積華

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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Top stories of this issue includes：

- **Jida Pharmaceutical was recognized as an "Outstanding Foreign Investment Enterprise" and "Yunnan Top 30 Brands Enterprise"**
- **Modification of the bulk material plant will start soon**
- **Outstanding achievements in GMP certification**
- **Provincial Government fully supports ERP project**
- **The latest Drug Price Cut Policy**

Corporate News

Recognised as an "Outstanding Foreign Investment Enterprise"

According to the criteria set out for the selection of "Outstanding Foreign Investment Enterprise", the Department of Commerce of Yunnan Province chose the companies worthy of this award in 2004. The award scheme was set up to improve social and economic development by recognising outstanding achievements and encouraging the development of advanced technologies.

The award presentation ceremony was held on 29 September 2005. Among the 31 companies recognised as an "Outstanding Foreign Investment Enterprise" was Jida Pharmaceutical, which was also hailed as a "Top 10 Foreign Investment Enterprise in Taxes Paid". These awards highlight the fact that the Company does business in China with the highest integrity and are greatly encouraging for the Company's future development.

Plant Removal Complete

In 2004, Jida Pharmaceutical's new plant in Kunming began operations following a year of transition during which all the production lines were moved from the old plant to the new one. During this time, the Company's operation costs increased because it was operating both the old and the new plants. Finally, in December 2005, the last four production lines were moved to the new plant.

According to Mr. Li, Assistant General Manager of Jida Pharmaceutical, "Since 70% of the company's output was produced on those four production lines, it required close inter-departmental cooperation to ensure a smooth transition. A number of projects, including production, infrastructure and GMP certification, had to run simultaneously and with perfect precision. Thanks to management's meticulous planning and scientific management, as well as the hard work of each department, all the production lines were moved to the new plant in December 2005."

Modification of Bulk Material Plant

Jiangsu Jiwa has currently completed a screening process with the Jiangsu Pharmaceutical Quality Control Association and U.S. technical professionals concerning the modification of the two production lines covering chemical drugs and the fourth-generation cephalosporin.

The planning of an environmental project, the evaluation of safety and environmental impacts, and a site inspection are taking place concurrently and the modification project is expected to start after Chinese New Year.

This modification of the bulk material plant demonstrates that the Group has begun its workflow in the export of bulk materials to the U.S. which brings new business opportunities to secure the Group's ongoing development of business.

Provincial Government Fully Supports ERP Project

Jida Pharmaceutical recently obtained a subsidy from the Department of Finance of Yunnan Province and the Yunnan Economic and Trade Commission (YNETC) for its Enterprise Resources Planning (ERP) project. ERP is one of the Yunnan government's key technical improvement initiatives in 2005 and the Company plans to launch the project in February.

The ERP project will be carried out in two phases. The first involves material management and production planning, while the second will involve sales and order management, cost control and human resources management. Both phases are expected to be completed in the fourth quarters of 2006 and 2007, respectively.

ERP allows for better internal control; minimises stock shortages and ensures sufficient supply, thus reducing costs on stock and losses on sales; supports management decisions and performance evaluations through intelligent business reports; and enhances workflow management and information sharing. As the Group's businesses grow and expand regionally, ERP will further enhance resource management and information sharing, increasing efficiency, lowering costs and, ultimately, increasing shareholders' returns.

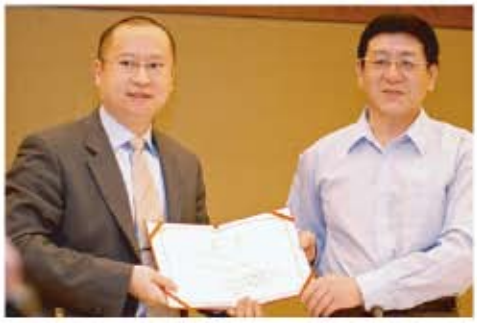
China National Quality Assurance Technology of Drugs Conference

The China National Quality Assurance Technology of Drugs Conference, organised by the Food and Pharmaceutical Quality Assurance Technology Fund under China Science & Technology Development Foundation and Jida Pharmaceutical, was held on 14 September 2005.

A number of specialist funds and awards were set up under the China Science and Technology Development Foundation, among them the Food and Pharmaceutical Quality Assurance Technology Fund, which was established to reward outstanding achievement in drug quality assurance and examination, and associated areas, as well as to subsidise food and drug quality assurance events.

At the Conference's opening ceremony, Mr. Zhou Hai Jun, Director of the Food and Pharmaceutical Quality Assurance Technology Fund, delivered the welcome speech, which was followed by presentations and congratulations by Mr. Chen Hon, Vice President of the Provincial Drug Examination Bureau; Mr. Wang Qi Xin, President of the Provincial Drug Examination Bureau; and Mr. Lau Kin Tung, CEO of Jida Pharmaceutical.

