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**U-HOME GROUP
INTERNATIONAL LIMITED**

*(Incorporated in British Virgin Islands
with limited liability)*

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 ANNOUNCEMENT

- (1) Conditional agreement to acquire a controlling interest in
Jiwa Bio-Pharm Holdings Limited**
- (2) Special deal, very substantial disposal and connected transaction in relation to the
disposal of assets by Jiwa Bio-Pharm Holdings Limited**
- (3) Special deal and connected transaction in relation to the disposal of a property
by Jiwa Bio-Pharm Holdings Limited**
- (4) Special deal in relation to the potential disposal of a property
by Jiwa Bio-Pharm Holdings Limited pursuant to an option**
- (5) Special deal and continuing connected transaction of
Jiwa Bio-Pharm Holdings Limited**
- (6) Possible unconditional mandatory cash offer by
Haitong International Securities Company Limited
for and on behalf of U-Home Group International Limited
for all the issued shares in, and cancel all outstanding options of,
Jiwa Bio-Pharm Holdings Limited
(other than those shares already owned by or agreed to be acquired by
U-Home Group International Limited
and parties acting in concert with it)
and**
- (7) Resumption of trading in shares of Jiwa Bio-Pharm Holdings Limited**

Financial adviser to

U-Home Group International Limited



Haitong International Capital Limited

Financial adviser to

Jiwa Bio-Pharm Holdings Limited



* *For identification purpose only*

THE SHARE PURCHASE AGREEMENT

On 12 March 2013, Mr. Lau Yau Bor, Mr. Lau Kin Tung, Madam Chan Hing Ming, LAUs Holding Co. Ltd., MINGS Development Holdings Limited and WHYS Holding Co. Ltd. as vendors, and the Offeror as purchaser entered into the Share Purchase Agreement, pursuant to which the Vendors agreed to sell or procure the sale of an aggregate of 1,173,102,000 Sale Shares owned by them and the Offeror agreed to acquire such Sale Shares, representing approximately 72.19% of the issued share capital of the Company as at the date of this joint announcement, at the Share Purchase Price. Immediately after completion of the Share Purchase Agreement, the Vendors will no longer hold any Shares.

THE DISPOSAL AGREEMENT

On 12 March 2013, the Company, through Jiwa Development as vendor, and the JW Purchaser as purchaser entered into the Disposal Agreement, pursuant to which the JW Purchaser conditionally agreed to acquire and Jiwa Development conditionally agreed to dispose of the Disposal Shares, comprising the entire issued share capital of Jiwa Pharm (including the indirect 49% equity interest in the Kunming Jida Group), at the Disposal Consideration of HK\$512,000,000.

THE PROPERTY DISPOSAL AGREEMENT

On 12 March 2013, Jiwa International as vendor and Sunny Enterprise as purchaser entered into the Property Disposal Agreement, pursuant to which Jiwa International agreed to sell and Sunny Enterprise agreed to acquire the Property at a consideration of HK\$22,000,000.

THE PROPERTY OPTION DEED

On 12 March 2013, Sunny Enterprise as grantor and Tech-Medi Development Limited as grantee entered into the Property Option Deed, pursuant to which Sunny Enterprise grants an option to the Grantee, at its sole discretion, to request Sunny Enterprise to purchase from the Grantee the Option Property.

THE MANAGEMENT AGREEMENT

On 12 March 2013, the Company and Sunny Enterprise entered into the Management Agreement, pursuant to which, subject to and from the date the Management Agreement becoming unconditional and effective, the Company agrees to engage Sunny Enterprise as management service provider to provide certain management services to the Managed Companies for a period of two years.

POSSIBLE SPECIAL DIVIDEND

Subject to (i) the Disposal Completion; (ii) the completion of the Property Disposal; (iii) completion of the Property Transfer; (iv) compliance with the relevant bye-laws of the Company governing the declaration of and payment for dividends; (v) the sufficiency of the distributable reserves of the Company immediately after the Disposal Completion and the completion of the Property Disposal and the Property Transfer; and (vi) approval by the Shareholders of the possible Special Dividend at the SGM by way of poll, the Board may declare and distribute the possible Special Dividend of HK\$0.375 per Share to the Qualifying Shareholders as contemplated under the Closing Conditions under the Share Purchase Agreement. The Company intends to declare and distribute the Special Dividend, subject to the approval of the Board at a Board meeting which will be held in due course. Further announcement will be made to update the Shareholders in such regard as and when appropriate.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Offeror and parties acting in concert with it are not interested in any Shares (other than the interest in Shares under the Share Purchase Agreement). Immediately after completion of the Share Purchase Agreement, the Offeror and parties acting in concert with it will own a total of 1,173,102,000 Shares, representing approximately 72.19% of the existing issued share capital of the Company. Under Rules 26.1 and 13 of the Takeovers Code, the Offeror will be required to make a mandatory unconditional general offer in cash for all the issued Shares and to cancel all outstanding Options (other than those Shares already acquired or agreed to be acquired by the Offeror and parties acting in concert with it).

The Offer Price is HK\$0.2378 for each Offer Share, which is the same as the price per Sale Share paid by the Offeror under the Share Purchase Agreement. **The Offer Price will not be affected by the possible downward adjustment on the Share Purchase Price, if any, as stipulated in the section headed “The Share Purchase Agreement — Share Purchase Price — Downward adjustment of the Share Purchase Price” in this joint announcement.**

Shareholders may be entitled to the possible Special Dividend, if declared, whether they accept the Share Offer or not during the offer period.

IMPLICATIONS OF THE LISTING RULES AND THE TAKEOVERS CODE

The Disposal

As the applicable percentage ratios of the Disposal exceed 75%, the entering into of the Disposal Agreement constitutes a very substantial disposal transaction of the Company and therefore is subject to announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The JW Purchaser is wholly-owned by the Lau's Family, the members of which are the executive Directors and together are beneficially interested in and control an aggregate of 1,173,102,000 Shares, representing approximately 72.19% of the total issued share capital of the Company as at the date of this joint announcement. The JW Purchaser is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that the JW Purchaser is wholly-owned by the Lau's Family, and that the Disposal is not extended to all Shareholders, for the purpose of the Offers, the Disposal constitutes a special deal for the Company under Rule 25 of the Takeovers Code.

The Property Disposal

Sunny Enterprise, being wholly-owned by the Lau's Family, is a connected person of the Company. Accordingly, the Property Disposal constitutes a connected transaction of the Company.

Given that Sunny Enterprise is wholly-owned by the Lau's Family and that the Property Disposal is not extended to all Shareholders, for the purpose of the Offers, the Property Disposal constitutes a special deal for the Company under Rule 25 of the Takeovers Code.

The Property Option Deed

The option under the Property Option Deed, if exercised, may constitute a notifiable transaction of the Company under Chapter 14 and/or 14A of the Listing Rules. The Company will comply with the relevant Listing Rules requirements upon the exercise of such option.

Given that Sunny Enterprise is wholly-owned by the Lau's Family and that the option is not extended to all Shareholders, for the purpose of the Offers, the underlying disposal of the Option Property pursuant to the Property Option Deed constitutes a special deal for the Company under Rule 25 of the Takeovers Code.

The Management Agreement

Following completion of the Share Purchase Agreement and the resignation of each of Mr. Lau Yau Bor, Mr. Lau Kin Tung and Madam Chan Hing Ming as executive Directors, they will remain as connected persons of the Company for the 12-month period following their resignation being then ex-Directors pursuant to Chapter 14A of the Listing Rules. Accordingly, the Management Agreement constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules during such period.

Given that Sunny Enterprise is wholly-owned by the Lau's Family and that the Management Agreement is not extended to all Shareholders, for the purpose of the Offers, the Management Agreement constitutes a special deal for the Company under Rule 25 of the Takeovers Code.

The Special Deals are subject to the consent of the Executive. The Executive's consent, if granted, will be conditional upon (i) the Independent Financial Adviser publicly stating in its opinion that the terms of the Special Deals are fair and reasonable; and (ii) the approval of the Special Deals by the Independent Shareholders at the SGM by way of poll. An application for the consent of the Special Deals will be submitted to the Executive by the Company.

Voting

The Vendors and/or their respective associates within the meaning of the Listing Rules; the Offeror and/or its associates, if the Offeror and/or its associates shall have any shareholding interest in the Company and their respective concert parties; and Shareholders who are interested or involved in the Special Deals are required to abstain from voting in respect of the resolutions to approve the Special Deals at the SGM by way of poll. Mr. Lau Yau Bor, Mr. Lau Kin Tung and Madam Chan Hing Ming have abstained from voting on the Board resolutions approving the Disposal Agreement, the Property Disposal Agreement, the Property Option Deed and the Management Agreement.

GENERAL

The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the Special Deals and the Share Offer, and the Optionholders in respect of the Option Offer. The Independent Board Committee has approved the appointment of the Independent Financial Adviser to advise on the Special Deals and the Offers.

A circular containing, among other things, (i) further details of the Special Deals and the Offers; (ii) the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser in respect of the Special Deals and the Offers; and (iii) a notice convening the SGM by way of poll, will be sent to the Shareholders. As additional time is required to prepare the information to be contained in the circular, including the audited financial statements of the Company for the year ended 31 March 2013, the circular is expected to be despatched on or before 18 June 2013.

DESPATCH OF COMPOSITE OFFER DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offers, together with the Form of Acceptance, to the Shareholders and the Optionholders within 21 days of the date of this joint announcement, or such later date as the Executive may approve. It is the intention of the respective board of directors of the Offeror and the Company to combine the offer document and the offeree board circular into a composite offer and response document. Such composite document (accompanied by the Form of Acceptance) in connection with the Offers setting out, inter alia, details of the Offers and incorporating the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser on the Offers will be issued and despatched by the Offeror and the Company jointly to the Shareholders and Optionholders in accordance with the Takeovers Code. Given that the Offers are subject to completion of the Share Purchase Agreement, it is expected that the Offers may not take place within 21 days of the date of this joint announcement. As such, an application will be made to the Executive in respect of Note 2 to Rule 8.2 of the Takeovers Code for its consent to extend the date of posting of the composite offer and response document to the Shareholders and the Optionholders to within seven days of completion of the Share Purchase Agreement or the long stop date thereof, whichever is earlier.

Further announcement(s) regarding the despatch of the composite offer and response document will be made in due course. Independent Shareholders and Optionholders are encouraged to read the composite offer and response document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and the recommendation from the Independent Board Committee to the Independent Shareholders and in respect of the Offers, before deciding whether or not to accept the Offers.

RESUMPTION OF TRADING IN SHARES OF THE COMPANY

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 12 March 2013 pending the publication of this joint announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 23 April 2013.

THE SHARE PURCHASE AGREEMENT

Date : 12 March 2013

Parties : (a) Mr. Lau Yau Bor, Mr. Lau Kin Tung, Madam Chan Hing Ming, LAUs Holding Co. Ltd., MINGS Development Holdings Limited and WHYS Holding Co. Ltd. as vendors;

(b) Mr. Lau Kin Tung as Vendors' Warrantor;

(c) the Offeror as purchaser; and

(d) Mr. Zhou Xuzhou as Purchaser's Warrantor.

The Vendors are together beneficially interested in 1,173,102,000 Shares as at the date of this joint announcement, representing approximately 72.19% of the entire issued share capital of the Company.

Mr. Lau Kin Tung and Mr. Zhou Xuzhou commenced negotiation of the Share Purchase, the Disposal, the Property Disposal and the Property Option Deed on 9 January 2013.

The Offeror was introduced to the Vendors by China International Capital Corporation Hong Kong Securities Limited.

Sale and purchase of the Sale Shares

Under the Share Purchase Agreement, the Vendors agreed to sell or procure the sale of an aggregate of 1,173,102,000 Sale Shares owned by them and the Offeror agreed to acquire such Sale Shares, representing approximately 72.19% of the issued share capital of the Company as at the date of this joint announcement, at the Share Purchase Price. The Offeror shall not be obliged to purchase any of the Sale Shares unless the sale and purchase of all the Sale Shares is completed simultaneously.

Immediately after completion of the Share Purchase Agreement, the Vendors will no longer hold any Shares.

Share Purchase Price

Amount of Share Purchase Price

The total consideration for the Sale Shares is HK\$278,963,655, equivalent to approximately HK\$0.2378 per Sale Share, which shall be payable to the respective Vendor in the proportion set out below:

Vendors	Number of Sale Shares held by the respective Vendor	Percentage of shareholding in the Company	Amount of Share Purchase Price attributable
Mr. Lau Yau Bor	96,390,000	5.93%	22,921,542
Madam Chan Hing Ming	41,712,000	2.57%	9,919,113
Mr. Lau Kin Tung	15,000,000	0.92%	3,567,000
LAUs Holding Co. Ltd.	840,000,000	51.69%	199,752,000
MINGS Development Holdings Limited	75,000,000	4.62%	17,835,000
WHYS Holding Co. Ltd.	105,000,000	6.46%	24,969,000
Total	<u>1,173,102,000</u>	<u>72.19%</u>	<u>278,963,655</u>

The Share Purchase Price was arrived at after arm's length negotiations between the Offeror and the Vendors with reference to, among others, the unaudited net asset value of the Group as of 30 September 2012 and taking into account the Disposal, the Property Disposal, the possible Special Dividend which may be declared and the listing status of the Company.

