

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.



EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED

精優藥業控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00858)

SUPPLEMENTAL AGREEMENT IN RELATION TO THE ACQUISITION OF MINORITY INTEREST IN SMART ASCENT CONNECTED AND MAJOR TRANSACTION AND RESUMPTION OF TRADING

THE ACQUISITION

Reference is made to the announcement issued by the Company dated 1 August 2007 and the circular of the Company dated 22 August 2007 in relation to the acquisition of 49% interest in the share capital of Smart Ascent, an indirect non-wholly owned subsidiary of the Company which is the holding company for the Group's oral insulin operations. Reference is also made to the announcement of the Company dated 7 September 2011 regarding the Principal Sub-sale Agreement dated 6 September 2011 entered into between the Vendor and Dr. Mao in respect of either 150 million of the Consideration Shares or 24.5% interest in the share capital of Smart Ascent.

The Board announced that on 23 February 2013, the Group and the Vendor entered into the Supplemental Agreement after arm's length negotiations to amend certain terms and conditions of the Principal Acquisition Agreement and to extend the longstop date for the satisfaction of the conditions precedent to Completion.

Completion of the Acquisition Agreement is conditional upon, among others, the conditions set out in the Acquisition Agreement being satisfied on or before 12:00 noon on 31 August 2013 or such later date and time as the parties may mutually agree. The Consideration shall be HK\$660,000,000, which shall be payable upon Completion and to be satisfied by the issue of the Bonds for the principal amount of HK\$641,300,000 and the cash payment of HK\$18,700,000, in the manner as set out below.

As the Acquisition is subject to the fulfillment of a number of conditions precedent and may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction under Rule 14.06 of the Listing Rules. Besides, as the Vendor is a substantial shareholder of a subsidiary of the Company by virtue of his interest in Smart Ascent, and Dr. Mao is also interested in the Acquisition by virtue of his transaction under the Sub-sale Agreement with the Vendor, the Acquisition constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular containing, among other things, (1) further information on the Acquisition and the Acquisition Agreement; (2) the recommendation of the Independent Board Committee to the Independent Shareholders; (3) the advice from the Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders; and (4) a notice of the SGM will be despatched to the Shareholders as soon as practicable. As additional time is required for preparing information to be contained in the circular, it is expected that the circular will be despatched on or before 30 April 2013.

RESUMPTION OF TRADING

The trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 6 February 2013 at the request of the Company pending the release of this announcement and application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 28 February 2013.

Reference is made to the announcement issued by Extrawell Pharmaceutical Holdings Limited (the "**Company**") dated 1 August 2007 and the circular of the Company dated 22 August 2007 in relation to the acquisition of 49% interest in the share capital of Smart Ascent, the indirect non-wholly owned subsidiary of the Company which is the holding company for the Group's oral insulin operations. Reference is also made to the announcement of the Company dated 7 September 2011 regarding the Principal Sub-sale Agreement dated 6 September 2011 entered into between the Vendor and Dr. Mao in respect of either 150 million of the Consideration Shares or 24.5% interest in the share capital of Smart Ascent.

INTRODUCTION

On 27 July 2007, the Group entered into the Principal Acquisition Agreement with the Vendor for the acquisition of 49% interest in the share capital of Smart Ascent at the aggregate consideration of HK\$768,900,000, which would be payable by the Group to the Vendor by the Company allotting and issuing, credited as fully paid, the 300 million Consideration Shares to the Vendor at the issue price of HK\$2.563 per Consideration Share. Under the Principal Acquisition Agreement, Completion shall be conditional upon, among others, the conditions set out in the Principal Acquisition Agreement being satisfied on or before 12:00 noon on 31 October 2007 or such later date as the Group may agree.

Upon further negotiations among the parties under the Principal Acquisition Agreement, on 23 February 2013, the Group and the Vendor entered into the Supplemental Agreement to amend certain terms and conditions of the Principal Acquisition Agreement and to extend the longstop date for the satisfaction of the conditions precedent to Completion.

As announced by the Company on 7 September 2011, the Board had been informed by the Vendor and Dr. Mao that the Vendor and Dr. Mao entered into the Principal Sub-sale Agreement on 6 September 2011 for the acquisition by Dr. Mao from the Vendor either the 150 million of the Consideration Shares to be allotted and issued to the Vendor upon completion of the Principal Acquisition Agreement, or the 24.5% interest in the share capital of Smart Ascent. Given the variation of certain terms of the Acquisition, the Board has been informed by the Vendor and Dr. Mao that a supplemental agreement has been entered into between the Vendor and Dr. Mao on 23 February 2013 to supplement the Principal Sub-sale Agreement, pursuant to which Dr. Mao has conditionally agreed to acquire from the Vendor, and the Vendor has conditionally agreed to sell to Dr. Mao (1) (where the Acquisition Agreement shall be completed in accordance with its terms) the Bonds for the principal amount of HK\$320,650,000 to be allotted and issued to the Vendor upon Completion; or (2) (where the Acquisition Agreement shall lapse or otherwise be terminated in accordance with its terms) 24.5% interest in the share capital of Smart Ascent.

