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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**

PURCHASE OF NOTES

Jiwa International purchased from Standard Chartered Bank (Hong Kong) Limited, Hang Seng Bank Limited and The Hongkong and Shanghai Banking Corporation Limited the principal protected Notes with an aggregate nominal value of USD20,700,000 (amounting to approximately HK\$161,460,000) at a consideration of USD20,700,000 in June 2011 and July 2011.

IMPLICATIONS UNDER THE LISTING RULES

For the purchase of the Notes, as the applicable percentage ratios exceed 5% but are less than 25%, it constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is subject to the announcement requirement thereunder.

PURCHASE OF NOTES

Jiwa International purchased from Standard Chartered Bank (Hong Kong) Limited, Hang Seng Bank and The Hongkong and Shanghai Banking Corporation Limited the Notes with an aggregate nominal value of USD20,700,000 (equivalent to approximately HK\$161,460,000) at the consideration of USD20,700,000 in June 2011 and July 2011. The Notes are principal protected at maturity of 5 years, prior to the maturity dates of each of the Notes as specified below, Jiwa International can terminate/redeem the Notes by giving notice to the relevant banks, and the relevant banks will pay to Jiwa International the fair market value of the Notes subject to adjustment by the relevant banks any cost in relation to the Notes. Details of each of the Notes are as follows:

ARC Notes

On 10 June 2011, Jiwa International purchased from Standard Chartered Bank (Hong Kong) Limited the USD Index Linked Notes (the “ARC Notes”) due 17 June 2016 with the aggregate nominal value of USD5,100,000 (equivalent to approximately HK\$39,780,000) at the consideration of USD5,100,000. The ARC Notes is issued by Standard Chartered Bank (“SCB”) and the redemption payment on maturity of the USD Index Linked Notes is linked to the average quarterly performance of SCB’s Asia Risk Control (“ARC”) Investable Index. The ARC Notes bear no interest and the minimum 100% return of the principal investment at maturity was guaranteed by SCB.

On 23 June 2011, Jiwa International further purchased the ARC Notes due 30 June 2016 through Hang Seng Bank Limited with the aggregate nominal value of USD2,600,000 (equivalent to approximately HK\$20,280,000) at the consideration of USD2,600,000. The terms and conditions were the same as ARC Notes purchased from Standard Chatered Bank (Hong Kong) Limited.

5 Years DTP Index Strategy Linked Deposit

On 29 June 2011, Jiwa International placed with The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) a DTP Index Strategy linked 5 years’ time deposits (the “5y DTP Index Strategy Linked Deposit”) in an amount of USD5,500,000 (equivalent to approximately HK\$42,900,000) with a maturity at 15 July 2016. HSBC shall repay to Jiwa International the principal deposit in full on the maturity date together with the interest return linked to the performance of HSBC’s DTP Index.

GYM Notes

On 15 July 2011, the Company purchased from Standard Chartered Bank (Hong Kong) Limited the USD FX Global Yield Model Index Notes (the “Gym Notes”) due 22 July 2016 with the aggregate nominal value of USD7,500,000 (equivalent to approximately HK\$58,500,000) at the consideration of USD7,500,000. The Gym Notes is a principal protected index-linked note and the return is linked to the performance of the SCB’s FX Global Yield Model Index Tranche 1.87, which is based on returns of notional allocation to SCB’s FX Global Yield Model Index, and the return of interest bearing instruments used to manage cash and protect Jiwa International’s principal. The minimum 100% return of the principal investment at maturity was guaranteed by SCB.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Standard Chartered Bank (Hong Kong) Limited, SCB, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited and its ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE GROUP

The Group is principally engaged in the trading of pharmaceutical and health care products; research and development; investment and treasury managements.

