



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

The Board wishes to announce that on 3 September 2005, Jiwa Rintech, a subsidiary of and owned as to 80% by the Company, entered into a Sale and Purchase Agreement with the Vendors pursuant to which Jiwa Rintech agreed to purchase and the Vendors agreed to sell an aggregate of 20% equity interest in the PRC JV Company, a company established in the PRC as a sino-foreign equity joint venture with limited liability, at a total consideration of RMB6,000,000. Upon completion of the Sale and Purchase Agreement, the PRC JV Company will become a wholly foreign owned enterprise and a wholly-owned subsidiary of Jiwa Rintech.

The transaction in respect of the Sale and Purchase Agreement does not fall within the definition of notifiable transaction and connected transaction under the Listing Rules as each of the percentage ratios in Chapter 14 of the Listing Rules is less than 5% and the Vendors and their respective ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

This announcement is made pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board of directors (the “**Board**”) of Jiwa Bio-Pharm Holdings Limited (the “**Company**”) wishes to announce that on 3 September 2005, Jiwa Rintech Holdings Limited (“**Jiwa Rintech**”), a subsidiary of and owned as to 80% by the Company, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Jiangyin Eastern Fine Chemical Company Limited* (江陰市東方精細化工有限公司) (“**Jiangyin Eastern**”), Changzhou Zhonglian Inositol Company Limited* (常州市眾聯肌醇有限公司) (“**Changzhou Zhonglian**”) and Shih Hwa Biotech Company Limited* (世華生物科技股份有限公司) (together with “**Jiangyin Eastern**” and “**Changzhou Zhonglian**”, the “**Vendors**”) pursuant to which Jiwa Rintech agreed to purchase and the Vendors agreed to sell an aggregate of 20% equity interest in Jiangsu Jiwa Rintech Pharmaceutical Company Limited* (江蘇積華靈大製藥有限公司) (the “**PRC JV Company**”), a company established in the People’s Republic of China (“**PRC**”) as a sino-foreign equity joint venture with limited liability, at a total consideration of RMB6,000,000. The Board believes that the acquisition will give greater flexibility to Jiwa Rintech in directing its future plan. Upon completion of the Sale and Purchase Agreement, the PRC JV Company will become a wholly foreign owned enterprise and a wholly-owned subsidiary of Jiwa Rintech.

The transaction in respect of the Sale and Purchase Agreement does not fall within the definition of notifiable transaction and connected transaction under the Listing Rules as each of the percentage ratios in Chapter 14 of the Listing Rules is less than 5% and the Vendors and their respective ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Jiwa Rintech is principally engaged in the research, development and manufacturing of pharmaceutical bulk materials. The PRC JV Company is principally engaged in the manufacturing of pharmaceutical products, including the bulk materials. The Board is of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Sale and Purchase Agreement is in the interests of the Company and its shareholders as a whole.

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. Fung Tze Wa, Mr. Choy Ping Sheung and Dr Seet Lip Chai as independent non-executive directors of the Company.

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

Hong Kong, 5 September 2005

* *For identification purposes only*

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