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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**

This announcement is made pursuant to Rule 14.36 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Reference is made to the announcement of Jiwa Bio-Pharm Holdings Limited (the “Company”) dated 27 May 2005, in which it was announced that Jiwa Pharmaceuticals Limited (“Jiwa Pharmaceuticals”), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement on 26 May 2005 with the Employees’ Shareholding Association of Yunnan Pharmaceutical Materials Limited (雲南省藥材公司職工持股會) (the “Vendor”), a collective enterprise established in the PRC, pursuant to which Jiwa Pharmaceuticals agreed to acquire from the Vendor a 23.81% interest in Yunnan Pharmaceutical Materials Limited (雲南藥材有限公司) (“YPML”) for a consideration of RMB5,300,000 (the “Share Transfer”).

The board of the directors (the “Board”) of the Company wishes to announce that on 1 June 2006, Jiwa Pharmaceuticals received a letter (the “Termination Letter”) from YPML confirming its termination of the process of registration of the Share Transfer with the Yunnan Administration for Industry and Commerce (雲南省工商局) (“YAIC”). This is due to the fact that one of the existing shareholders of YPML (other than the Vendor) refuses to approve the registration of the Share Transfer with YAIC. This refusal had caused a delay in completion in excess of nine months from the date of signing of the Share Transfer Agreement; which in accordance to clause 6.3 of the Share Transfer Agreement would render the Share Transfer Agreement null and void.

As the payment of the RMB5,300,000 in respect of the Share Transfer is only dependent on obtaining the relevant approvals from the relevant PRC authorities, this termination of the Share Transfer process does not involve the recovery of any deposits paid by the Company, thus it does not impact on the Company in any way.

Clauses 6.3 and 7.2 of the Share Transfer Agreement provides that completion of the Share Transfer is conditional upon the requisite approvals from the relevant PRC authorities under the PRC laws in respect of the Share Transfer being obtained or completed within nine month from the date of the Share Transfer Agreement, failure of which the Share Transfer Agreement will automatically become void and both the transferor and transferee will not be liable to a breach of contract.

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

Hong Kong, 6 June 2006

\* For identification only

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

“Please also refer to the published version of this announcement in China Daily”