More than 80 participants took part in the Conference, including secretaries from International Cooperation, Market Compliance and Safety Supervision Departments of SFDA; Commission of Chinese Pharmacopoeia of the PRC; Medicine Department of China Patent Office; and the Office of Traditional Chinese Medicine Administrative Protection, as well as Drug Test Officers from the 31 provinces and autonomous regions. At the Conference, participants' presentations covered many hot topics, including drug quality and examination, drug assurance and management overseas, protection of intellectual property rights and the prohibition of counterfeit drugs, management of anaesthesia and psychiatric drugs, ways to improve drug standards, the relationship between a drug's patent and its standard, and the current situation concerning the protection of traditional Chinese medicine and its future development.



The Conference provided the provincial and municipal drug examination bureaus with the ideal platform for exchanging ideas and updates. It also laid the foundation for upgrading drug quality assurance and examination standards in the PRC. The Conference is considered influential in various aspects of drug development, including quality assurance, examination methods, intellectual property rights and the protection of traditional Chinese medicine.

As the event's co-organiser, Jida Pharmaceutical was delighted to have gained the organiser's trust, as well as that of the industry's professional bodies, and proved once again its leading position in the pharmaceutical industry. Thanks to the meticulous instructions from the funding association, the provincial drug quality assurance bureaus and the drug examination bureaus, as well as co-ordination by the Company, the event ran smoothly. The efforts Jida Pharmaceut ical made in organizing the event and the reception work it did were highly appreciated by all participants.

Director of Overseas Chinese Affairs Office Visits the Group

Mr. Liu Ze Pang, the Associate Director of the Overseas Chinese Affairs Office of the State Council, accompanied by the directors of Yunnan Province Overseas Chinese Affairs Office, visited Jida Pharmaceutical on 9 December 2005. Group Chairman Mr. Lau Yau Bor, CEO Mr. Lau Kin Tung and Company Assistant General Manager Mr. Li welcomed the honoured guests and expressed their appreciation of the strong support for Jida Pharmaceutical shown by their Office over the past years.

During the visit, management explained to the guests the Company's latest development plans and challenges, introduced them to the plant and accompanied them on a site visit. Delegates from the Office and the Company shared their opinions of the prospects and future development of the bio-pharmaceutical industry.

The Company is actively seeking to enhance government relations by improving communications with the provincial and state government bodies and it is believed that this event not only achieved that goal, but also benefited the Company's future development.

Quality Assurance

Outstanding Achievements in GMP Certification

Jida Pharmaceutical completed another round of GMP certification on 23 November 2005, making it the Company's third certification in 2005, this one covering the manufacture of oral cephalosporin, granules and suspension.

During the two-day assessment, examiners from Yunnan Province's State Food and Drug Association performed a detailed check of the Company's manufacturing facilities, technology, hygiene, quality assessment, materials, production management, quality assurance and various others areas related to certification. After more than a year of arduous work, the examiners announced that the Company had passed the assessment with flying colours!

Obtaining GMP certification for these three production lines not only ensures that new products can be launched on time, but also demonstrates that the Company's efforts to increase production quality are recognised by industry professionals.

Latest Drug Price Cut Policy

On 28 September 2005, the China State Development and Reform Commission (CSDRC) ordered that the retail price of 22 types of drug be reduced with effect from 10 October 2005. More than 400 forms of drug were affected and prices were lowered by as much as 40%, the fiercest of the most recent few cuts.

In association with the price cut policy, the CSDRC announced details of three other policies - the strict restriction of hospitals' mark-up rate for drugs to under 15%; the suspension of centralised tendering and merchandising for the affected products; and the enhancement of guidelines and the establishment of restrictions to ensure that all grades of hospitals maintain a stable quantity of the drugs concerned for sale, no matter how much the price drops.

Compared with the price cut policy of June 2004, this latest policy affected the Company much less, with only five products involved, namely Cefixime Capsules, Cefoperazone Sodium for Injection, Ceftriaxone Sodium for Injection, Cefoperazone Sodium and Sulbactam Sodium for Injection, and Ceftazidime for Injection. Management believes that the price cut policy is part of the ongoing state reform measures and that its effect on the Company will be temporary, benefitting the Group in the long term. In response to the state policy and market changes, the Group has adjusted its corporate strategy and is actively developing its markets overseas.

Proactively Enhancing Brand Building for Key Products

In the fourth quarter of 2005, the Company initiated and participated in a number of marketing events, including symposium sponsorships and product launches, as part of its efforts to promote its key products.

Artrodar

In October 2005, Jida Pharmaceutical sponsored the "Shanghai Health Congress on Rheumatology and Launching of the Eastern Region Consortium on Rheumatology". Taking full advantage of this opportunity, the Company hosted a satellite symposium entitled "Artrodar - a breakthrough product in curing osteoarthritis (OA)" during the event.

In addition to the Shanghai conference, the Company also organised the "Artrodar Launch Event" in the North West region, during which Mr. Tang Fu Lin, former Director of China Rheumatalogy Association, presented Artrodar's clinical applications and updated the audience on the latest developments in the search for a cure for OA. Also presenting at the event was Mr. Wang Yi, a professor from the Lanzhou second affiliated hospital of college of medicine who delivered a speech on the pharmacological applications and characteristics of Artodar, as well as presented the results of a clinical study of the drug.