REASONS FOR AND BENEFITS OF THE PURCHASE OF NOTES

In early 2011, the Company has placed and issued 30% equity in Kunming Jida (originally held by the Group as to 70%) to strategic investors, and at the same time disposed Yunnan Jiwa and Jiangsu Jiwa to Kunming Jida (both originally wholly owned by the Company). Since 30 March 2011, Kunming Jida, Yunnan Jiwa and Jiangsu Jiwa had become associated companies held by the Company as to 49% (“Deemed Disposal”). In terms of the net gain of HK\$209,150,000 generated from the Deemed Disposal, the Company has ardently explored investment projects and deployed professional teams for analysis of potential return and risks in a number of industries; wishing to materialize multi-directional development and boost shareholders’ return. The Company wishes to implement 1 to 2 projects during the 2011/2012 financial year.

There is therefore excess idle cash fund need to be managed before the new projects to be identified, under the Company’s treasury policy, the management considered treasury investment options such as time deposit, bonds and the financial tools introduced by the banks in Hong Kong that are of relatively higher expected yield return with limited risk exposures, targeting for a rate of return that is not lower than the inflation rate, so that shareholders fund would not decrease due to the high inflation.

The Group purchased the Notes from well-known banks, all of which were under the principal protected by high credit rating banks. The management from time to time reviews the market situations to arrive the decision of exit from these treasury products in order to ensure healthy financial position of the Group.

The Board believes that purchase of the Notes, will enhance the treasury management of idle cash fund in short term with low risk exposure.

Given as aforesaid, the Directors consider that the purchase of Notes are entered into upon normal commercial terms and that the terms and conditions of the Notes are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In view of the above, the Directors are of the view that the purchases of Notes are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

For the purchase of Notes, as the applicable percentage ratios exceed 5% but are less than 25%, it constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is subject to the announcement requirement thereunder.

DEFINITIONS

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

“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Jiwa Bio-Pharm Holdings Limited (Stock Code: 2327), a company incorporated in the Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(s) who/which is/are not connected with the Company or any of its subsidiaries or the directors, chief executive or substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Jiangsu Jiwa”	江蘇積華靈大製藥有限公司 (Jiangsu Jiwa Rintech Pharmaceutical Company Limited*), a domestic enterprise established under the laws of the PRC with limited liability on 21 November 2003 which is wholly owned by Kunming Jida
“Jiwa International”	Jiwa International Limited, a company incorporated in Hong Kong with limited liability on 16 October 1987 and a wholly-owned subsidiary of the Company
“Kunming Jida”	昆明積大製藥有限公司 (Kunming Jida Pharmaceutical Co. Ltd.*), a sino-foreign owned enterprise established under the laws of the PRC with limited liability on 14 August 1993 which is owned as to 49% by the Group; its Chinese name is changed to 昆明積大製藥股份有限公司 with effect from 11 June 2012, while the English name of it remains unchanged

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	each of the ARC Notes (issued by Standard Chartered Bank), 5 Years DTP Index Strategy Linked Deposit (issued by the Hongkong and Shanghai Banking Corporation Limited) and the GYM Notes (issued by Standard Chartered Bank) that Jiwa International purchased from different banks in June 2011 and July 2011
“Share(s)”	the existing share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollar(s), the lawful currency of the United States of America
Yunnan Jiwa	雲南積華醫藥物流有限公司 (Yunnan Jiwa Pharm Logistic Company Limited*), a domestic enterprise established under the laws of the PRC with limited liability on 9 February 2002 which is owned as 93% by Kunming Jida and 7% by Jiangsu Jiwa
“%”	per cent.

* The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

For the purpose of illustration only, amounts denominated in USD in this announcement have been translated into HK\$ at the rates of USD1.00 = HK\$7.80. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

By order of the Board
Jiwa Bio-Pharm Holdings Limited
Chan Hing Ming
Executive Director and Chief Executive Officer

Hong Kong, 21 June 2012

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

This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website for at least seven days from the day of its posting and on the website of the Company at www.jiwa.com.hk.