeutics categories to Yunnan Pharmaceuticals as it is one of the renowned pharmaceuticals distributors in the PRC.

The Directors, including the independent non-executive Directors, consider that the Transactions were entered into, and will continue to be entered into, in the usual and ordinary course of business of the Group. The terms of the agreements have been, and will be negotiated and conducted on an arm's length basis and on normal commercial terms. The Directors, including the independent non-executive Directors are of the view that it is beneficial to the Group to enter into the Transactions as the Group can leverage on the distribution network of Yunnan Pharmaceutical to penetrate the PRC market without incurring material capital investment, they also considered that the Transactions and the terms thereof are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

HISTORICAL FIGURES FOR EACH OF THE CONTINUING CONNECTED TRANSACTIONS

The actual transaction amounts between Kunming Jida and Yunnan Pharmaceutical together with the comparison of the cap amounts for each of the three years ended 31 March 2007, 31 March 2008 and 31 March 2009 are set out below:

Cap Amount for each of the years ended HK$' million			**Actual Amount incurred for the years ended RMB' million**		
31 March 2007	31 March 2008	31 March 2009	31 March 2007 (audited)	31 March 2008 (audited)	31 March 2009 (unaudited)
9.5	9.5	9.5	7.54 (HK$7.62) *Note 1*	8.51 (HK$9.46) *Note 2*	8.11 (HK$9.22) *Note 3*

Note

1. Exchange rate of HK$1 to RMB0.99 is used.
2. Exchange rate of HK$1 to RMB0.90 is used.
3. Exchange rate of HK$1 to RMB0.88 is used.

NEW CAP AMOUNTS

The New Cap Amounts for the transactions entered into between Kunming Jida and Yunnan Pharmaceutical for each of the years ended 31 March 2010, 31 March 2011 and 31 March 2012 will not be more than HK$9.8million.

The New Cap Amounts are determined by reference to the previous transactions and the projected sales mix of Kunming Jida for the next three years. As the applicable percentage ratios for the 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 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.

ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

The independent non-executive Directors shall review annually the Transactions and confirm in the Company's annual report for the year in question that the 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 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 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 Transactions; and

4. the Transactions have not exceeded the New Cap Amounts.

GENERAL

The Group and Kunming Jida are principally engaged in the research, development, manufacture and sale of pharmaceutical products. Yunnan Pharmaceutical is engaged in the sale and distribution of pharmaceuticals in the PRC market.

LISTING RULE IMPLICATIONS

Kunming Jida is a Sino-foreign equity joint venture, owned as to 70% by the Group and as to the remaining 30% by Yunnan Pharmaceutical. Yunnan Pharmaceutical is therefore a substantial shareholder of Kunming Jida, and a connected person of the Company as defined under Rule 14A of the Listing Rules.

As the applicable percentage ratios for the 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 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

"Board"	the board of Directors;
"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;
"Directors"	the directors of the Company;
"Group"	the Company together with its subsidiaries;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"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 in 1993, owned as to 70% by the Group and as to the remaining 30% owned by Yunnan Pharmaceutical;
"Listing Rules"	the rules governing the listing of securities on the Stock Exchange;
"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;

“Substantial Shareholder	has the same meaning ascribed to it under the Listing Rules
“The New Cap Amounts”	the new cap amount for each of the Continuing Connected Transactions as set out in the paragraph entitled “New Cap Amounts” in this announcement;
“Transactions”	The transactions contemplated under the Yunnan Pharmaceutical Master Agreement’
“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, which holds 30% of the equity interest of Kunming Jida;
“Yunnan Pharmaceutical Master Agreement”	the master sale and purchase agreement entered into between Kunming Jida and Yunnan Pharmaceutical on 1 April 2009;
%	per cent

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

Hong Kong, 2 April 2009

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. Chiu Wai Piu, Mr. Choy Ping Sheung and Mr. Fung Tze Wa as independent non-executive directors.

* *for identification purpose only*