Gluthion

As part of its promotion for another key product, Gluthion, Jida Pharmaceutical participated in the "2005 Jiejiang Annual Academic Meeting for Infectious and Liver Diseases", the "2005 Hubei Medical Association Annual Meeting" and the "2005 Hainan Annual Meeting for Infectious and Liver Diseases".

Calco

Jida Pharmaceutical participated in the "2nd International Osteoporosis Conference", which focused on the international aspect of the event, with a number of renowned experts from around the world invited to give presentations, thereby broadening the vision of PRC doctors concerning OP.

According to the Company's product specialists, the experts were impressed with these events, and the Company's key products were well presented and had widespread recognition among the participants. The events thus had a positive impact on building the brand value of the Company's key products, as well as its corporate image, and also served as a platform for valuable exchanges among industry and medical professionals.

Product News

"Lei Ding Nuo" Named "Yunnan Famous Brand"

The "2005 Yunnan Famous Brand Award Presentation" was held in September. The Group's product, Lei Ding Nuo (Cefradine for Injection), won recognition at the event, while the Company itself won a "Yunnan Top 30 Brands Enterprise" award. Ms. Liu Chun Xia, Director of Technology and Quality Assurance at Jida Pharmaceutical, received the awards on behalf of the Company.

Enhancing brand value is one of the major elements of the Yunnan Economic Development Strategy, and is emphasised strongly by the provincial committee and government. This year, 32 products from 29 enterprises were recognised as a "Yunnan Famous Brand", all of them selected from among the products chosen by the committee.

Led by the Company's Quality Department, the Company had followed its application for the "Yunnan Famous Brand" closely since March, working towards this considerable achievement by continuously improving the brand values of the Company's products. The application was screened and passed at many levels of assessment. This is the second time that the Company has won this award, following the recognition of Tong Xi Tong (Triamcinolone Acetonide for Injection) in 2003.

The "Yunnan Top 30 Brand Enterprise" award, which is organised by the Yunnan Famous Brand Enhancement Committee, began in 2004. The award is assessed mainly on the participating enterprises' total industrial production value and sales, and with reference to the number of staff and total asset value. Each of the enterprises was graded fairly and the top 30 were recognised as a "Yunnan Top 30 Brand Enterprise". Following its win in 2004, Jida Pharmaceutical was once again awarded this recognition in 2005.

The Company's success in both the "Yunnan Famous Brand" and "Yunnan Top 30 Brand Enterprise" awards has further boosted its vision in terms of building the brand value of its products, as well as of the Company itself.

New Products
Completion of Clinical Trials on Risedronate

Risedronate is a second-generation bisphosphonate; its film-coated tablets (brand name: Actonel) were approved for the treatment of Paget's Disease by the FDA in 1998. The FDA then approved its treatment for osteoporosis caused by the long-term use of corticosteroids in 1999, and further approved its treatment for the prevention of osteoporosis in women after menopause in 2000. Just eight months after it was launched, Actonel recorded sales of US$163 million, with that figure soaring to US$259 million and US$650 million in 2002 and 2003, respectively. In 2004, Actonel's brand value was worth more than US$1,000 million. Risedronate has a more than 30% share of the bisphosphonate medicine market.

The Risedronate developed by the Group recently completed clinical trials and the SFDA approved its production license. A total of 240 patients participated in the year-long clinical trials, which demonstrated that Risedronate was effective in the treatment of osteoporosis in women after menopause, with little adverse effect.

New Product
Completion of Clinical Trials on Edaravone

Edaravone was launched by a Japanese Pharmaceuticals company in May 2001. It was the world's first brain protection agent (free radical scavenger) and used a new mechanism of action, rather than mediating blood coagulation and fibrinolysis, to prevent brain cells from being damaged by scavenging free radicals. Edaravone is indicated for the improvement of neurological symptoms that interfere with daily life, as well as disabilities arising from the acute stages of cerebral infraction. As at September 2002, just 13 months after its launch, 146,000 patients had been treated with Radicut and sales had reached Yen 40 billion.

The Edaravone developed by Jida Pharmaceutical recently completed clinical trials and is in the process of applying for a production license. A total of 228 patients were involved in the two-week treatment clinical trial, with the results showing that Edaravone is highly effective in improving the signs and impediments caused by cerebral thrombosis; it was also proven to be safe and long-lasting.

"Royal 2000" Clinical Research Reveals Significant Results

In June 2005, the clinical study on "Royal 2000", a collaboration of the Company, the Hong Kong University of Science and Technology (HKUST) R&D Corporation and Pan Health Limited, revealed amazing results. The researchers concluded that "Royal 2000" had the potential to lower total cholesterol, as indicated by the significant reduction seen after treatment for two months. "Royal 2000" can also enhance red cells' antioxidant capacities.

The results of this clinical study consolidated more than 15 years' clinical experience of "Royal 2000" concerning the scientific improvement of the quality of blood.

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