The Share Purchase Price is payable by the Offeror to the Vendors in the following manner:

- (i) upon signing of the Share Purchase Agreement, a deposit (“**Deposit**”) in aggregate of HK\$10,000,000 has been paid to the Vendors (in the respective proportion to their holdings of the Sale Shares) by the Offeror, which will be applied towards payment of part of the Share Purchase Price upon completion of the Share Purchase Agreement; and

- (ii) on the date of completion of the Share Purchase Agreement, the remaining balance in aggregate of HK\$268,963,655 shall be payable to the Vendors (in the respective proportion to their holdings in the Sale Shares) by the Offeror.

The Deposit will be forfeited by the Vendors as liquidated damages if (a) the Offeror fails to provide relevant information required by the Stock Exchange and the SFC, including the confirmation from Haitong Capital that it is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offers or (b) each of the Closing Conditions having been satisfied (or, where applicable and in compliance with the applicable laws, Listing Rules and Takeovers Code, waived) but the Offeror fails to proceed to completion of the Share Purchase Agreement (other than as a result of the default of the Vendors). In the event that any of the Closing Conditions is not satisfied (or not waived in accordance with the Share Purchase Agreement) on or before the long stop date of the Share Purchase Agreement, the Vendors shall, within 5 Business Days after the long stop date of the Share Purchase Agreement, refund to the Offeror the whole sum of the Deposit. If each of the Closing Conditions is satisfied (or, where applicable and in compliance with the applicable law, Listing Rules and Takeovers Code, waived), completion of the Share Purchase Agreement fails to take place due to the default of the Vendors (or any of them), the defaulting Vendor(s) shall (i) refund to the Offeror the whole sum of the Deposit and (ii) pay to the Offeror a liquidated damages in the sum of HK\$10,000,000.

Downward adjustment of the Share Purchase Price

If the net asset value of the Company as stated in the certificate for the audited accounts of the Company as at completion of the Share Purchase Agreement (“**Completion NAV**”) is less than HK\$98,500,000 (“**Agreed Minimum NAV**”), the Share Purchase Price shall be adjusted as follows:

$$\text{Adjusted Share Purchase Price} = \text{HK\$278,963,655} - \{\text{Agreed Minimum NAV} - \text{Completion NAV}\}$$

Closing Conditions

Completion of the Share Purchase Agreement is subject to the following conditions precedent being fulfilled and (where applicable) remaining satisfied as at completion of the Share Purchase Agreement (or, where applicable, waived by the Offeror in writing):

- (a) the Stock Exchange and the Executive confirming in writing that they have no further comment on the Share Purchase Agreement, this joint announcement and the publication of this joint announcement on the Stock Exchange’s website;
- (b) no indication being received on or before the date of completion of the Share Purchase Agreement from the SFC or the Stock Exchange to the effect that the listing of the Shares on the main board of the Stock Exchange will or may be withdrawn or objected to (whether or not conditions will or may be attached thereto) as a result of the completion of the Share Purchase

Agreement or in connection with the terms of or any transaction contemplated under the Share Purchase Agreement or the Disposal Agreement or the Special Deals (including, but not limited to, in connection with an allegation that the Company is no longer suitable for listing);

- (c) the Independent Shareholders having approved by way of poll the Disposal Agreement, the Property Disposal Agreement, the Property Option Deed and the Management Agreement and the respective transactions contemplated thereunder;
- (d) pursuant to Rule 25 of the Takeovers Code, having obtained written consent from the Executive in respect of the Disposal Agreement, the Property Disposal Agreement, the Property Option Deed and the Management Agreement;
- (e) (to the extent required under the bye-laws of the Company or the Listing Rules) such Shareholders (who are allowed by the Stock Exchange and the Executive to vote) having approved the declaration of the Special Dividend;
- (f) the Release of TTA Guarantee and the related authorisation(s) having been duly executed by the relevant parties (the form and substance of which shall in principle be agreed between the Offeror and the Vendors);
- (g) the Release of Repurchase Obligation and the related authorisation(s) having been duly executed by the relevant parties (the form and substance of which shall in principle be agreed between the Offeror and the Vendors);
- (h)
 - (i) the Remaining Group having total liabilities (excluding the Bank Facilities granted by Standard Chartered Bank in connection with the Treasury Products) of less than HK\$1,000,000; and
 - (ii) except the guarantees given by the Group in favour of Standard Chartered Bank in relation to the Treasury Products, all guarantees and Encumbrances of any of the members of the Remaining Group (including the Company) having been released and there having no guarantee or Encumbrance concerning the Remaining Group as at completion of the Share Purchase Agreement (the form and substance of such release document(s) shall be, to the reasonable satisfaction by the Offeror) confirming the legality, effectiveness and enforceability of the above release and the due authorisation of the parties entering into the above release(s);
- (i) no order having been made or petition presented or resolution passed in Hong Kong or other jurisdictions for the winding up of the Company;
- (j) the warranties under the Share Purchase Agreement remaining true and accurate in all material respects;

- (k) no current account (including without limitation accounts receivable and accounts payable), liabilities, indebtedness or obligations (except those arising from ordinary course of business and in normal commercial terms, the Lease Agreement and the Disposal Consideration not yet due) existing, as at completion of the Share Purchase Agreement, between (i) any member of the Remaining Group and (ii) any member or associated company of Jiwa Pharm and the Kunming Jida Group or any of their and the Vendors' respective associates; and
- (l) the Disposal Agreement and the Property Disposal Agreement having become unconditional in accordance with the terms thereof (save for the condition in relation to the completion of the Share Purchase Agreement).

If the above conditions are not fulfilled or waived on or before 31 October 2013 (or such a later date as the Vendors may agree in response to a request made by the Offeror in writing), the Share Purchase Agreement shall lapse and be of no further effect except certain clauses as specified therein and no party to the Share Purchase Agreement shall have any claim against or liability to the other parties, save in respect of any antecedent breaches of the Share Purchase Agreement. Other than the Closing Conditions (a), (c), (d) and (e), the Offeror may at its absolute discretion at any time waive by notice in writing to the Vendors any of the Closing Conditions (to the extent it is capable of being waived).

Completion

Completion of the Share Purchase Agreement is conditional upon the Closing Conditions as stated above under the section headed "Closing Conditions" being fulfilled (or, where applicable, waived by the Offeror). Completion of the Share Purchase Agreement shall take place on the fifth Business Day after the fulfillment (or waiver) of the last of the Closing Conditions or such other date as the parties to the Share Purchase Agreement may agree in writing.

Shareholding structure of the Company

The table below sets out the shareholding structure of the Company as at the date of this joint announcement and after completion of the Share Purchase Agreement (assuming there is no change to the issued share capital of the Company up to the date of completion of the Share Purchase Agreement):

Name of Shareholders	As at the date of this joint announcement		Immediately upon completion of the Share Purchase Agreement		Immediately upon completion of the Share Purchase Agreement and assuming exercise of the outstanding Options in full	
	Number of Shares held	% of Shares in issue	Number of Shares held	% of Shares in issue	Number of Shares held	% of Shares in issue
The Offeror and parties acting in concert with it	—	—	1,173,102,000	72.19	1,173,102,000	71.53
Mr. Lau Yau Bor	96,390,000	5.93	—	—	—	—
Madam Chan Hing Ming	41,712,000	2.57	—	—	—	—
Mr. Lau Kin Tung	15,000,000	0.92	—	—	—	—
LAUs Holding Co. Ltd.	840,000,000	51.69	—	—	—	—
MINGS Development Holdings Limited	75,000,000	4.62	—	—	—	—
WHYS Holding Co. Ltd.	105,000,000	6.46	—	—	—	—
Sub-total of the Vendors and parties acting in concert with any of them	1,173,102,000	72.19	—	—	—	—
Public Shareholders	451,898,000	27.81	451,898,000	27.81	466,898,000	28.47
Total	<u>1,625,000,000</u>	<u>100.00</u>	<u>1,625,000,000</u>	<u>100.00</u>	<u>1,640,000,000</u>	<u>100.00</u>

THE DISPOSAL AGREEMENT

On 12 March 2013, the Company, through Jiwa Development as vendor, and the JW Purchaser as purchaser entered into the Disposal Agreement, pursuant to which the JW Purchaser conditionally agreed to acquire and Jiwa Development conditionally agreed to dispose of the Disposal Shares, comprising the entire issued share capital of Jiwa Pharm (including the indirect 49% equity interest in the Kunming Jida Group), at the Disposal Consideration of HK\$512,000,000.

Date : 12 March 2013

- Vendor : Jiwa Development, a company incorporated in the BVI with limited liability on 3 May 2002 and a wholly-owned subsidiary of the Company, which in turn is holding the entire issued share capital of Jiwa Pharm (including the indirect 49% equity interest in the Kunming Jida Group)
- Purchaser : Goldvault Limited, an investment holding company incorporated in the BVI with limited liability on 1 February 2011 and wholly-owned by the Lau's Family, who is beneficially interested in, whether directly or indirectly, an aggregate of 1,173,102,000 Shares, representing approximately 72.19% of the total issued share capital of the Company as at the date of this joint announcement
- Assets to be disposed of : The Disposal Shares, comprising the entire issued share capital of Jiwa Pharm (including the indirect 49% equity interest in the Kunming Jida Group)
- Consideration : The consideration for the Disposal is HK\$512,000,000

Payment of the Disposal Consideration

In respect of the total Disposal Consideration, HK\$480,000,000 shall be settled as follows:

- (i) HK\$40,090,000 shall be payable upon Disposal Completion; and
- (ii) the remaining balance of HK\$439,910,000 (plus interest thereon at the rate of 5% per annum commencing from the date of Disposal Completion until the date this second instalment is fully paid) shall be payable on or before the 20th Business Day after the Disposal Completion Date.

The balance of HK\$32,000,000 (the “**Hold-back Amount**”) in respect of the total Disposal Consideration shall be subject to the hold-back arrangement. The JW Purchaser and Jiwa Development agreed that the JW Purchaser shall pay for and on behalf of Jiwa Development from the Hold-back Amount any tax finally assessed against Jiwa Development by the relevant tax authority in the PRC in connection with the Disposal and statutory filings required by Circular 698, which is estimated to be approximately HK\$32,000,000. In the event that the tax finally assessed against Jiwa Development by the relevant tax authority in the PRC is less than HK\$32,000,000, the JW Purchaser shall pay the difference between HK\$32,000,000 and the tax amount to Jiwa Development. In the event that the tax amount is more than HK\$32,000,000, the JW Purchaser undertakes to Jiwa Development that it shall assume and pay for on behalf of Jiwa Development the excess tax amount to the relevant tax authority in the PRC. The Disposal Agreement does not provide a mechanism whereby the JW Purchaser will be reimbursed by Jiwa Development as a result thereof. If the relevant tax authority does not determine the tax amount on or before the second anniversary of the Disposal Completion Date, the JW Purchaser shall release the Hold-back Amount to Jiwa Development.

The Disposal Shares shall be subject to the Share Charge and shall be released, subject to receipt of the full payment of the second instalment of the Disposal Consideration, to the JW Purchaser by executing a deed of release in such terms as agreed between the JW Purchaser and Jiwa Development immediately after the second installment has been paid by the JW Purchaser to Jiwa Development.

Basis for determination of the Disposal Consideration

The Disposal Consideration of HK\$512,000,000 is determined following arm's length negotiations between the JW Purchaser and Jiwa Development taking into account (i) the then consideration payable by the Subscribers in aggregate of RMB275,560,000 for 30% equity interest in Kunming Jida pursuant to the Capital Injection Agreements dated 16 February 2011, all of whom were Independent Third Parties, which valued the entire share capital of Kunming Jida at approximately RMB918.5 million (equivalent to approximately HK\$1,148.1 million as at the date of this joint announcement); (ii) the performance and prospects of the Kunming Jida Group, in particular, that the Kunming Jida Group recorded unaudited net profit of approximately HK\$96.3 million for the year ended 31 December 2012; (iii) the taking up by the JW Purchaser of certain obligations originally bounded to the Group, including the Repurchase Obligation and the TTA Guarantee; and (iv) the estimated tax liability of Jiwa Development in connection with the Disposal. The Offeror confirms that it has no relationship with each of the Subscribers in the Capital Injection Agreements.

The Company has, to its best efforts, identified the following Hong Kong listed companies which are principally engaged in the manufacturing of generic drugs in the PRC which is similar to the principal business of the Kunming Jida Group and with similar size of operation as that of the Kunming Jida Group (the “Comparable Companies”):

Stock code	Company name	Principal activities	Price-to-earnings (times) ^(Note)
503	Lansen Pharmaceutical Holdings Limited	Manufacturing and trading of pharmaceutical products	9.27
587	Hua Han Bio-Pharmaceutical Holdings Limited	Manufacture and sale of pharmaceutical products, medicinal healthcare products for women and biopharmaceutical products	8.53
1889	Wuyi International Pharmaceutical Company Limited	Development, manufacturing, marketing and sales of pharmaceutical products	9.21

Stock code	Company name	Principal activities	Price-to-earnings (times) ^(Note)
2348	Dawnrays Pharmaceutical (Holdings) Limited	Development, manufacture and sale of non-patented pharmaceutical medicines including intermediate pharmaceutical, bulk medicines and finished drugs	8.03
8058	Shandong Luoxin Pharmacy Stock Company Limited	Manufacturing and selling of pharmaceutical products	12.30
		Average	9.47

Note: As at 11 March 2013, being the trading day immediately prior to the date of the Disposal Agreement.

