



Jiwa Bio-Pharm Holdings Limited

積華生物醫藥控股有限公司

(incorporated in Bermuda with limited liability)

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Corporate News

The first product of the Bulk Material Plant will commence trial production soon

The Cephalosporin project and the generic export drug launched by the Group's Bulk Material Plant (Jiangsu Jiwa Rintech) have passed the environmental protection review. Meanwhile, the transformation of the Citalopram Workshop has basically been completed and trial production will commence in late July. Upon a successful trial production, this business division is expected to contribute income to the Group from the first quarter of next year.



Jiangsu Jiwa Rintech was awarded 25 mu of land by the government at no consideration

To devise a more reasonable plan for its production lines and with the support of the government of Huangtu Town in Jiangyin City, Jiangsu Jiwa Rintech was awarded 25 mu of land by the government at no consideration. In addition, Jiangsu Jiwa Rintech was granted new construction land with an area of 112 mu, which will be used to construct

a workshop for the fourth generation of Cephalosporin and related public works. At present, the land planning, geological survey and design draft for the project have been completed. Construction

will be in full swing in August and is expected to be completed by the end of this year. This planned modification will provide sufficient space for expansion during the next stage.



Kunming Jida was again designated by the Yunnan Province Government as one of the "Ten Most Supported Pharmaceutical Enterprise"

Recently, Kunming Jida, a subsidiary of the Group, has once again been designated by the Yunnan Government as one of the "Ten Most Supported Pharmaceutical Enterprises". In May this year, the Government announced 10 industrial enterprises in each of five segments, namely the local industry, private industry, the pharmaceutical industry, the information industry and the bioprocessing industry, which will receive key support in Yunnan Province. The designation of such entities helps speed up the development of pivotal enterprises showing rapid growth and large development potential and nurtures a group of bellwether enterprises as well as sector groups to be more competitive in both the domestic and international markets.

Governments at different levels and relevant authorities and units in Yunnan Province will open a "Green Channel" to ensure preferential supply of coal, electricity, oil and raw materials to the 10 pivotal enterprises in each of the five segments. In addition, enterprises gaining key support in Yunnan Province will benefit from preferential policies related to project construction, technology transformation, taxation and financing.

Management believes that the designation of Kunming Jida as one of the "Ten Most Supported Pharmaceutical Enterprises" will once again put the Group at an advantageous position in the areas of operation and construction. Additionally, the preferential treatment received with regard to taxation and financing will help enhance returns to shareholders.

Kunming Jida was awarded the title "Top 100 Enterprises in terms of Core Business Revenue in 2005 Among Industrial Enterprises in Kunming"

The commendation meeting on the eighth award for "100" outstanding entrepreneurs of Kunming and the 2005 award for "100" Industrial Enterprises in Kunming was successfully held at the Kunming Municipal Committee Hall on 28 April. Kunming Jida was awarded the title of "Top 100 Enterprises in terms of Core Business Revenue".



The biennial award for outstanding entrepreneurs was held by the State and the Province. The Kunming appraisal team for the eighth award, comprising 11 authorities at the municipal level, was

headed by Tian Yunxiang, Deputy Secretary of the Municipal Committee and Xu Yun, Vice Mayor. The team commenced the appraisal of outstanding entrepreneurs for the eighth award and ranked in order the "100" industrial enterprises and "100" entrepreneurs in Kunming. With the cooperation of the Municipal Statistics Bureau, Municipal State Taxation Bureau, Municipal Local Taxation Bureau, Municipal State-owned Assets Supervision and Administration Commission, Municipal Economic Commission, Kunming Enterprise Association and after more than a five-month long appraisal and selection process, the list of "100 outstanding entrepreneurs" and "top 100 industrial enterprises in terms of core business revenue and taxation contribution in Kunming" were finalized for this "eighth award".

Leaders of the Municipal Committee, Municipal Political Consultative Conference, Municipal People's Congress, the Municipal Government and each of the competent bureaus under the Municipal Government attended the meeting. During the meeting, Yang Chongyong, Secretary of the Municipal Committee, gave a passionate speech. He encouraged and called upon the award-winning units to continue their efforts in making a greater contribution to the economic development of Kunming.

