

# Jiwa Bio-Pharm Holdings Limited

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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)

### JOINT VENTURE IN MANUFACTURING PHARMACEUTICAL BULK MATERIALS

The Directors are pleased to announce that on 10 November 2004, the Company and Rintech entered into the Agreement for the establishment of the JV Company. Upon establishment of the JV Company, the Company and Rintech will be interested in 80% and 20% of the issued share capital of the JV Company respectively.

The establishment of the JV Company constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, amongst others, details of the Agreement and the establishment of the JV Company will be sent to the shareholders of the Company as soon as practicable.

#### THE AGREEMENT

- Date:** 10 November 2004
- Parties:**
- (a) the Company
  - (b) Rintech. To the best of the Directors' knowledge, information and belief after making reasonable enquiries, each of Rintech and its beneficial owners are not connected persons of the Company (as defined in the Listing Rules).
- Nature of the Agreement:** to set out the principal terms relating to the establishment of the JV Company, a company to be incorporated in the British Virgin Islands with limited liability which will hold the PRC Company

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**Business of the JV Company:** the JV Company will be an investment holding company and the PRC Company will be engaged in the manufacturing of pharmaceutical bulk materials for export to the United States

## Capital and contribution:

|             | Capital  | Percentage % | Type of contribution |
|-------------|--|--------------|----------------------|
| the Company | US\$2,400,000<br>(equivalent to approximately HK\$18.72 million) | 80           | Cash                 |
| Rintech     | US\$600,000<br>(equivalent to approximately HK\$4.68 million)    | 20           | Service fees         |
| Total       | US\$3,000,000<br>(equivalent to approximately HK\$23.4 million)  | 100          |                      |

Each of the Company and Rintech will make their capital contribution to the JV Company in two stages. Upon the establishment of the JV Company, the Company will pay a cash contribution of US\$120,000 to the JV Company and Rintech will receive payment of the fees of US\$30,000 from the JV Company in the form of a 20% interest in the JV Company for its provision of services to the JV Company relating to the Products and market feasibility study on products potential and competitive environment in the United States and the PRC. Prior to the grant of FDA approval of the Products, Rintech will not be entitled to execute the voting right attaching to 50% of its interest held in the JV Company and the dividends attached to such interest will belong to the Company. Upon the grant of the FDA approval of the Products, Rintech will be entitled to exercise its voting rights and receive benefits in the JV Company in proportion to its equity interest in the JV Company.

Upon the confirmation of the site for the construction of the new plant to be established in the PRC for the manufacture of the Products, the Company will pay the balance of capital contribution of US\$2,280,000 and Rintech will receive payment of the fees of US\$570,000 from the JV Company in the form of interest in the JV Company for its provision of consultation services to the JV Company relating project feasibility study, technical support and project management. Upon completion of the capital contribution, the Company and Rintech will be interested in 80% and 20% of the issued share capital of the JV Company respectively. The site on which the new plant will be established will be located in the PRC, the exact location of the site will be determined by the parties after completion of the market feasibility study and project evaluation.

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## **Others:**

The board of directors of the JV Company will comprise a maximum of five directors, four of whom will be nominated by the Company and the remaining director will be nominated by Rintech.

The formation of the JV Company is conditional upon completion of project evaluation by the Board with reference to the outcome of the market feasibility study, investment and profitability assessment and market analysis by and to the satisfaction of the Company. The parties have not set any time schedule for the dissolution of the JV Company or termination of the Agreement.

The results of the JV Company will be accounted for in the Company's consolidated accounts .

## **REASON FOR THE TRANSACTIONS**

The Group is principally engaged in the research, development, manufacture and sale of pharmaceutical products, including new medicine and generic pharmaceutical products, and health-care products.

Rintech was established in 1997 and is principally engaged in the research and development of pharmaceutical bulk materials. With its experienced specialists and research facilities, Rintech is capable of providing high quality chemical research and development services to pharmaceutical companies at a competitive price. Rintech has been serving a number of multi-national chemical and pharmaceutical enterprises in Canada, Britain, Germany, France, Italy, Sweden, Denmark, Japan and the United States.

The Company has been reviewing various opportunities with an aim to diversify the variety of its products and to improve their quality. The Directors are of the view that the establishment of the JV Company would enable the Group to set up a PRC manufacturing plant of pharmaceutical products with Rintech for export market in the United States and Rintech's research experience in medicinal chemistry can help the Company with new product discovery and development, allowing the Company to avoid hiring staff or investing long-term resources in projects of uncertain potential. The Directors are also of the view that the terms of the Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **GENERAL**

The establishment of the JV Company constitutes a discloseable transaction for the Company under the Listing Rules. Accordingly, a circular containing further details of the Agreement and the establishment of the JV Company will be despatched to the shareholders of the Company as soon as practicable.

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## DEFINITIONS

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

|                           |   |
|---------------------------|---|
| “ <b>Agreement</b> ”      | the agreement dated 10 November 2004 entered into between the Company and Rintech in relation to the establishment of the JV Company  |
| “ <b>Board</b> ”          | the board of Directors  |
| “ <b>Company</b> ”        | Jiwa Bio-Pharm Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange                              |
| “ <b>Directors</b> ”      | the directors (including the independent non-executive directors) of the Company  |
| “ <b>FDA</b> ”            | Food and Drug Administration of the United States   |
| “ <b>Group</b> ”          | the Company together with its subsidiaries  |
| “ <b>JV Company</b> ”     | a company to be established in the British Virgin Islands with limited liability  |
| “ <b>Listing Rules</b> ”  | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “ <b>PRC</b> ”            | the People’s Republic of China (for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) |
| “ <b>PRC Company</b> ”    | a wholly foreign owned enterprise to be established in the PRC and wholly owned by the JV Company   |
| “ <b>Products</b> ”       | pharmaceutical bulk materials   |
| “ <b>Rintech</b> ”        | Rintech Inc., a company established under the laws of the United States of America  |
| “ <b>Stock Exchange</b> ” | The Stock Exchange of Hong Kong Limited   |
| “ <b>HKS</b> ”            | Hong Kong dollar, the lawful currency of Hong Kong  |
| “ <b>US\$</b> ”           | dollar, the lawful currency of the United States of America   |

*In this announcement, the exchange rate of US\$1.00 to HK\$7.8 is used.*

Hong Kong, 11 November 2004

# Jiwa Bio-Pharm Holdings Limited

By Order of the Board of  
**Jiwa Bio-Pharm Holdings Limited**  
**Mr. Lau Kin Tung**

*Vice Chairman and Chief Executive Officer*

*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. Fung Tze Wa, Mr. Choy Ping Sheung and Mr. Soo Ping Shu, Samuel.*

*\* For identification purposes only*

Please also refer to the published version of this announcement in China Daily dated 12 November 2004.