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
CONNECTED TRANSACTION

On 23 March 2009, Jiwa Development, a wholly owned subsidiary of the Company subscribed for 200 ordinary shares of Vital Element for a cash consideration of HK$2,000,000.

Vital Element is currently owned as to 78.9% by GeneHarbor and 21.1% by Jiwa Development. Upon completion of the Transaction, Jiwa Development and GeneHarbor will be interested in 25% and 75% of the registered capital of Vital Element respectively.

GeneHarbor is interested in 40% issued share capital of Base Affirm and Rise Hill respectively (both are 60% owned subsidiary of the Company), according to the Listing Rule, Vital Element is a Connected Person and the transaction contemplated between Jiwa Development and Vital Element is a Connected Transaction under the Listing Rule.

As the applicable Percentage Ratios in respect of the Transaction is less than 2.5%, the Transaction is subject to the reporting, and announcement requirements under the Listing Rule, and is exempt from the independent shareholders approval requirements under the Listing Rule.

SUBSCRIPTION OF SHARES

Reference is made to the announcement dated 27 February 2008 that Jiwa Development, a wholly owned subsidiary of the Company has subscribed for 800 ordinary shares of Vital Element, who owns the Technology. On 23 March 2009, Jiwa Development has further subscribed for 200 ordinary shares of Vital Element for a cash consideration of HK$2,000,000.

* *for identification purpose only*

The net asset value of Vital Element as at 28 February 2009 was HK$38,000,000 and the market value of the Technology as at 11 March 2008 was HK$50,000,000 under the valuation report prepared by a professional valuer. As the Technology is still in development stage, no profit or loss generated from Vital Element in respect of the two financial years immediately preceding the Transaction. The consideration was determined based on the commercial negotiation between Jiwa Development and Vital Element in view of the prospect of the product developed with the Technology. The total consideration of HK$2,000,000 will be payable fully in cash upon completion of the Transaction and funded by internal resources of the Company.

REASON AND BENEFIT OF THE TRANSACTION

Vital Element is engaged in research and development of pharmaceutical products, as the Technology is still in development stage, additional fund for further development is required. The Board considers it is in the commercial interest of the Company and the Shareholder as a whole to increase shareholdings in Vital Element, as Vital Element will receive royalty fee from the sale of the products manufactured under the license of the Technology.

Vital Elements is currently owned as to 78.9% by GeneHarbor and 21.1% by Jiwa Development. No condition precedents for completion of the Transaction, and upon completion of the Transaction, Jiwa Development and GeneHarbor will be interested in 25% and 75% of the registered capital of Vital Element respectively.

The Directors (including the independent non-executive directors) consider that the terms of the Transaction have been negotiated on an arm's length basis and on normal commercial terms, which are fair and reasonable, and the Transaction is in the interest of the Company and the Shareholder as a whole.

LISTING RULE IMPLICATION

GeneHarbor is interested in 40% issued share capital of Base Affirm and Rise Hill respectively (both are 60% owned subsidiary of the Company), according to the Listing Rule, Vital Element is a Connected Person and the transaction contemplated between Jiwa Development and Vital Element is Connected Transaction under the Listing Rule.

As the applicable Percentage Ratios in respect of the Transactions is less than 2.5%, the Transaction is subject to the reporting, and announcement requirements under the Listing Rule, and is exempt from the independent shareholders approval requirements under the Listing Rule.

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.

Jiwa Development is an investment company, incorporated in British Virgin Islands with limited liability.

Vital Element is engaged in research and development of pharmaceutical products, incorporated in British British Virgin Islands with limited liability.

DEFINITIONS

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

"Base Affirm"	Base Affirm International Limited, a 60% owned subsidiary of the Company incorporated in British Virgin Islands;
"Board"	the board of Directors of the Company;
"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;
"Connected Person"	has the meaning as given in the Listing Rules;
"Connected Transaction"	has the meaning as given in the Listing Rules;
"Directors"	the directors of the Company;
"GeneHarbor"	GeneHarbor (Hong Kong) Technologies Limited, a company incorporated in Hong Kong with limited liability;
"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;
"Percentage Ratio"	has the meaning as given in the Listing Rules;
"Rise Hill"	Rise Hill Development Limited, a 60% owned subsidiary of the Company, incorporated in British Virgin Islands with limited liability;

"Shareholders"	holders of the shares in the issued share capital of the Company;
" Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Technology"	The technology for development of a key antibiotics, as of the present state and all future research and development of the Technology;
"Transaction"	Subscription of 200 ordinary shares of Vital Element by Jiwa Development for a cash consideration of HK$2,000,000;
"Vital Element"	Vital Element Investments Limited, a company incorporated in British Virgin Islands with limited liability;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"%"	per cent.

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

Hong Kong, 25 March 2009

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.