Kunming New and High-Tech Zone convened a meeting to conclude work progress and give commendations on business solicitation and investment promotion

On 27 April, under the arrangement of the New and High Technology Management Committee, the New and High Technology Management Committee and the New and High Technology Investment Promotion Bureau of Kunming convened "the 2006 meeting to conclude the work progress and give commendations in the areas of business solicitation and investment promotion". The meeting was convened to consistently uphold the spirit of the Business Solicitation and Investment Promotion Meeting of the Province and the Municipal and the 2006 Economic Development Meeting of the New and High-Tech Zone, conclude the working experience regarding business solicitation and investment promotion during the "Tenth Five-Year Plan" and in particular in 2005, give commendations to the business solicitation and investment promotion advanced units and individuals for stepping up efforts in business solicitation and investment promotion during the first year of the "Eleventh Five-Year Plan", and facilitate the establishment of the New and High-Tech Zone.

During the meeting, Zhang Xinghua, Chairman of the New and High Technology Management Committee, gave a topical report and announced the preferential policies formulated by the New and High-Tech Zone. After appraisal, examination and research by relevant units, Kunming Jida was accredited as an "advanced unit in business solicitation and investment promotion in the New and High-Tech Zone in 2005." In addition, Mr. Lau Yau Bor, Chairman of the Group, was named an "advanced individual" and received a commendation and encouragement from the New and High Technology Management Committee and the New and High Technology Investment Promotion Bureau. This represents a heartening recognition of the Group's business solicitation and investment promotion efforts.



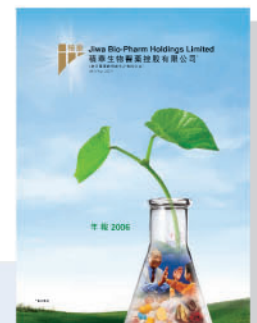
"Loyal, responsible and efficient" - From operating principles to corporate culture

Since its establishment in 1987, the Group has gradually developed its core corporate values and pursuits—"Loyal, responsible and efficient". These values and pursuits have gone through numerous challenges and the test of time and have proven to be effective operating principles and crucial factors underlying the sustainable development of the Group.



As the Group continues its business expansion, its places of operation and number of staff have been on the rise. The Corporate Communications

Department and the Personnel Department have joined hands in producing a short internal promotional clip, "Jiwa Culture". In this clip, Mr. Lau Kin Tung, Vice Chairman and CEO of the Group, shed light on the implications of being loyal, responsible and efficient and their importance to our corporate development. From May, the Personnel Department has organized a series of corporate culture training sessions for the Company's staff in different regions, in an attempt to enhance a sense of corporate identity among staff and deepen their understanding of the Company's operating principles to achieve stronger recognition by the staff of the corporate culture and their own values.



"Annual Report 2006" of Jiwa Bio-Pharm Holdings Limited is published and now available for download at www.jiwa.com.hk.

Market Digest

Since numerous new products launched in 2005 are now at the market introduction stage, the promotion of new products will be in full swing this year. The Marketing Department is now launching promotional activities for all types of products. The following are some of the sidelights of such activities during the second quarter :

Comprehensive brand building campaign for "Atrodar"

During the second quarter, as part of the comprehensive brand building campaign launched for "Atrodar", the Marketing Department organized all-round promotional activities from 18 May to 21 May. The Company participated



in the Annual National Conference on Rheumatism held in Nanjing. A total of 700 participants attended the Conference, all being experts in rheumatism immunity. The satellite symposium was chaired by renowned PRC expert, Professor Zhang Fengchun, and the speaker was Professor Tang Fulin. The venue was crowded with a full audience. During the prize-giving question and answer session on Atrodar product knowledge, more than 90% of the doctors answered questions correctly, demonstrating that the majority of rheumatism doctors are familiar with Atrodar. Atrodar has become a rare success in the treatment of rheumatism, and most rheumatism doctors recognize its unique mechanism. Our participation in this Annual National Conference on Rheumatism further enhanced brand recognition and numerous doctors have expressed tremendous interest in Atrodar!

In addition to the Annual National Conference on Rheumatism, the Company participated in the Third Academic Conference on Rheumatism held in Jiangsu in April. The Company introduced Atrodar to doctors and experts who attended the satellite symposiums and the dinner banquets.