Based on the Disposal Consideration of HK\$512 million and the unaudited net profit of the Kunming Jida Group of approximately RMB77.0 million (equivalent to approximately HK\$96.3 million) for the year ended 31 December 2012, the Disposal Consideration represents a price-to-earnings ratio of approximately 10.9 times, which is higher than the average price-to-earnings ratio of the Comparable Companies, the Directors (excluding the independent non-executive Directors who will give their views after considering the advice of the Independent Financial Adviser) consider the Disposal Consideration (including its basis for determination) is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Disposal Completion shall be subject to and conditional upon, among others, satisfaction of each of the following conditions:

- (a) all approvals, consents and authorisations (including but without limitation to the approval of the Independent Shareholders in the SGM by way of poll as required under the Listing Rule and the Takeovers Code) which are necessary in accordance with the requirements under the applicable laws, rules and regulations to which, the Company, Jiwa Development or the JW Purchaser is subject for the entering into and the implementation of the Disposal Agreement and all transactions contemplated thereunder having been obtained on terms satisfactory to Jiwa Development or the Company;
- (b) Jiwa Development being satisfied that the relevant parties and the JW Purchaser have entered into agreements to the effect that with effect from the Disposal Completion Date, all obligations of the Company under each of the Shareholders' Agreements (including but not limited to the Repurchase Obligation) and the TTA Guarantee having been (i) unconditionally released and discharged or (ii) discharged or released on terms satisfactory to Jiwa Development or the Company, with the Company's obligations under the Shareholders' Agreements and the TTA

Guarantee being assumed by the JW Purchaser, Mr. Lau Kin Tung, Mr. Lau Yau Bor and/or Madam Chan Hing Ming (as the case may be); and

- (c) the Share Purchase Agreement having become unconditional (save for the condition in respect of the Disposal Completion).

If any of the conditions precedent set out above shall not have been fulfilled prior to 31 October 2013 (or such other date as may be mutually agreed between Jiwa Development and the JW Purchaser), the Disposal Agreement shall thereupon cease to be of any effect except certain surviving provisions as provided under the Disposal Agreement and save in respect of claims arising out of any antecedent breach of the Disposal Agreement.

Completion of the Disposal

Subject to the terms and conditions of the Disposal Agreement, Disposal Completion shall take place on the fifth Business Day after all the conditions precedent have been fulfilled in accordance with the Disposal Agreement (or such other date as Jiwa Development and the JW Purchaser may agree).

Novation and release of the Repurchase Obligation

Reference is made to the Capital Injection Agreements and the Shareholders' Agreements dated 16 February 2011 as fully explained in the 2011 Circular. In conjunction with the Capital Injection Agreements, the Company, Jiwa Pharm and the Subscribers entered into the Shareholders' Agreements, pursuant to which, the Company has agreed with the Subscribers that if Kunming Jida does not obtain a listing on a stock exchange within 48 months from the date of completion of the Proposed Capital Injection (i.e. 7 April 2011), the Subscribers may, within six months from the expiry of such 48 months, request the Company to repurchase their equity interest in Kunming Jida at a purchase price equals to the amount of such Subscribers' capital injection pursuant to the Proposed Capital Injection (subject to certain adjustment), plus a compound interest at an annual rate of 10% thereon. As disclosed in the 2011 Circular, the then maximum monetary value under the Repurchase Obligation estimated by the Directors would be approximately RMB403.4 million (equivalent to approximately HK\$504.3 million). The Company has the absolute discretion to satisfy the Repurchase Obligation, either by cash payment or allotment and issue of new Shares to the Subscribers (where the Directors consider appropriate), or a combination of both as the Directors think fit at the relevant time.

In view of the sale of the Disposal Shares to the JW Purchaser, it is a condition precedent to the Disposal Agreement that the Company, the JW Purchaser and other shareholders of Kunming Jida shall execute the Release of Repurchase Obligation, pursuant to which the Company's obligation under the Shareholders' Agreements (including the Repurchase Obligation) will be novated to the JW Purchaser. Based on the Interim Report, the Repurchase Obligation has been classified as derivative financial liabilities in the unaudited consolidated statement of financial position of the Group which amounted to approximately HK\$53.7 million as at 30 September 2012.

Novation and release of the TTA Guarantee

Reference is made to the announcement of the Company dated 21 September 2012 in relation to, among others, the Technology Transfer Agreement and the TTA Guarantee. On 23 July 2012, Base Affirm entered into the Technology Transfer Agreement with Jida Biotech in respect of the transfer from Base Affirm to Jida Biotech of a distinctive technology related to one of the key pharmaceutical products of Kunming Jida at an aggregate consideration of RMB111 million (equivalent to approximately HK\$138.8 million). The consideration is payable by Jida Biotech in three phases upon satisfaction of certain pre-conditions, including but not limited to, the transfer of technical documents, the construction of production plant, the obtaining of production licence from the relevant PRC government authority, the commencement of full scale production and the obtaining of “Good Manufacturing Practice” certification from the relevant PRC government authority, as detailed in the Company’s announcement dated 21 September 2012.

As ancillary to the Technology Transfer Agreement, the Company (being the guarantor) and Jida Biotech further entered into the TTA Guarantee on 23 July 2012, pursuant to which the Company has guaranteed the implementation of the aforesaid pre-conditions in favour of Jida Biotech. In case of Jida Biotech’s failure of obtaining the requisite registration certificates of the relevant pharmaceutical products as well as the certification of “Good Manufacturing Practice” by the relevant PRC government authority by 31 December 2016, Jida Biotech may request the Company to repurchase the aforesaid key product technology and repay the full consideration that had already been paid by Jida Biotech. As a condition precedent to the Disposal Agreement, the obligation of the Company under the TTA Guarantee shall be released and discharged. The Company, the JW Purchaser and Jida Biotech will execute the Release of TTA Guarantee pursuant to which the Company shall be released from all and any obligations under the TTA Guarantee, which will be assumed by the JW Purchaser.

Potential continuing connected transaction

Following completion of the Share Purchase Agreement and the resignation of each of Mr. Lau Yau Bor, Mr. Lau Kin Tung and Madam Chan Hing Ming as executive Directors, they will remain as connected persons of the Company for the 12-month period following their resignation pursuant to Chapter 14A of the Listing Rules. Following the Disposal Completion, Jida Biotech will become an associate of the Lau’s Family, as such Jida Biotech will also become a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transaction under the Technology Transfer Agreement will become continuing connected transaction of the Company after the Disposal Completion and is subject to the reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules. The Company will comply in full with all applicable reporting, annual review, disclosure and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Technology Transfer Agreement.

Base Affirm will be retained in the Remaining Group. Base Affirm is subject to the following fees receivable upon satisfaction of the pre-conditions:

- (i) RMB20 million (equivalent to approximately HK\$25 million) upon completion of the construction of a production plant and the obtaining of the production licence from the State Food and Drug Administration of the PRC by 31 December 2013; and
- (ii) RMB51 million (equivalent to approximately HK\$63.8 million) upon the commencement of full scale production of bulk materials relating to the key product technology and the obtaining of the registration certificates of such products as well as the certificate of “Good Manufacturing Practice” by the State Food and Drug Administration of the PRC by no later than 31 December 2016.

Information of Jiwa Pharm

Jiwa Pharm is a limited liability company incorporated in Hong Kong on 10 October 1995 and principally engaged in investment holding. As at the date of this joint announcement, Jiwa Pharm is an indirect wholly-owned subsidiary of the Company and directly holds 49% equity interest of Kunming Jida. Jiwa Pharm does not hold interests in any other companies or hold other assets save for the interest in the Kunming Jida Group.

Based on the audited financial statements of Jiwa Pharm for the two years ended 31 March 2011 and 2012, which were prepared in accordance with Hong Kong Financial Reporting Standards, the profit before and after income tax for the two years ended 31 March 2011 and 2012, and the net assets as at 31 March 2011 and 2012 were as follows:

	For the year ended 31 March	
	2012	2011
	<i>HK\$ million</i>	<i>HK\$ million</i> (restated)
Profit before income tax	116.2	12.8
Profit after income tax	110.7	12.0
	As at 31 March	
	2012	2011
	<i>HK\$ million</i>	<i>HK\$ million</i> (restated)
Net assets	112.3	47.1

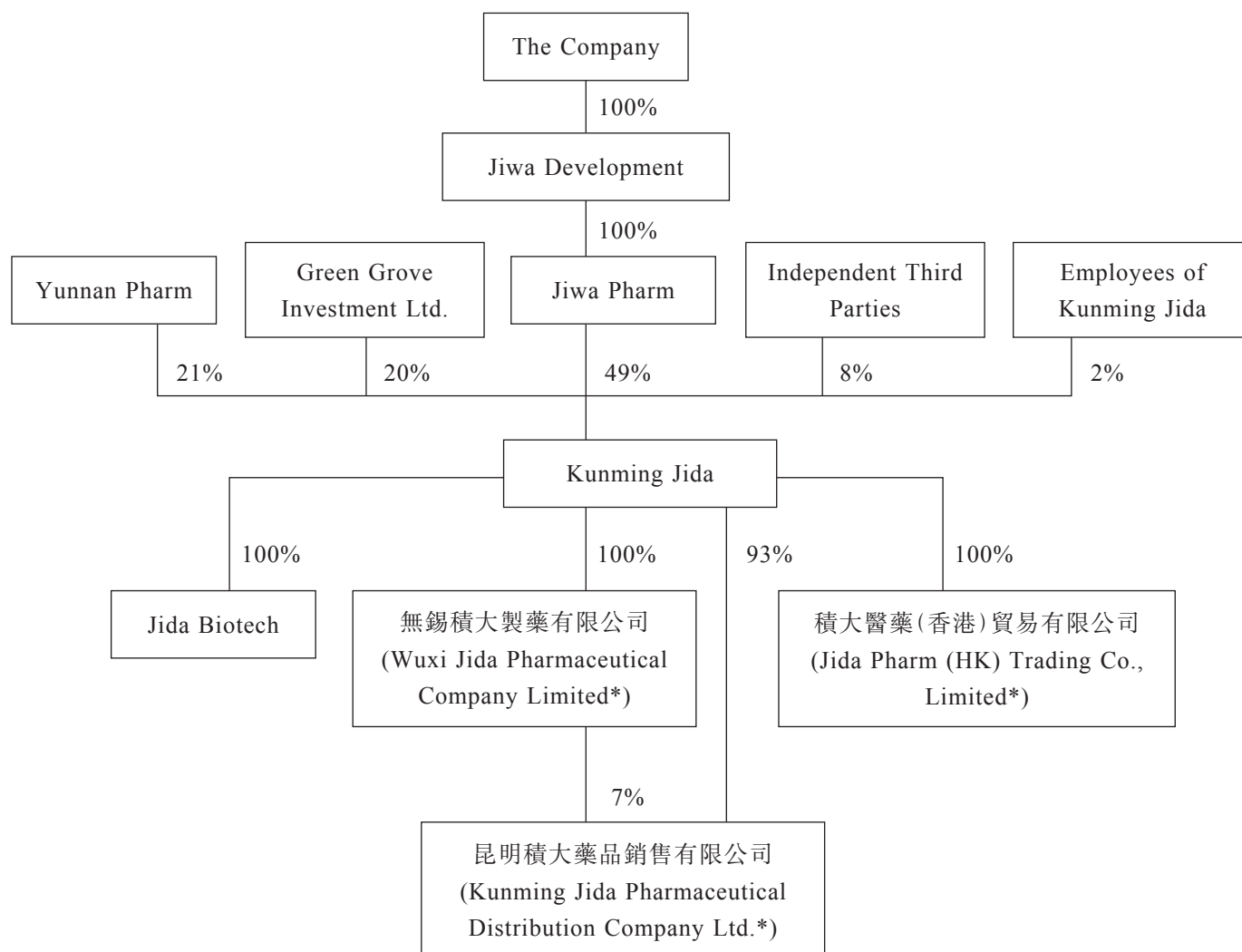
Information of the Kunming Jida Group

Kunming Jida is a sino-foreign owned enterprise established under the laws of the PRC on 14 August 1993 with limited liability. Kunming Jida Group is principally engaged in manufacturing and trading of pharmaceutical products in the PRC. As at the date of this joint announcement, Kunming Jida is held as to (i) 49% by Jiwa Pharm and being an associate of the Group; (ii) 21% by Yunnan Pharm; (iii) 20% by Green Grove Investment Ltd.; (iv) 2% by certain employees of Kunming Jida; and (v) 8% by Independent Third Parties. Save for being substantial shareholders or employees of Kunming Jida, each of (i) Yunnan Pharm, (ii) Green Grove Investment Ltd., (iii) respective ultimate beneficial owners of (i) and (ii); and (iv) the relevant employees holding 2% interest in Kunming Jida is an Independent Third Party. Green Grove Investment Ltd. is a company incorporated in Mauritius with limited liability and owned by Warburg Pincus Private Equity X, L.P. and Warburg Pincus X Partners, L.P., both of which are managed by Warburg Pincus LLC, a global private equity firm established in the United States of America. To the best knowledge of the Company, Green Grove Investment Ltd., Warburg Pincus LLC and their affiliates are all Independent Third Parties. The shareholders of Kunming Jida do not hold any Shares. The Company has provided loan guarantees and facility guarantees in respect of loans and facilities obtained by the Kunming Jida Group for an aggregate of approximately HK\$167.0 million as at 28 February 2013. The Company will be released from such guarantees prior to completion of the Share Purchase Agreement and the Disposal. The Group has amount due from the Kunming Jida Group of approximately HK\$70 million as at 28 February 2013, which will be repaid in full prior to completion of the Share Purchase Agreement and the Disposal.