Additionally, we placed advertisements in various leading academic magazines in an attempt to access the target clientele of Atrodar through different channels.



Clinical Promotion on "Jida Bente"

From 9 June to 11 June, the Group's clinical unit in Shandong participated in the "Eleventh Annual Academic Conference on Urology in Shandong", attended by some 400 doctors from Shandong Province. As the major sponsor of the Conference, Kunming Jida had the opportunity to organize a large-scale satellite symposium and invited renowned experts in the industry to explain the related treatment of diseases such as hyperplasia of the prostate. The Conference not only enhanced specialist medical practitioners' understanding of "Jida



Bente", our company's new drug, but also boosted the confidence of the company's nationwide clinical team.

Clinical Promotion

In order to match the launch of specialised drugs both last year and in the near future, the Group's Marketing Department has implemented corresponding strategies and has developed a clinical promotion system. Since new specialised drugs are different from generic drugs, the Company's clinical promotion team must directly approach hospitals and launch academic promotions to doctors to enable them to understand the product and its efficacy. As such, the professional knowledge and network relationship of the team is of utmost importance.





"World Cup Activities" enhanced communication through football

In order to celebrate the 2006 World Cup, a tournament held every four years, the Product Department organized a special "World Cup Activities" celebration and produced 1000 Lion "GELEO VI", the official mascot of 2006 World Cup, for distribution to different regions. In addition, celebration activities kicked off all over the nation, with the Ningxia region staging a number of relatively exceptional activities, such as "Jiwa Cup Friendly Football Match in Ningxia". Contestants included doctors in various specialties, such as those specializing in the digestive system, tumors, surgeries and pharmacy. The contest enhanced our interactions and exchanges with doctors, demonstrated the Company's selling and promotion styles and team communication skills and helped build the brand image of the Company.

Penetrating medical units at the local and county level for product promotion

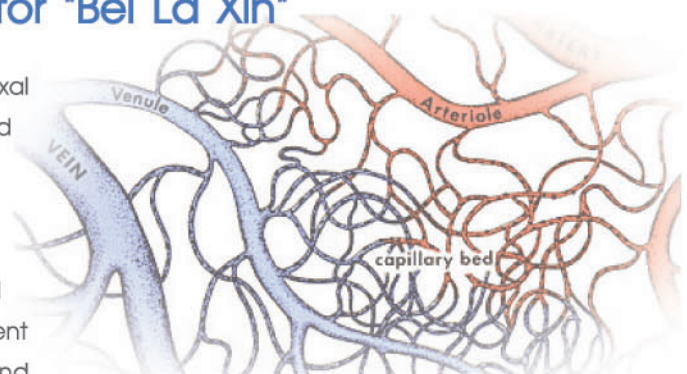
The Marketing Department met with third-tier users in Henan, Liaoning, Guangdong and Fujian, respectively, and held numerous product promotion conferences with major distributors. With the

introduction of our new products and our corporate culture, participants were made aware that Kunming Jida, as a renowned antibiotics manufacturing enterprise, will be launching a series of new drug of distinguished quality, including drugs for gastro-intestinal, cerebro-cardiovascular, and musculo-skeletal diseases, and for the treatment of depression and psychiatric disorders. Through these promotional conferences, product specialists described to clients our corporate integrity, operating principles and the quality and efficacy of our pharmaceutical products, to lay a solid foundation for building long-term and stable client relationships and enhancing our market penetration.

Product News

Production approval awarded for "Bei La Xin"

"Bei La Xin" is the commodity name of Buflomedil Pyridoxal Phosphate, developed by the Group. It is primarily used for the treatment of peripheral vascular and cerebrovascular diseases. It is clinically used for the prevention and the treatment of cerebrovascular lesions and related symptoms, peripheral vascular lesions and related symptoms and intermittent claudication. "Bei La Xin" demonstrates excellent efficacy with little side effects and as an upgrade to and new generation product of Buflomedil Pyridoxal Phosphate, has a dual effect structure and compound functions. After more than three years of research work, such as drug substance synthesis, preparation for production and clinical trials, in April



2006 we received approval for the production of Buflomedil Pyridoxal Phosphate capsules and drug materials. The product is a drug type produced exclusively by the Group in the PRC.

Conducting post-launch clinical trials to prepare "Atrodar" for listing in the PRC National Medical Reimbursement List

In order to ensure that "Atrodar" will be listed in the National Medical Reimbursement List in the next review of listing, the Company's Research and Development Department has specifically conducted post-launch clinical trials for "Atrodar". In the PRC, the State does not require clinical trials to be conducted for drugs already launched for sale. Such a move by the Company reflects our confidence in the drug's prospects and our efforts in preparing "Atrodar" for successful listing in the National Medical Reimbursement List. With its prudent and scientific attitude, the Company's Research and Development Department operates according to the requirements of standard clinical trials prior to product launch, to win the trust of hospitals in Atrodar and to put Atrodar in a more advantageous position for listing in the National Medical Reimbursement List.

Once "Atrodar" is listed in the National Medical Reimbursement List, patients taking the drug may be reimbursed and sales of "Atrodar" will increase substantially. Management is highly confident in the market prospects of the drug.

The research and development project for Risedronate Sodium was recognized by the Government

The research and development project on Risedronate Sodium drug materials and film coated tablets was granted a support fund of RMB 300,000 under the "key scientific and technological programme" launched by the Science and Technology Department of Yunnan Province. After conducting a stringent review and appraisal of the project, the Science and Technology Department of Yunnan Province submitted the results to the Finance Department and the Provincial Government of Yunnan Province for approval of the support fund. All of the medical research, clinical research and reporting work regarding the project will be completed and a new drug certificate will be granted by SFDA by December 2006. The drug is expected to be launched for sale in the first quarter of next year.



The launch of "Qi Xue Tong"

In June 2006, "Qi Xue Tong", the Chinese healthcare product researched and developed by the Group for the treatment of intractable pain, was officially launched for sale in Hong Kong. As the Group's flagship healthcare product, the Marketing Department specifically launched a series of advertisements and commercials on television, KCRC, Ma On Shan Rail and West Rail, Watsons, Manning and Commercial Radio. Meanwhile, advertisements were also placed in free newspapers such as "AM730" and "Headline Daily" and at the exit of the Causeway Bay MTR Station. Additionally, below-the-line promotional activities were organized in crowded areas such as

Mongkok, Tsimshatsui and Causeway Bay.

Since the launch of the promotion campaign, market response has been overwhelming. It is expected that this product may help to build our brand and pave the way for the launch of new products.



Readers' Enquiries

Q : What is the definition of a "new drug" in the PRC? What special privileges do manufacturers of pharmaceutical products enjoy?

According to the Drug Administration Law of the PRC, drug applications include: new drug application, application for a drug admitted by national drug standards, import drug application and supplementary application. A new drug application refers to the application for the registration of a drug that has not been launched for sale in the PRC.

The State sets an observation period for a new drug with production approval after taking into consideration its existing safety research information, its research status within and outside the PRC and the new drug's category. The observation period shall not exceed five years from the date that production approval is obtained for the new drug. During the observation period, the State Food and Drug Administration will not approve production and import of the drug by other enterprises.

Q : Has the Group recently launched any product classified as "new drug"?

"Jida Bente" is the commodity name of Tamsulosin Hydrochloride Sustained Release Tablet. It has not been launched for sale in the PRC and belongs to Category 5 New Drug. That is, it is a drug whose preparation will be launched for sale in the PRC market in a modified form but the route of giving drugs will not be changed. Tamsulosin Hydrochloride Sustained Release Tablet is an exclusive form of drug in the PRC. The Group exclusively produces this type of sustained release tablet, while three other units are producing the drug in the form of sustained release capsules.

According to the relevant requirements of the State regarding observation periods for new drugs, "Jida Bente" is subject to an observation period of three years. During the observation period, the State Food and Drug Administration will not approve the production and import of this type of drug by other enterprises.

"Bei La Xin" is a type of Buflomedil Pyridoxal Phosphate capsule for which production approval has just been obtained. The Group has applied for the import of Buflomedil Pyridoxal Phosphate capsules in the past; therefore, "Bei La Xin" is not classified as a new drug. However, since the Buflomedil Pyridoxal Phosphate drug materials produced by Kunming Jida have not been launched for sale in the PRC, it is classified as Category 3 New Drug. At present, "Bei La Xin" is no longer imported and its materials and preparation are produced exclusively by Kunming Jida.

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