Based on the unaudited consolidated financial statements of the Kunming Jida Group for the two years ended 31 December 2011 and 2012, which were prepared in accordance with accounting principles generally accepted in the PRC, the profit before and after income tax for the two years ended 31 December 2011 and 2012, and the net assets as at 31 December 2011 and 2012 were as follows:

	For the year ended 31 December	
	2012	2011
	<i>RMB million</i>	<i>RMB million</i>
	(Unaudited)	(Restated and unaudited)
Profit before income tax	99.5	84.8
Profit after income tax	77.0	71.0
	As at 31 December	
	2012	2011
	<i>RMB million</i>	<i>RMB million</i>
	(Unaudited)	(Restated and unaudited)
Net assets	439.6	436.6

As at the date of this joint announcement, the shareholding structure of the Kunming Jida Group is as follow:



Reasons for and benefits of the Disposal

The Group is principally engaged in (i) trading of pharmaceutical products and healthcare products; (ii) investment holding and treasury function; and (iii) research and development of chemical and biological products. At the request of the Offeror, the Vendors proposed the Disposal to the Company in order to divest its non-core business, and to focus its capital and management resources on the operating business of trading of pharmaceutical products and R&D and project management.

The Directors estimate that the net proceed from the Disposal will be approximately HK\$478 million. The Directors are of the view that the Disposal provides an opportunity for the Company to realise the Group's investment in the non-core business while receiving the Disposal Consideration in cash. If the possible Special Dividend is declared, the Company intends to use the net proceeds from the Disposal for the payment of the possible Special Dividend to the Shareholders. As such, the Disposal may provide an opportunity to the Shareholders to realise part of their investments in the Company by receiving the possible Special Dividend.

As discussed in the section headed “Novation and release of the Repurchase Obligation” above, the Company has agreed with the Subscribers in February 2011 that if Kunming Jida does not obtain a listing on a stock exchange within 48 months from 7 April 2011, the Subscribers may, within six months from the expiry of such 48 months, request the Company to repurchase their equity interest in Kunming Jida. As at the date of this joint announcement, Kunming Jida has not obtained a separate listing status on any stock exchange.

During the course of preparation for the Listing Application on the Shenzhen Stock Exchange, the Company has been advised by the relevant professional parties after communication with the China Securities Regulatory Commission that if the controlling shareholder of Kunming Jida (i.e. currently being the Company) is a listed company in another overseas stock exchange, there will be significant regulatory hurdle for the Listing Application on the grounds that the relevant regulatory authority does not expect the same operating entity supporting two listing status (the listing of the Company and the listing of the Kunming Jida Group), whether in the PRC or overseas, hence causing the success of the Listing Application to be highly uncertain.

Based on the advice available to the Company from the advisers advising the proposed listing of Kunming Jida, any change in control of Kunming Jida will likely hinder the Listing Application of Kunming Jida and Kunming Jida will have to remain in the control of the same new controlling shareholder(s) for three years before proceeding with the proposed listing on the Shenzhen Stock Exchange, in which case the Repurchase Obligation will be triggered. If the Company were to reduce its shareholding in Kunming Jida to a “non-controlling level”, the Company is advised that Kunming Jida will be treated as a “多人共同控制公司” (multi-controlling shareholders company) by relevant authority and thus will be deemed to have a change in control in Kunming Jida. On the other hand, if the Company were to dispose of its shareholding to other investors rather than the Lau’s Family (who currently controlled Kunming Jida indirectly through the Company), it is obvious that a change in control of Kunming Jida would be resulted. Indeed, the Company considers it not making commercial sense for an independent investor to take up the interest in Kunming Jida and bearing the Repurchase Obligation at the same time while Kunming Jida can only proceed with its listing exercise after three years, not to say the uncertainties involved. Taking into account the above, the Company is of the view that the Disposal is fair and reasonable when comparing with the other options described above.

In view of the high possibility of triggering the Repurchase Obligation if the Listing Application is not successful, the Offeror does not expect the Repurchase Obligation would still be attributable to the Company after the completion of the Share Purchase Agreement. As such, the Disposal is one of the key conditions precedent to the entering into of the Share Purchase Agreement and completion thereof. The Repurchase Obligation will be assumed by the JW Purchaser prior to the Disposal Completion. In negotiation with the JW Purchaser in respect of the Disposal, the Directors have taken into consideration the management and ownership continuity of Kunming Jida and the established co-operation relationship among the existing equity holders of Kunming Jida, in order to ensure the smooth implementation of the Listing Application. In such regard, all the Subscribers have indicated that they do not expect the ultimate single largest equity holder of Kunming Jida to be changed to any parties other than the Lau’s Family. Following the Disposal Completion, the Lau’s

Family, being the single largest equity holder of Kunming Jida, together with other equity holders thereof, will continue to proceed with the Listing Application.

Financial effect of the Disposal

As at the date of this joint announcement, Jiwa Pharm is an indirect wholly-owned subsidiary of the Company and directly holds 49% equity interest of Kunming Jida. As such, Kunming Jida is an associate of the Group and the share of results of the Kunming Jida Group is accounted for in the consolidated statement of comprehensive income of the Group under the equity method.

Following the Disposal Completion, Jiwa Pharm and the Kunming Jida Group will respectively cease to be a subsidiary and associates of the Company.

Based on the preliminary assessment, the Group is expected to recognise a net gain of approximately HK\$104.2 million upon Disposal Completion, which represents the Disposal Consideration of HK\$512 million less (i) net book amount of the Group's interest in the Kunming Jida Group of approximately HK\$429.5 million as at 30 September 2012; and (ii) estimated tax liabilities in relation to the Disposal and other related transaction expenses, and add back the fair value of the Repurchase Obligation of approximately HK\$53.7 million as at 30 September 2012. The actual net gain or loss from the Disposal will vary and depend on, among other things, the net book amount of the Group's interest in the Kunming Jida Group and the fair value of the Repurchase Obligation as at Disposal Completion Date.

In view that Kunming Jida has been accounted for as an associate in the consolidated financial statements of the Group before the Disposal, the Directors expect that the Disposal will not affect the principal activities of the Group. The Group's principal business after the Disposal will remain as trading of pharmaceutical and healthcare products, research and development of chemical and biological products, investment holding and treasury function. The major customers of the Remaining Group are import and export companies located in the PRC. The major suppliers of the Remaining Group are manufacturers of pharmaceutical bulk materials located in Italy and Switzerland. The Directors and the Offeror confirm that the major customers and suppliers of the Remaining Group have no relationship with the Vendors or the Offeror or the Kunming Jida Group, save for being customers and suppliers of the Remaining Group.

In view of the foregoing, the Directors (excluding the independent non-executive Directors who will give their views after considering the advice of the Independent Financial Adviser) do not expect there will be material adverse impact on the Group's financial and business operation and the sustainability of the Group as a result of the Disposal and the Property Disposal, and consider that the terms of the Disposal Agreement are on commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

THE PROPERTY DISPOSAL AGREEMENT

Date	:	12 March 2013
Vendor	:	Jiwa International
Purchaser	:	Sunny Enterprise, an investment holding company and wholly-owned by the JW Purchaser
Assets to be disposed of	:	Pursuant to the Property Disposal Agreement, Jiwa International agreed to sell and Sunny Enterprise agreed to acquire the Property
Consideration	:	The consideration for the Property Disposal is HK\$22,000,000 which shall be paid by Sunny Enterprise in cash on completion of the Property Disposal

Basis for determination of the Property Consideration

The Property Consideration was arrived at after arm's length negotiations between the parties to the Property Disposal Agreement after taking into consideration the market value of the Property of HK\$22 million as at 8 March 2013 based on a property valuation report issued by an independent valuer. The text of such property valuation report is set forth in Appendix I to this joint announcement.

Conditions precedent

The completion of the Property Disposal is conditional upon the following:

- (i) the approval of the Independent Shareholders at the SGM by way of poll as required under the Listing Rules and the Takeovers Code for the entering into and the implementation of the Property Disposal Agreement and all the transactions contemplated thereunder having been obtained;
- (ii) all approvals, consents and authorisations which are necessary in accordance with the requirements under the applicable laws, rules and regulations to which the parties to the Property Disposal Agreement are subject for the entering into and the implementation of the Property Disposal Agreement and all transactions contemplated thereunder having been obtained; and
- (iii) completion of the Share Purchase Agreement and the Disposal Agreement taking place pursuant to the respective terms thereunder.

Completion

Completion of the Property Disposal Agreement shall take place contemporaneously with the completion of the Share Purchase Agreement and the Disposal Agreement. If the conditions precedent to the Property Disposal Agreement are not fulfilled or waived by the parties thereto on or before 31 October 2013 (or such later date as the parties shall agreed in writing), all liabilities of the parties under the Property Disposal Agreement shall cease and determine.

Information on the Property

The Property is located at No. 5 on the 29th floor of Tower One of Lippo Centre, No. 89 Queensway, Hong Kong, which was acquired by the Group from an Independent Third Party in May 2012 at HK\$20,070,000. The Property is an office premise and has a saleable area of approximately 72.5 square metres. The estimated market value of the Property as at 8 March 2013 was approximately HK\$22,000,000 based on a property valuation report issued by an independent valuer. The Property is an investment property of the Group and currently leased by Jiwa International to a tenant, being an Independent Third Party, at a monthly rental of approximately HK\$54,000 for a term of tenancy of two years commencing in March 2013.

Reasons for the Property Disposal

At the request of the Offeror, the Vendors proposed the Property Disposal to the Group in order to divest its investment in non-core assets, and to focus its capital and management resources on the operating business of trading of pharmaceutical products and R&D and project management. An estimated gain of approximately HK\$900,000, details of which are set out in the section below, is expected to be recognised by the Group as a result of the Property Disposal.

Financial effect of the Property Disposal

An estimated gain of approximately HK\$900,000, being the Property Consideration of approximately HK\$22,000,000 less the net book value of the Property as at 28 February 2013 of approximately HK\$21,027,700 and the related transaction expenses and tax liabilities, is expected to be recognised by the Group as a result of the Property Disposal. Any actual gain or loss from the Property Disposal will depend on the fair value of the Property upon completion of the Property Disposal.

Upon completion of the Property Disposal, the Property will cease to be an investment property of the Group. As a result of the Property Disposal, it is expected that (i) the Group's non-current assets will decrease by approximately HK\$21,027,700; (ii) the Group's cash and cash equivalents will increase by approximately HK\$22,000,000; and (iii) the Group's total comprehensive income for the year will increase by approximately HK\$900,000.

Use of proceeds from the Property Disposal

It is expected that the net proceeds from the Property Disposal would be approximately HK\$22 million. If the possible Special Dividend is declared, the Company intends to apply the net proceeds from the Property Disposal to finance the distribution of the possible Special Dividend. As such, the entering into of the Property Disposal Agreement may provide the Shareholders an opportunity to realise their investment in the Company in the form of the possible Special Dividend, if declared.

In view of the foregoing, the Directors (excluding the independent non-executive Directors who will give their views after considering the advice of the Independent Financial Adviser) consider that the terms of the Property Disposal Agreement are on commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

THE PROPERTY OPTION DEED

Date	:	12 March 2013
Grantor	:	Sunny Enterprise, an investment holding company and wholly-owned by the JW Purchaser
Grantee	:	Tech-Medi Development Limited, a wholly-owned subsidiary of Jiwa Development
Property Option	:	Pursuant to the Property Option Deed, Sunny Enterprise grants an option to the Grantee, at its sole discretion, to request Sunny Enterprise to purchase from the Grantee the Option Property
Option period	:	Within the 25th and 30th months after the date of completion of the Share Purchase Agreement
Purchase price	:	HK\$33,000,000 or the market value of the Option Property at the time of valuation to be determined by a property valuer determined by the Grantee within three months prior to the service of an option notice, whichever is higher

The Company will comply with the applicable Listing Rules requirements upon the exercise of the option.

Basis for determination of the purchase price

The purchase price of HK\$33,000,000 was determined after arm's length negotiation between Sunny Enterprise and the Grantee after taking into consideration the market value of the Option Property of HK\$33 million as at 8 March 2013 based on a property valuation report issued by an independent valuer. The text of such property valuation report is set forth in Appendix II to this joint announcement.

Conditions precedent

The Property Option Deed shall be conditional and effective upon the satisfaction of the following conditions on or before 31 October 2013:

- (i) the approval of the Independent Shareholders at the SGM by way of poll as required under the Listing Rules and the Takeovers Code for the entering into and the implementation of the Property Option Deed and all the transactions contemplated thereunder having been obtained;
- (ii) all approvals, consents and authorisations which are necessary in accordance with the requirements under the applicable laws, rules and regulations to which the parties to the Property Option Deed are subject for the entering into and the implementation of the Property Option Deed and all transactions contemplated thereunder having been obtained; and
- (iii) completion of the Share Purchase Agreement and the Disposal Agreement taking place pursuant to the respective terms thereunder.

If the conditions are not fulfilled or waived (where applicable) on or before 31 October 2013, the liabilities of the parties to the Property Option Deed shall cease.

Information of the Option Property

The Option Property is located at No. 6 on the 29th floor of Tower One of Lippo Centre, No. 89 Queensway, Hong Kong. The Option Property is an office premise and has a saleable area of approximately 108.5 square metres. The Option Property is currently leased by the Grantee to Jida Pharm (HK) Trading Co., Limited (the “**Tenant**”), a wholly-owned subsidiary of Kunming Jida at a monthly rental of HK\$70,000 for a term of tenancy of two years commencing in February 2012 as the office of the Kunming Jida Group. The estimated market value of the Option Property as at 8 March 2013 was approximately HK\$33,000,000 based on a property valuation report issued by an independent valuer.

Reasons for and benefits of the Property Option Deed

At the request of the Offeror, the Vendors proposed the Property Option Deed to the Group to avail the Group an option for further divestment of its investment in non-core assets at the current market value of the Option Property or the then market value of the Option Property at the time of valuation to be determined by a property valuer determined by the Grantee within three months prior to the service of an option notice, whichever is higher. In the event that the disposal of the Option Property could not maximise the interest of the Shareholders by then, the Grantee can opt not to serve the option notice. In effect, the Property Option Deed provides a downside protection to the Group for its investment in the Option Property.

In view of the foregoing, the Directors (excluding the independent non-executive Directors who will give their views after considering the advice of the Independent Financial Adviser) consider that the terms of the Property Option Deed are on commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Potential continuing connected transaction

Pursuant to the Lease Agreement, the Grantee is entitled to an annual rental income of HK\$840,000 payable by the Tenant until the expiry of the Lease Agreement. Following the Disposal Completion and the resignation of each of Mr. Lau Yau Bor, Mr. Lau Kin Tung and Madam Chan Hing Ming as executive Directors, they will remain as connected persons of the Company for the 12-month period following their resignation pursuant to Chapter 14A of the Listing Rules. Following the Disposal Completion, the Tenant will become an associate of the Lau's Family, as such the Tenant will also become a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transaction under the Lease Agreement constitutes a continuing connected transaction of the Company after the Disposal Completion and is subject to the reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules. The Company will comply in full with all applicable reporting, annual review, disclosure and independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the provision of the Lease Agreement.

THE MANAGEMENT AGREEMENT

Date : 12 March 2013

Parties : (i) the Company
(ii) Sunny Enterprise, an investment holding company and wholly-owned by the JW Purchaser

Principal terms of the Management Agreement

Subject to and from the date the Management Agreement becoming unconditional and effective, the Company agrees to engage Sunny Enterprise as management service provider to provide certain management services to the Managed Companies for a period of two years (the “**Service Term**”).

Conditions precedent

The Management Agreement shall be conditional and effective upon the satisfaction of the following conditions on or before 31 October 2013:

- (i) the approval of the Independent Shareholders at the SGM by way of poll for the Management Agreement and the transactions contemplated thereunder pursuant to the Listing Rules and the Takeovers Code;
- (ii) all relevant approvals and consents being obtained in respect of the transactions contemplated under the Management Agreement; and
- (iii) completion of the Share Purchase Agreement and the Disposal Agreement taking place pursuant to the respective terms thereunder.

If the conditions are not fulfilled on or before 31 October 2013, the liabilities of the parties to the Management Agreement shall cease.

These management services mainly include, among others:

- (1) Sunny Enterprise shall assist the Remaining Group to conduct and develop its R&D projects and business, including but not limited to, assisting the Company and Base Affirm to perform their obligations under the Technology Transfer Agreement and, in the event that the Company or Base Affirm is requested to repurchase the key product technology from Jida Biotech pursuant to the Technology Transfer Agreement, procuring the JW Purchaser to assume all costs and expenses of such repurchase;
- (2) Sunny Enterprise shall assist the Remaining Group to operate and manage the business of import of pharmaceutical products and distribution of medical and health care products;
- (3) Sunny Enterprise shall manage the Treasury Products and negotiate the most favourable terms of loan from Standard Chartered Bank for Jiwa International;
- (4) During the Service Term, subject to the consent of the Company, Sunny Enterprise has the right to decide that the Group shall redeem the Treasury Products. In the event that Sunny Enterprise decided that the Group shall redeem the Treasury Products and that the redeemed amount less (i) any management fee, redemption fee and default costs incurred by the Group in respect of the Treasury Products during the Service Term and (ii) the interest expenses incurred

by the Group during the Service Term in respect of the Bank Facilities and any loans provided by Sunny Enterprise (if any) is less than HK\$100,600,000, Sunny Enterprise shall compensate the Company the difference on a dollar-for-dollar basis. The amount of HK\$100,600,000 was determined with reference and equivalent to the total market value of the Treasury Products as at 31 December 2012;

- (5) If the Treasury Products are not redeemed by the Group prior to or on the date of expiry of the Service Term, the Group may redeem the Treasury Products within six months following the expiry of the Service Term. If the redeemed amount less (i) any management fee, redemption fee and default costs incurred by the Group in respect of the Treasury Products during the Service Term and (ii) the interest expenses incurred by the Group during the Service Term in respect of the Bank Facilities and any loans provided by Sunny Enterprise (if any) is less than HK\$100,600,000, Sunny Enterprise shall compensate the Company the difference on a dollar-for-dollar basis;
- (6) Pursuant to the terms of the Bank Facilities, the Share Purchase constitutes a change in control of the Company and shall in turn constitute an event of default under the Bank Facilities by the Group. As such, upon completion of the Share Purchase Agreement, Standard Chartered Bank has the right to demand immediate repayment of the loans in full by the Group. Pursuant to the Management Agreement, if Standard Chartered Bank withdraws or reduces the amount of the Bank Facilities during the Service Term, Sunny Enterprise shall negotiate with Standard Chartered Bank to ensure it continues to provide loans to Jiwa International on the then prevailing reasonable commercial terms. If Standard Chartered Bank refuses to provide any loan or is only willing to provide loans of less than HK\$89,000,000, Sunny Enterprise shall procure loans of the shortfall amount from other sources to Jiwa International. If the loan amount provided by Standard Chartered Bank is less than HK\$89,000,000, the Company may request Sunny Enterprise to immediately arrange for the Group to redeem the Treasury Products and compensate the Company in the manner as described in (4) above.

The Group's treasury products as at 30 September 2012 included the followings:

1. debt securities acquired by the Group on 10 June 2011 from Standard Chartered Bank due on 17 June 2016 with aggregate nominal value of US\$5,100,000. The debt securities is issued by Standard Chartered Bank London and the redemption payment on maturity is linked to the average quarterly performance of Standard Chartered Bank London's Asia Risk Control Investable Index. The debt securities bear no interest and the minimum 100% return of the principal investment at maturity was guaranteed by Standard Chartered Bank London. The fair value of the debt securities as at 30 September 2012 was HK\$60,117,000;
2. time deposits placed by the Group on 29 June 2011 with The Hongkong and Shanghai Banking Corporation Limited in an amount of US\$5,500,000 with a maturity on 15 July 2016. The Hongkong and Shanghai Banking Corporation Limited shall repay the Group the principal deposit in full on the maturity date together with the interest return linked to the performance of the bank's Dynamic Term Premium Index. The fair value of the time deposits as at 30 September 2012 was HK\$45,212,000; and

- debt securities acquired by the Group on 15 July 2011 from Standard Chartered Bank due on 22 July 2016 with aggregate nominal value of US\$7,500,000. The debt securities is a principal protected index-linked note and the return is linked to the performance of Standard Chartered Bank London's FX Global Yield Model Index Tranche 1.87, which is based on returns of notional allocation to the index, and the return of interest bearing instruments used to manage cash and protect the Group's principal. The minimum 100% return of the principal investment at maturity was guaranteed by Standard Chartered Bank London. The fair value of the debt securities as at 30 September 2012 was HK\$59,401,000. Treasury products 1 and 3 represent the Treasury Products.

Standard Chartered Bank has granted short term money market loan facility of HK\$140 million to the Group for purchase of the Treasury Products. The outstanding amount of the short term money market loan was HK\$89 million as at 28 February 2013. Jiwa International has provided guarantee in favour of Standard Chartered Bank in respect of the short term money market loan. The Treasury Products are also pledged to Standard Chartered Bank in respect of the short term money market loan.

Pursuant to the Management Agreement, Sunny Enterprise has guaranteed to the Company that the Managed Companies shall maintain positive net assets value during the Service Term.

Sunny Enterprise shall designate Mr. Lau Yau Bor, Madam Chan Hing Ming and Mr. Lau Kin Tung (or other person(s) agreed by Sunny Enterprise and the Company in writing) to provide the management services and each of the delegates must devote at least 10 Business Days per month in the management services.

Management fee payable during the Service Term

In consideration for Sunny Enterprise providing the above management services, subject to the Managed Companies recording consolidated net profit and that such profit is sufficient to pay for the relevant management fee, the Company agreed to pay a monthly management fee of HK\$220,000 to Sunny Enterprise, representing an annual fee of HK\$2,640,000, and HK\$5,280,000 in aggregate for the entire Service Term. For the two financial years ended 31 March 2012, the Lau's Family received total emoluments (including Director's fees, salaries, housing, other allowances and benefits in kind) amounting to approximately HK\$8.6 million and HK\$4.3 million respectively. Apart from the management services stipulated under the Management Agreement as described above, the Lau's Family also managed all other subsidiaries and associated companies of the Group other than those as mentioned in the Management Agreement (i.e. companies/associated companies comprised the Group in the two financial years ended 31 March 2012 other than the members of the Remaining Group) in their capacities as Directors and chief executives of the Company. The management fee payable under the Management Agreement was determined after arm's length negotiation between the Company and Sunny Enterprise after taking into consideration the past emoluments received by the Lau's Family and the estimated time that the Lau's Family shall devote in the management services. The estimated time devoted by the Lau's Family in the Company's business was approximately 15 to 20 business days and 10 business days per month before and after the Disposal respectively.

Save as disclosed herein, the Lau's Family and its associates (i) have not received any other benefits (monetary or otherwise) for their management services provided to the Group in the two financial years ended 31 March 2012, and (ii) will not receive any other benefits (monetary or otherwise) under the Management Agreement.

Reasons for and benefits of the Management Agreement

In order for smooth transition of the management of the Remaining Group following completion of the Share Purchase Agreement, the Offeror considers the support by the Lau's Family in the pharmaceutical industry for operating and managing the Remaining Business would be in the interest of the Company and the Shareholders as a whole and thus invited the Lau's Family, being the current executive Directors, to continue their operation roles and functions for the Service Term to assist the management of the Remaining Group. Taking into account the experience of the Lau's Family in managing and operating the Remaining Business, the Directors consider that the entering into of the Management Agreement ensures the management continuity of the Remaining Business during the Service Term.

In view of the foregoing, the Directors (excluding the independent non-executive Directors who will give their views after considering the advice of the Independent Financial Adviser) consider that the terms of the Management Agreement are on commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Mr. Lau Kin Tung has executed a personal guarantee in favour of the Grantee and the Company in respect of the relevant obligations of Sunny Enterprise and the JW Purchaser under the Disposal Agreement, the Property Option Deed, the Property Disposal Agreement, the Management Agreement, the Release of Repurchase Obligation and the Release of TTA Guarantee.

POSSIBLE SPECIAL DIVIDEND

Subject to (i) the Disposal Completion; (ii) the completion of the Property Disposal; (iii) completion of the Property Transfer; (iv) compliance with the relevant bye-laws of the Company governing the declaration of and payment for dividends; (v) the sufficiency of the distributable reserves of the Company immediately after the Disposal Completion and the completion of the Property Disposal and the Property Transfer; and (vi) approval by the Shareholders of the possible Special Dividend at the SGM by way of poll, the Board may declare and distribute the possible Special Dividend of HK\$0.375 per Share to the Qualifying Shareholders as contemplated under the Closing Conditions under the Share Purchase Agreement. The Company intends to declare and distribute the Special Dividend, subject to the approval of the Board at a Board meeting which will be held in due course. Further announcement will be made to update the Shareholders in such regard as and when appropriate. If the possible Special Dividend is declared, the Dividend Record Date shall fall on a date before the completion of the Share Purchase Agreement and the actual payment of such dividend may be made upon or after the completion of the Disposal and the Property Disposal. The possible Special Dividend, if declared, will be distributed based on the shareholding information on the Dividend Record Date, which shall fall on a date before the completion of the Share Purchase

Agreement. Any Shareholder who is registered as a member of the Company on the Dividend Record Date and subsequently accepts the Share Offer would still be entitled to the possible Special Dividend, if declared. That is, the entitlement of the possible Special Dividend, if declared will be based solely on the register of members of the Company on the Dividend Record Date. The possible Special Dividend, if declared, will be despatched to such Shareholder upon or after the completion of the Disposal and the Property Disposal based on the address of such Shareholder recorded in the register of members of the Company on the Dividend Record Date. The possible Special Dividend, if declared, will be financed by the net proceeds of the Disposal Consideration and the Property Consideration, and the internal resources of the Group.

Based on 1,625,000,000 Shares in issue as at the date of this joint announcement and the possible Special Dividend of HK\$0.375 per Share, if declared, the total amount of the possible Special Dividend will be approximately HK\$609.4 million. Based on 1,640,000,000 Shares as enlarged by the full exercise of 15,000,000 Options outstanding, the total amount of the possible Special Dividend will be HK\$615.0 million. It is intended that the amount of possible Special Dividend payable to the Vendors of approximately HK\$439.9 million shall be set-off against the Disposal Consideration payable by the JW Purchaser. Therefore, the JW Purchaser shall pay a net amount of approximately HK\$40.1 million for the Disposal. If the possible Special Dividend is not declared, the Disposal Consideration will be settled by the JW Purchaser in cash from its own internal resources.

Based on the Directors' best knowledge and estimates, the Board considers that the Company will have sufficient distributable reserves for the possible Special Dividend, if declared, immediately after the Disposal Completion and completion of the Property Disposal and the Property Transfer, after taking into account (i) the Company's available distributable reserves as at 30 September 2012; and (ii) the expected gain on the Disposal, the Property Disposal and the Property Transfer to be recognised by the Group.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Offeror and parties acting in concert with it are not interested in any Shares (other than the interest in Shares under the Share Purchase Agreement). Immediately after completion of the Share Purchase Agreement, the Offeror and parties acting in concert with it will own a total of 1,173,102,000 Shares, representing approximately 72.19% of the existing issued share capital of the Company. Under Rules 26.1 and 13 of the Takeovers Code, the Offeror will be required to make a mandatory unconditional general offer in cash for all the issued Shares and to cancel all outstanding Options (other than those Shares already acquired or agreed to be acquired by the Offeror and parties acting in concert with it).

As at the date of this joint announcement, the Company has 15,000,000 outstanding Options, each with exercise price of HK\$0.34 and exercisable period of 12 November 2012 to 11 November 2017, entitling the Optionholders to subscribe for up to a total of 15,000,000 new Shares. All 15,000,000 outstanding Options were granted to a consultant and certain employees of the Group.

Save for the outstanding Options, there are no outstanding warrants, options, derivatives or securities convertible into Shares and the Company has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the date of this joint announcement.

Accordingly, (i) (assuming none of the outstanding Options have been exercised prior to the close of the Offers), 451,898,000 Offer Shares will be subject to the Share Offer and 15,000,000 Options will be subject to the Option Offer; or (ii) (assuming all the outstanding 15,000,000 Options have been fully exercised prior to the close of the Offers) 466,898,000 Offer Shares will be subject to the Share Offer.

Warning: The Offers are a possibility only.

The Offers may or may not proceed and will only be made if the Share Purchase Agreement is completed. Completion of the Share Purchase Agreement is conditional upon satisfaction (or, if applicable, waiver) of the Closing Conditions as set out under the section headed “Conditions precedent of the Share Purchase Agreement” in this joint announcement. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If Shareholders and potential investors have any doubt about their position, they should consult their professional advisers.

The Offers, if made, will be on the terms as set out below.

Principal terms of the Offers

Subject to and upon completion of the Share Purchase Agreement, Haitong Securities, on behalf of the Offeror and in compliance with the Takeovers Code, will make a mandatory unconditional cash offer for all the issued Shares and cancel all outstanding Options (other than those Shares acquired or agreed to be acquired by the Offeror, its ultimate beneficial owner and parties acting in concert with any of them under the Share Purchase Agreement) on the terms to be set out in the composite document to be issued in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$0.2378 in cash

The Option Offer

For each Option HK\$0.0001 in cash

The Offer Price is HK\$0.2378 for each Offer Share, which is the same as the price per Sale Share paid by the Offeror under the Share Purchase Agreement. **The Offer Price will not be affected by the possible downward adjustment on the Share Purchase Price, if any, as stipulated in the section headed “The Share Purchase Agreement — Share Purchase Price — Downward adjustment of the Share Purchase Price” in this joint announcement.** The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances.

The offer price for each outstanding Option under the Option Offer is set at a nominal value of HK\$0.0001 as the exercise price of such Options is higher than the Offer Price.

The Offers will be unconditional in all respects and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

Save for the Share Purchase Agreement, the Offeror and parties acting in concert with it have not dealt in nor does any of them have any shareholding interest in or control over any Shares, convertible securities, warrants or options in the Company during the six months immediately prior to the date of the Share Purchase Agreement and up to the date of this joint announcement.

Total benefit receivable by Shareholders under the Share Offer and the Special Dividend

As stated in the section headed “Possible Special Dividend” above, subject to (i) the Disposal Completion; (ii) the completion of the Property Disposal; (iii) completion of the Property Transfer; (iv) compliance with the relevant bye-laws of the Company governing the declaration of and payment for dividends; (v) the sufficiency of the distributable reserves of the Company immediately after the Disposal Completion and the completion of the Property Disposal and the Property Transfer; and (vi) approval by the Shareholders of the possible Special Dividend at the SGM by way of poll, the Board may declare and distribute the possible Special Dividend to the Qualifying Shareholders (including the Lau’s Family). The possible Special Dividend, if declared, will amount to HK\$0.375 per Share.

Shareholders may be entitled to the possible Special Dividend, if declared, whether they accept the Share Offer or not during the offer period. If completion of the Share Purchase Agreement proceeds, the Lau’s Family will receive an aggregate of approximately HK\$0.6128 per Share from the sale proceeds of the Sale Shares and the possible Special Dividend, if declared. Similarly, other existing Shareholders will receive a total benefit of approximately HK\$0.6128 per Share from the possible Special Dividend, if declared and the Share Offer if they accept the Share Offer.

Comparisons of value

The Offer Price of HK\$0.2378 is equal to the price per Sale Share payable by the Offeror under the Share Purchase Agreement and represents:

- (i) a discount of approximately 49.9% to the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 50.5% to the average closing price of HK\$0.480 per Share as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day;

- (iii) a discount of approximately 50.1% to the average closing price of HK\$0.477 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 42.8% to the average closing price of HK\$0.416 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day; and
- (v) a discount of approximately 37.44% over the unaudited consolidated net asset value of the Group as at 30 September 2012 of approximately HK\$0.3801 per Share.

Highest and lowest Share price

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Last Trading Day from 11 September 2012 to 11 March 2013 were HK\$0.510 per Share on 28 February 2013 and HK\$0.320 per Share on 17 to 21 September 2012, 9 October 2012 and 6 to 7 November 2012, respectively.

Total consideration for the Offers

As at the date of this joint announcement, the Company has 1,625,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company prior to the making of the Offers, at the Offer Price of HK\$0.2378 per Offer Share, the entire issued Shares of the Company would be valued at about HK\$386.4 million under the Offers, and all of the 451,898,000 Offer Shares are valued at about HK\$107.5 million. Assuming that all the 15,000,000 Options under the Option Offer are tendered at HK\$0.0001 each, the total consideration payable by the Offeror under the Option Offer is HK\$1,500.

Assuming that all the 15,000,000 Options under the Option Offer are fully exercised prior to the making of the Offers, there will be 1,640,000,000 Shares in issue and the entire issued share capital of the Company would be valued at about HK\$390.0 million under the Share Offer, and there will be 466,898,000 Offer Shares, which will be valued at about HK\$111.0 million in aggregate.

Finance resources available to the Offeror

The Offeror intends to finance the cash consideration payable under the Offers from its internal resources and the Haitong Securities Facility. Haitong Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offers.

Effects of accepting the Offers

The Offers, subject to completion of the Share Purchase Agreement taking place, will be unconditional.

By accepting the Share Offer, Shareholders will sell their Shares to the Offeror free from all Encumbrances and together with all rights attached to them as at the date of completion of the Offers, including the right to receive all dividends and distributions (except the possible Special Dividend, if declared) recommended, declared, paid or made, if any, on or after the date of completion of the Offers.

Acceptance of the Share Offer by any Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Share Offer are free from all Encumbrances and together with all rights accruing or attaching thereto, including the right to receive all dividends and distributions (except the possible Special Dividend, if declared) recommended, declared, paid or made, if any, on or after the date of completion of the Offers. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

Assuming that the Offers are made upon completion of the Share Purchase Agreement, (i) the seller's Hong Kong ad valorem stamp duty on acceptance of the Share Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to the Shareholders who accept the Share Offer; and (ii) the Offeror will bear its own portion of the buyer's Hong Kong ad valorem stamp duty amounting to 0.1% of the amount payable in respect of relevant acceptances and will be responsible for accounting to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within 7 business days of the date on which the duly completed acceptances of the Offers and the relevant documents of title of the Shares are received by the Registrar to render each such acceptance complete and valid.

Other arrangements

The Offeror confirms that as at the date of this joint announcement,

- (i) the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offers;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them;

- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which might be material to the Offers (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (iv) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns or has control or direction over any rights or voting rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (v) save for the Share Purchase Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers; and
- (vi) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has borrowed or lent.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the BVI with limited liability on 4 February 2013. The Offeror is an investment holding company. Its entire issued share capital is held by Shunda Investment Limited which is a company incorporated in the BVI and is in turn wholly owned by Mr. Zhou Xuzhou, being the Purchaser's Warrantor. As such, each of Shunda Investment Limited and Mr. Zhou is an associate (as defined in the Takeovers Code) of the Offeror. Save as disclosed above, there are no other associates (as defined in the Takeovers Code) of the Offeror holding 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Offeror.

Mr. Zhou is a director of the Offeror. He is also the founder and chairman of the board of directors, chief executive officer and the sole shareholder of 宇業集團有限公司 (U-Home Group Limited*). U-Home Group Limited is a company incorporated under the laws of the PRC and, together with over twenty of its subsidiaries, is principally engaged in real estate development, hotel management and property management in various cities in the PRC. Mr. Zhou, through subsidiaries wholly owned by him, has started his real estate business since 1992. U-Home Group Limited and the Offeror are fellow subsidiaries of Shunda Investment Limited. Other biographical details of Mr. Zhou are as follow:

Mr. Zhou, aged 57, obtained a Master of Science degree from the University of Wuhan (武漢大學) in 1985 and is primarily responsible for leading the strategic planning and business development of the U-Home Group Limited and overseeing all key aspects of the operations of the U-Home Group Limited, including financial management and project development business. He has over 20 years of experience in the property industry.

OFFEROR'S INTENTION FOR THE REMAINING GROUP

Business

The Offeror intends to continue the existing businesses of the Remaining Group (including (i) trading of pharmaceutical products and healthcare products; (ii) investment holding and treasury function; and (iii) research and development of chemical and biological products) and has no intention to dispose of or downsize the Remaining Group's existing businesses nor dispose of or inject any of its businesses to the Company immediately after completion of the Offers. The Offeror will, following completion of the Offers, conduct a detailed review of the operations of the Remaining Group with a view to developing corporate strategy to broaden its income stream, which may include expansion of the scope of business of the Remaining Group should appropriate opportunities arise.

As at the date of this joint announcement, the Offeror has no intention to introduce any major changes to the business of the Remaining Group or to dispose of or re-deploy the assets of the Remaining Group, other than in the ordinary course of business of the Remaining Group, following completion of the Offers.

Proposed change of Board composition of the Company

The Board is currently made up of six Directors, comprising three executive Directors, namely Mr. Lau Yau Bor, Mr. Lau Kin Tung and Madam Chan Hing Ming and three independent non-executive Directors, namely Mr. Chiu Wai Piu, Mr. Choy Ping Sheung and Mr. Fung Tze Wa. Upon completion of the Offers, all the existing executive Directors and the independent non-executive Directors will resign from their office with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate not more than four executive Directors and such appointments will not take effect earlier than the date of posting of the composite offer document subject to the requirements under the Takeovers Code. In addition, the Offeror is in the process of identifying other suitable candidates as independent non-executive Directors. A separate announcement will be made if such appointments are finalised.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the Company to remain listed on the main board of the Stock Exchange after closing of the Share Offer. In the event that after the completion of the Offers, the public float of the Company falls below 25%, the new Director(s) (if any) to be nominated by the Offeror to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists for the Shares.

The Stock Exchange has stated that if, at the closing of the Share Offer, less than 25% of the Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the Shares.

IMPLICATIONS OF THE LISTING RULES AND THE TAKEOVERS CODE

The Disposal

As the applicable percentage ratios of the Disposal exceed 75%, the entering into of the Disposal Agreement constitutes a very substantial disposal transaction of the Company and therefore is subject to announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The JW Purchaser is wholly-owned by the Lau's Family, the members of which are the executive Directors and together are beneficially interested in and control an aggregate of 1,173,102,000 Shares, representing approximately 72.19% of the total issued share capital of the Company as at the date of this joint announcement. The JW Purchaser is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that the JW Purchaser is wholly-owned by the Lau's Family, and that the Disposal is not extended to all Shareholders, for the purpose of the Offers, the Disposal constitutes a special deal for the Company under Rule 25 of the Takeovers Code.

The Property Disposal

Sunny Enterprise, being wholly-owned by the Lau's Family, is a connected person of the Company. Accordingly, the Property Disposal constitutes a connected transaction of the Company.

Given that Sunny Enterprise is wholly-owned by the Lau's Family and that the Property Disposal is not extended to all Shareholders, for the purpose of the Offers, the Property Disposal constitutes a special deal for the Company under Rule 25 of the Takeovers Code.

The Property Option Deed

The option under the Property Option Deed, if exercised, may constitute a notifiable transaction of the Company under Chapter 14 and/or 14A of the Listing Rules. The Company will comply with the relevant Listing Rules requirements upon the exercise of such option.

Given that Sunny Enterprise is wholly-owned by the Lau's Family and the disposal of the Option Property upon the exercise of the option is not extended to all Shareholders, for the purpose of the Offers, the underlying disposal of the Option Property pursuant to the Property Option Deed constitutes a special deal for the Company under Rule 25 of the Takeovers Code.

The Management Agreement

Following completion of the Share Purchase Agreement and the resignation of each of Mr. Lau Yau Bor, Mr. Lau Kin Tung and Madam Chan Hing Ming as executive Directors, they will remain as connected persons of the Company for the 12-month period following their resignation being then ex-Directors pursuant to Chapter 14A of the Listing Rules. Accordingly, the Management Agreement constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules during such period.

Given that Sunny Enterprise is wholly-owned by the Lau's Family and that the Management Agreement is not extended to all Shareholders, for the purpose of the Offers, the Management Agreement constitutes a special deal for the Company under Rule 25 of the Takeovers Code.

The Special Deals are subject to the consent of the Executive. The Executive's consent, if granted, will be conditional upon (i) the Independent Financial Adviser publicly stating in its opinion that the terms of the Special Deals are fair and reasonable; and (ii) the approval of the Special Deals by the Independent Shareholders at the SGM by way of poll. An application for the consent of the Special Deals will be submitted to the Executive by the Company.

Voting

The Vendors and/or their respective associates within the meaning of the Listing Rules; the Offeror and/or its associates, if the Offeror and/or its associates shall have any shareholding interest in the Company and their respective concert parties; and Shareholders who are interested or involved in the Special Deals are required to abstain from voting in respect of the resolutions to approve the Special Deals at the SGM by way of poll. Mr. Lau Yau Bor, Mr. Lau Kin Tung and Madam Chan Hing Ming have abstained from voting on the Board resolutions approving the Disposal Agreement, the Property Disposal Agreement, the Property Option Deed and the Management Agreement.

DEALINGS DISCLOSURE

The respective associates (as defined under the Takeover Code including persons holding 5% or more of a class of relevant securities of a company) of the Company and the Offeror are reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code as set out in this joint announcement.

GENERAL

The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the Special Deals and the Share Offer, and the Optionholders in respect of the Option Offer. The Independent Board Committee has approved the appointment of the Independent Financial Adviser to advise on the Special Deals and the Offers.

A circular containing, among other things, (i) further details of the Special Deals and the Offers; (ii) the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser in respect of the Special Deals and the Offers; and (iii) a notice convening the SGM by way of poll, will be sent to the Shareholders. As additional time is required to prepare the information to be contained in the circular, including the audited financial statements of the Company for the year ended 31 March 2013, the circular is expected to be despatched on or before 18 June 2013.

DESPATCH OF COMPOSITE OFFER DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offers, together with the Form of Acceptance, to the Shareholders and the Optionholders within 21 days of the date of this joint announcement, or such later date as the Executive may approve. It is the intention of the respective boards of directors of the Offeror and the Company to combine the offer document and the offeree board circular into a composite offer and response document. Such composite document (accompanied by the Form of Acceptance) in connection with the Offers setting out, inter alia, details of the Offers and incorporating the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser on the Offers will be issued and despatched by the Offeror and the Company jointly to the Shareholders and Optionholders in accordance with the Takeovers Code. Given that the Offers are subject to completion of the Share Purchase Agreement, it is expected that the Offers may not take place within 21 days of the date of this joint announcement. As such, an application will be made to the Executive in respect of Note 2 to Rule 8.2 of the Takeovers Code for its consent to extend the date of posting of the composite offer and response document to the Shareholders and the Optionholders to within seven days of completion of the Share Purchase Agreement or the long stop date thereof, whichever is earlier.

Further announcement(s) regarding the despatch of the composite offer and response document will be made in due course. Independent Shareholders and Optionholders are encouraged to read the composite offer and response document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and the recommendation from the Independent Board Committee to the Independent Shareholders and in respect of the Offers, before deciding whether or not to accept the Offers.

RESUMPTION OF TRADING IN SHARES OF THE COMPANY

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 12 March 2013 pending the publication of this joint announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 23 April 2013.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“2011 Circular”	the circular of the Company dated 14 March 2011 regarding, among other things, the disposal of equity interest in certain then subsidiary companies
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Annual Report”	the annual financial report of the Company for the year ended 31 March 2012
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Bank Facilities”	two bank facilities of HK\$89,000,000 in aggregate granted to the Group by Standard Chartered Bank in relation to the Treasury Products and are fully utilised as at the date of this joint announcement
“Base Affirm”	Base Affirm International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Business Day(s)”	any day on which commercial banks are open for business in Hong Kong (excluding Saturdays, Sundays, public holidays and any weekday on which Typhoon Signal No. 8 or higher is hoisted or a black rain storm warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m.)
“BVI”	the British Virgin Islands
“Capital Injection Agreements”	the conditional agreements dated 16 February 2011 entered into among Kunming Jida, Jiwa Pharm, Yunnan Pharm and certain Subscribers, pursuant to which the Subscribers have agreed to inject the prescribed amount of capital in Kunming Jida pursuant to the terms and conditions of the respective agreements, details of which are set out in the 2011 Circular

“Circular 698”	the Circular on Strengthening the Administration of Enterprise Income Tax on Income Derived from the Transfer of Equity of Non-tax-resident Enterprises (Guo Shui Han [2009] No. 698) issued by the State Administration of Taxation of the PRC on 10 December 2009 and effective as of 1 January 2008
“Closing Condition(s)”	condition(s) precedent to completion of the Share Purchase Agreement, further details of which are set out in the section headed “Closing Conditions” of this joint announcement
“Company”	Jiwa Bio-Pharm Holdings Limited (Stock Code: 2327), a company incorporated in the Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company
“Disinterested Shares”	all the Shares in issue, other than those Shares which are owned or acquired by the Offeror and the parties acting in concert with it, as at the date of the composite offer document
“Disposal”	the proposed disposal of the entire issued share capital of Jiwa Pharm (including the indirect 49% equity interest in the Kunming Jida Group) by the Company pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement entered into between Jiwa Development and the JW Purchaser on 12 March 2013 regarding the Disposal
“Disposal Completion”	completion of the Disposal and the transactions contemplated under the Disposal Agreement
“Disposal Completion Date”	the fifth Business Day after the day the last of the conditions precedent to the Disposal Completion as set out in the Disposal Agreement have been satisfied (or such other date as may be agreed between Jiwa Development and the JW Purchaser in writing)
“Disposal Consideration”	the consideration of HK\$512,000,000 payable by the JW Purchaser for the Disposal under the Disposal Agreement
“Disposal Shares”	the entire issued share capital of Jiwa Pharm (including the indirect 49% equity interest in the Kunming Jida Group) as at the date of the Disposal Agreement which is indirectly owned by the Company

“Dividend Record Date”	the record date for the payment of the possible Special Dividend, if declared (which shall be a date prior to the completion of the Share Purchase Agreement) to be fixed by the Company
“Encumbrances”	all pledges, charges, liens, mortgages, security interests, pre-emption rights, options and any other encumbrances or third party rights or claims of any kind
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer of Shares in respect of the Share Offer
“GFA”	gross floor area
“Grantee”	Tech-Medi Development Limited, a company incorporated in Hong Kong with limited liability on 27 August 1991 and is wholly owned by Jiwa Development
“Group”	the Company and its subsidiaries
“Haitong Capital”	Haitong International Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror
“Haitong Securities”	Haitong International Securities Company Limited, a corporation licensed to carry out type 1 (dealing in securities), type 3 (leverage foreign exchange trading) and type 4 (advising on securities) regulated activity under the SFO, a fellow subsidiary of Haitong Capital
“Haitong Securities Facility”	a margin loan facility of up to HK\$196 million granted by Haitong Securities
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company whose members comprise all the independent non-executive Directors to advise the Independent Shareholders in respect of the Special Deals, the Share Offer and the Option Offer

“Independent Financial Adviser”	Somerley Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the terms and conditions of the Special Deals and the Share Offer and the Optionholders in relation to the Option Offer
“Independent Shareholders”	<p>(i) for the purpose of accepting the Share Offer, the Shareholders other than the Offeror, the Vendors and parties acting in concert with any of them;</p> <p>(ii) for the purpose of approving the Special Deals under the Takeovers Code and as connected transactions under the Listing Rules, Shareholders other than (i) the Vendors and their respective associates within the meaning of the Listing Rules; (ii) the Offeror and its associates, if the Offeror and/or its associates shall have any shareholding interest in the Company and their respective concert parties; and (iii) Shareholders who are interested in or involved in the Special Deals</p>
“Independent Third Party(ies)”	person(s) or company(s) who/which is/are not connected with the directors, chief executive or substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Interim Report”	the interim financial report of the Company for the six months ended 30 September 2012
“Jida Biotech”	雲南積大生物科技有限公司 (Yunnan Jida Biotech Limited*), a wholly-foreign owned enterprise established in the Yunnan Province, the PRC on 23 December 2008 with limited liability and is currently wholly-owned by Kunming Jida
“Jiwa Development”	Jiwa Development Company Limited, a company incorporated in the BVI with limited liability on 3 May 2002 and a wholly-owned subsidiary of the Company, which in turn is holding the entire issued share capital of Jiwa Pharm (including the indirect 49% equity interest in the Kunming Jida Group)

“Jiwa International”	Jiwa International Limited, a company incorporated in Hong Kong with limited liability on 16 October 1987 and is wholly owned by Jiwa Development
“Jiwa Pharm”	Jiwa Pharmaceuticals Limited (積華藥業有限公司), a company incorporated in Hong Kong with limited liability on 10 October 1995 and an indirect wholly-owned subsidiary of the Company, which in turn is the immediate holding company holding 49% equity interest in Kunming Jida
“JW Purchaser”	Goldvault Limited, a company incorporated in the BVI with limited liability on 1 February 2011 and is wholly-owned by the Lau’s Family
“Kunming Jida”	昆明積大製藥股份有限公司 (Kunming Jida Pharmaceutical Company Limited*), a sino-foreign owned enterprise established under the laws of the PRC with limited liability on 14 August 1993 which is owned as to (i) 49% by Jiwa Pharm; (ii) 21% by Yunnan Pharm (iii) 2% by certain of its employees; (iv) 20% by Green Grove Investment Ltd.; and (v) 8% by other Independent Third Parties
“Kunming Jida Group”	collectively, Kunming Jida and its following four wholly-owned subsidiaries in the PRC or Hong Kong: <ol style="list-style-type: none"> 1. 無錫積大製藥有限公司 (Wuxi Jida Pharmaceutical Company Limited*) 2. 昆明積大藥品銷售有限公司 (Kunming Jida Pharmaceutical Distribution Company Ltd*) 3. 雲南積大生物科技有限公司 (Yunnan Jida Bio-technology Company Limited*) 4. 積大醫藥(香港)貿易有限公司 (Jida Pharm (HK) Trading Co., Limited*)
“Last Trading Day”	11 March 2013, being the last trading day for the Shares prior to the suspension of trading in the Shares pending the publication of this joint announcement

“Lau’s Family”	the family members of Mr. Lau Yau Bor, being the controlling Shareholder(s) (as defined in the Listing Rules), comprising Mr. Lau Yau Bor (the chairman of the Company and an executive Director), Madam Chan Hing Ming (the chief executive officer of the Company and an executive Director) and Mr. Lau Kin Tung (the vice chairman of the Company and an executive Director), all together are beneficially interested in, whether directly or indirectly, an aggregate of 1,173,102,000 Shares, representing approximately 72.19% of the total issued share capital of the Company as at the date of this joint announcement
“Lease Agreement”	the lease agreement dated 1 February 2012 entered into between Jiwa International (transferred to the Grantee on 18 February 2013 pursuant to the Property Transfer) and Jida Pharm (HK) Trading Co., Limited in respect of the lease of the Option Property
“Listing Application”	the proposed application for listing of the Kunming Jida Group on the Shenzhen Stock Exchange, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Managed Companies”	Base Affirm, Jiwa International, Rise Hill Development Limited, Sino-Tech International (Macau Commercial Offshore) Limited and the Grantee, all being subsidiaries of the Company
“Management Agreement”	the management agreement dated 12 March 2013 entered into between the Company and Sunny Enterprise for the provision of management services to the Group
“Offers”	the Share Offer and the Option Offer
“Offeror”	U-Home Group International Limited, a company incorporated in the BVI, being the purchaser under the Share Purchase Agreement and the Offeror for the Offers
“Offer Price”	the amount of HK\$0.2378 per Share payable by the Offeror to holders of the Disinterested Shares for each Disinterested Share accepted under the Share Offer
“Offer Shares”	all issued Shares which have not been already owned or have not been agreed to be acquired by the Offeror and parties acting in concert with it
“Option(s)”	the outstanding options granted under the share option scheme adopted by the Company on 24 September 2003

“Option Offer”	the possible unconditional mandatory cash offer to be made by Haitong Securities on behalf of the Offeror for the cancellation of the Options
“Option Property”	a non-residential property located at the 2906, Tower One, Lippo Centre, 89 Queensway, Central, Hong Kong
“Optionholders”	the holders of the Option(s)
“PRC”	the People’s Republic of China, and for the purpose of this joint announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Property”	a non-residential property located at the 2905, Tower One, Lippo Centre, 89 Queensway, Central, Hong Kong
“Property Consideration”	the consideration for the Property Disposal of HK\$22,000,000 payable by Sunny Enterprise
“Property Disposal”	the disposal of the Property subject to and upon the terms and conditions of the Property Disposal Agreement
“Property Disposal Agreement”	the sale and purchase agreement dated 12 March 2013 entered into between Jiwa International and Sunny Enterprise in relation to the sale and purchase of the Property
“Property Option Deed”	the deed dated 12 March 2013 entered into between Sunny Enterprise and the Grantee in relation to an option to require Sunny Enterprise to purchase from the Grantee the Option Property
“Property Transfer”	the transfer of the Option Property from Jiwa International to the Grantee pursuant to a sale and purchase agreement between the parties dated 18 February 2013
“Proposed Capital Injection”	the capital injection into Kunming Jida by each of the Subscribers in accordance with the terms and conditions of the Capital Injection Agreements
“Purchaser’s Warrantor”	Mr. Zhou Xuzhou, being the warrantor of the purchaser under the Share Purchase Agreement and the director and ultimate beneficial owner of the Offeror

“Qualifying Shareholder(s)”	Shareholders whose names appear on the Company’s share register or branch share register on the Dividend Record Date
“R&D”	an acronym for research and development
“Registrar”	Tricor Standard Limited, being the Hong Kong branch share registrar and transfer office of the Company, located at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Release of Repurchase Obligation”	the two novation deeds to be made among the Company, the JW Purchaser and other shareholders of Kunming Jida in relation to, among others, the release of the obligations of the Company under each of the Shareholders’ Agreement (including the Repurchase Obligation) and the novation of the obligations of the Company under each of the Shareholders’ Agreements (including the Repurchase Obligation) to the JW Purchaser
“Release of TTA Guarantee”	the deed of release to be made among the Company, the JW Purchaser and Jida Biotech pursuant to which the Company shall be released from all and any obligations under the TTA Guarantee, which will be assumed by the JW Purchaser
“Remaining Business”	all the businesses carried on by the Group after completion of the Disposal and the Property Disposal, namely the business of trading of pharmaceutical and health care products and R&D project management activities
“Remaining Group”	the Group immediately after Disposal Completion and completion of the Property Disposal
“Remaining Property”	a non-residential property located at Office 6, 29th Floor, Tower One, Lippo Centre, 89 Queensway, Central, Hong Kong
“Repurchase Obligation”	the obligation of the Company to repurchase the 30% equity interest in Kunming Jida in accordance with the terms of the Shareholders’ Agreements
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share(s)”	Share(s) owned by the Vendors to be sold to the Offeror pursuant to the Share Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the terms of the Special Deal Arrangements and the transactions contemplated thereunder and, if applicable, the possible Special Dividend
“Share(s)”	the existing share(s) of HK\$0.01 each in the share capital of the Company
“Share Charge”	the share charge over the Disposal Shares to be executed and delivered by the JW Purchaser in favour of Jiwa Development in such document(s) in the terms as agreed between the JW Purchaser and Jiwa Development
“Share Offer”	the possible unconditional mandatory cash offer for the Disinterested Shares at the Offer Price to be made by Haitong Securities on behalf of the Offeror in accordance with the Takeovers Code
“Share Purchase”	the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement
“Share Purchase Agreement”	the conditional agreement in respect of the Share Purchase dated 12 March 2013 entered into among the Vendors, the Offeror, the Vendors’ Warrantor and the Purchaser’s Warrantor
“Share Purchase Price”	HK\$278,963,655, being the aggregate consideration payable by the Offeror to the Vendors for the Share Purchase, subject to adjustment pursuant to the terms of the Share Purchase Agreement
“Shareholder(s)”	the holder(s) of the Shares
“Shareholders’ Agreements”	collectively, (i) the agreement dated 2 February 2011 entered into among the Company, Jiwa Pharm and Green Grove Investment Ltd.; and (ii) the agreement dated 5 March 2011 entered into among the Company, Jiwa Pharm, Panda BT Limited, 深圳市華雲投資有限公司 (Shenzhen Huayun Investment Company Limited*) and 昆明積眾企業管理諮詢有限公司 (Kunming Jizhong Management Consulting Company Limited*) details of which are disclosed in the announcement of the Company dated 16 February 2011 and the 2011 Circular
“Special Deals”	the Special Deal Agreements and all the transactions contemplated under each of the Special Deal Agreements

“Special Deal Agreements”	include the following agreement: (i) the Disposal Agreement; (ii) the Property Disposal Agreement; (iii) the Property Option Deed; and (iv) the Management Agreement
“Special Dividend”	the conditional special dividend which may be declared and paid by the Company in the amount of HK\$0.375 per Share held by Qualifying Shareholders on the Dividend Record Date
“Standard Chartered Bank”	The Standard Chartered Bank (Hong Kong) Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	certain then subscriber(s) for the equity interests in Kunming Jida pursuant to the Capital Injection Agreements, details of which are set out in the 2011 Circular
“Sunny Enterprise”	Sunny Enterprise Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by the JW Purchaser
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Technology Transfer Agreement”	the technology transfer agreement entered into between Base Affirm and Jida Biotech dated 23 July 2012 in relation to the transfer to certain technology related to a key pharmaceutical product from Base Affirm to Jida Biotech, details of which are disclosed in the Company’s announcement dated 21 September 2012
“trading day(s)”	a day on which the Stock Exchange is open for the business of dealings in securities
“Treasury Products”	treasury products held by the Group including: (i) debt securities with redemption amount that is indexed to the value of equity instruments and principal of US\$5,100,000 protected at maturity (being 17 June 2016) by Standard Chartered Bank London; and

(ii) debt securities with redemption amount that is indexed to exchange rates of a basket of currencies and principal of US\$7,500,000 protected at maturity (being 20 July 2016) by Standard Chartered Bank London

“TTA Guarantee” the guarantee agreement dated 23 July 2012 made by the Company in favour of Jida Biotech pursuant to which the Company has guaranteed the obligations of Base Affirm under the Technology Transfer Agreement

“Vendors” Mr. Lau Yau Bor, Mr. Lau Kin Tung, Madam Chan Hing Ming, LAUs Holding Co. Ltd., MINGS Development Holdings Limited and WHYS Holding Co. Ltd., being the vendors under the Share Purchase Agreement, and each a “Vendor”

“Vendors’ Warrantor” Mr. Lau Kin Tung, being the Vendors’ warrantor under the Share Purchase Agreement

“Yunnan Pharm” 雲南醫藥工業股份有限公司 (Yunnan Pharmaceutical Industrial Holdings Company Limited*), a domestic enterprise established in Yunnan Province, the PRC and is holding 21% equity interest in Kunming Jida as at the date of this joint announcement

“%” per cent.

* *The English transliteration of the Chinese names in this joint announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*

For the purpose of illustration only, amounts denominated in RMB in this joint announcement have been translated into HK\$ at the rate of RMB0.80 = HK\$1.00. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

By order of the Board
U-Home Group International Limited
Zhou Xuzhou
Director

By order of the Board
Jiwa Bio-Pharm Holdings Limited
Chan Hing Ming
*Executive Director and
Chief Executive Officer*

Hong Kong, 22 April 2013

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement relating to the Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the Group in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the executive Directors are Mr. Lau Yau Bor (the Chairman), Mr. Lau Kin Tung (the Vice Chairman) and Madam Chan Hing Ming (the Chief Executive Officer); and the independent non-executive Directors are Mr. Chiu Wai Piu, Mr. Choy Ping Sheung and Mr. Fung Tze Wa.

As at the date hereof, the directors of the Offeror is Mr. Zhou Xuzhou and Ms. Zhou Wenchuan.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

This joint announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website for at least seven days from the day of its posting and on the website of the Company at www.jiwa.com.hk.

Set out below is the text of a letter and valuation certificate prepared by Roma Appraisals Limited, the independent property valuer, on the market value of the Property for the purpose of inclusion in this joint announcement.



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8 March 2013

Jiwa Bio-Pharm Holdings Limited

2904 & 2906 Tower One,
Lippo Centre,
89 Queensway,
Central, Hong Kong

Dear Sir/Madam,

Re: Office 5 on 29th Floor, Tower One of Lippo Centre, No.89 Queensway, Hong Kong

In accordance with your instructions for us to value the property held by Jiwa Bio-Pharm Holdings Limited (the “Company”) and/or its subsidiaries (together with the Company referred to as the “Group”) in Hong Kong, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 8 March 2013 (the “Date of Valuation”) for public announcement purpose.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

2. VALUATION METHODOLOGY

We have valued the property by reference to sales evidences as available on the market and where appropriate on the basis of capitalization of the net income provided by the Group. We have allowed outgoings and made provisions for reversionary income potential.

3. TITLE INVESTIGATION

For the property in Hong Kong, we have carried out land search at Land Registry. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, floor area, age of building and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the floor area of the property under consideration but we have assumed that the floor area shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with The HKIS Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors and in compliance with the requirements of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited and Rule 11 of The Codes on Takeovers and Mergers and Share Repurchases published by Securities and Futures Commission.

7. REMARKS

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Group, the potential tax liabilities which may arise from the sale of the property include profits tax on the profit from the sale at rates of 16.5% for the property in Hong Kong.

As at the date of this joint announcement, the Group has entered into the Property Disposal Agreement for the disposal of the property. The abovementioned tax liabilities will be crystallized upon the completion of the Property Disposal Agreement.

Unless otherwise stated, all monetary amounts stated in our valuation are in Hong Kong Dollars (HK\$).

Our Valuation Certificate is attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Alan W K Lee
BCom(Property) MFin
MHKIS RPS(GP) AAPI CPV CPV(Business)
Associate Director

Note: Mr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 9 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region and European countries.

VALUATION CERTIFICATE

Property held by the Group for investment purpose in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 8 March 2013
Office 5 on 29th Floor, Tower One of Lippo Centre, No.89 Queensway, Hong Kong	Lippo Centre comprises 2 high-rise office towers, which are erected upon a four-storey retail podium plus two basement levels, completed in 1987.	As advised by the Group, the property was vacant as at the Date of Valuation.	HK\$22,000,000.
9/100th of 1021/102750th equal and undivided shares of and in Inland Lot No. 8615.	<p>The property comprises an office unit with a saleable area of about 780 sq.ft. (or about 72.5 sq.m.) on the 29th Floor of Tower one, which is a 40-storey office tower, of the subject development.</p> <p>Inland Lot No.8615 is held under Conditions of Sale No.UB11720 for a term of 75 years commencing on 15 February 1984 renewable for 75 years.</p>		

Notes:

1. The registered owner of the property is Jiwa International Limited vide Memorial No.12070902310023 dated 15 June 2012 with a consideration of HK\$20,070,000.
2. The property is subject to a Mortgage in favour of Nanyang Commercial Bank, Limited vide Memorial No.12070902310037 dated 15 June 2012.
3. Jiwa International Limited is a wholly-owned subsidiary of the Company.
4. The property lies within an area zoned "Commercial" under Central District Outline Zoning Plan No. S/H4/13.
5. Our inspection was performed by Mr. Alan Lee on 7 March 2013.

Set out below is the text of a letter and valuation certificate prepared by Roma Appraisals Limited, the independent property valuer, on the market value of the Option Property for the purpose of inclusion in this joint announcement.



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8 March 2013

Jiwa Bio-Pharm Holdings Limited

2904 & 2906 Tower One,
Lippo Centre,
89 Queensway,
Central, Hong Kong

Dear Sir/Madam,

Re: Office 6 on 29th Floor, Tower One of Lippo Centre, No.89 Queensway, Hong Kong

In accordance with your instructions for us to value the property held by Jiwa Bio-Pharm Holdings Limited (the “Company”) and/or its subsidiaries (together with the Company referred to as the “Group”) in Hong Kong, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 8 February 2013 (the “Date of Valuation”) for public announcement purpose.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

2. VALUATION METHODOLOGY

We have valued the property by reference to sales evidences as available on the market and where appropriate on the basis of capitalization of the net income provided by the Group. We have allowed outgoings and made provisions for reversionary income potential.

3. TITLE INVESTIGATION

For the property in Hong Kong, we have carried out land search at Land Registry. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, floor area, age of building and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the floor area of the property under consideration but we have assumed that the floor area shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with The HKIS Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors and in compliance with the requirements of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited and Rule 11 of The Codes on Takeovers and Mergers and Share Repurchases published by Securities and Futures Commission.

7. REMARKS

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Group, the potential tax liabilities which may arise from the sale of the property include profits tax on the profit from the sale at rates of 16.5% for the property in Hong Kong.

As at the date of this joint announcement, the Group advised that it has no current intention to sell the property but will review the circumstances from time to time to safeguard the best interest of the Group and shareholders of the Company.

Unless otherwise stated, all monetary amounts stated in our valuation are in Hong Kong Dollars (HK\$).

Our Valuation Certificate is attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Alan W K Lee
BCom(Property) MFin
MHKIS RPS(GP) AAPI CPV CPV(Business)
Associate Director

Note: Mr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 9 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region and European countries.

VALUATION CERTIFICATE

Property held by the Group for investment purpose in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 8 February 2013
Office 6 on 29th Floor, Tower One of Lippo Centre, No.89 Queensway, Hong Kong	Lippo Centre comprises 2 high-rise office towers, which are erected upon a four-storey retail podium plus two basement levels, completed in 1987.	The property is subject to a tenancy agreement for a term of 2 years commencing on 1 February 2012 and expiring on 31 January 2014	HK\$33,000,000.
14/100th of 1021/102750th equal and undivided shares of and in Inland Lot No. 8615.	The property comprises an office unit with a saleable area of about 1,168 sq.ft. (or about 108.5 sq.m.) on the 29th Floor of Tower one, which is a 40-storey office tower, of the subject development.	at a monthly rent of HK\$70,000 exclusive of rates, government rent, management fees and other outgoings.	
	Inland Lot No.8615 is held under Conditions of Sale No.UB11720 for a term of 75 years commencing on 15 February 1984 renewable for 75 years.		

Notes:

1. The registered owner of the property is Jiwa International Limited vide Memorial No.UB8784206 dated 9 September 2002.
2. The property is subject to the following material encumbrances:
 - a. Mortgage in favour of Hang Seng Bank Limited vide Memorial No.10042302650179 dated 12 April 2010; and
 - b. Rental Assignment in favour of Hang Seng Bank Limited vide Memorial No.10042302650182 dated 12 April 2010.
3. Jiwa International Limited is a wholly-owned subsidiary of the Company.
4. The property lies within an area zoned "Commercial" under Central District Outline Zoning Plan No. S/H4/13.
5. Our inspection was performed by Mr. Alan Lee on 7 March 2013.