Principal terms and conditions of the Acquisition pursuant to the Acquisition Agreement are set out below.

THE ACQUISITION AGREEMENT

Parties

Purchaser: Extrawell BVI, a wholly-owned subsidiary of the Company.

Vendor: Mr. Ong Cheng Heang, the minority shareholder of Smart Ascent.

Assets to be acquired

The Sale Shares, representing 49% of the issued share capital of Smart Ascent.

The Consideration

The Consideration shall be HK\$660,000,000 and shall be payable upon Completion and to be satisfied in the following manner:

- (i) as to HK\$641,300,000, by the Company issuing the Bonds in the following manner:
 - (a) as to the principal amount of HK\$320,650,000, to the Vendor; and
 - (b) as to the principal amount of HK\$320,650,000, to Dr. Mao (at the direction of the Vendor, or in such other allottees or denominations of the Bonds as the Vendor may direct by giving a notice in writing to Extrawell BVI at least 10 Business Days prior to the Completion Date); and
- (ii) as to the balance of the Consideration for the amount of HK\$18,700,000, to be paid in cash in the following manner:
 - (a) as to HK\$9,350,000 to the Vendor; and
 - (b) as to HK\$9,350,000 to Dr. Mao (at the direction of the Vendor or to such other payee(s) as the Vendor may direct by giving a notice in writing to Extrawell BVI at least 10 Business Days prior to the Completion Date).

The Consideration was arrived at after arm's length negotiation among the parties to the Acquisition Agreement with reference to the consolidated net asset value of Smart Ascent as at 31 March 2012 of approximately HK\$258,518,000 and also taking into account the industry prospects and the growing diabetic drug market in which Smart Ascent operates in, and the progress of the clinical trial of the Medicine.

The Bonds

HK\$641,300,000 of the Consideration shall be satisfied by the issue of the Bonds by the Company to the Vendor and/or its directed allottee(s) in the manner as mentioned above. The principal terms and conditions of the Bonds to be issued by the Company are as follows:

Issuer

The Company.

Principal Amount

An aggregate principal amount of HK\$641,300,000.

Form and denomination

The Bonds shall be issued in registered form and in the denomination of HK\$32,065,000 each.

Interest

The Bonds shall accrue no interest.

Maturity

The Bonds will be matured on the twentieth anniversary of the issue date (the “**Maturity Date**”).

Conversion

A Bondholder shall have the right at any time and from time to time during the period commencing from the date of issue of the Bonds up to 4:00 p.m. (Hong Kong time) on the seventh Business Day prior to the Maturity Date to convert the whole or part of the principal amount of the Bonds in amounts of not less than a whole multiple of HK\$32,065,000 on such conversion, save that if at any time the outstanding principal amount of the Bonds held by a Bondholder is less than HK\$32,065,000 or if a Bondholder intends to exercise the conversion rights attached to the entire principal amount of all the Bonds held by him, the Bondholder may convert the whole (but not part only) of such outstanding principal amount of the Bonds; provided that the conversion right attached to the Bonds may not be exercised to the extent that following such exercise, (a) the Company will be in breach of the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules (the “**Public Float Requirement**”); or (b) a Bondholder and its parties acting in concert, taken together, will directly or indirectly control or be interested in 30% or more of the entire issued Shares (or such lower percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer).

*Initial Conversion Price (the “**Conversion Price**”)*

The Conversion Price per Share shall initially be HK\$0.6413, subject to adjustment. Events triggering adjustment of the Conversion Price are summarised below:

- (a) alteration of the nominal amount of the Shares by reason of any consolidation, sub-division or reclassification;
- (b) issue (other than in lieu of a cash dividend) by the Company of any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or, if any, capital redemption reserve fund);
- (c) capital distribution made by the Company to Bondholders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise), or grant by the Company to Bondholders of rights to acquire for cash assets of the Company or any of its subsidiaries; and
- (d) offer by the Company to holders of Shares new Shares for subscription by way of rights, or grant by the Company to holders of Shares any options, warrants or other rights to subscribe for or purchase any Shares.

The Conversion Price of HK\$0.6413 per Share represents:

- (i) a discount of approximately 1.34% to the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on 5 February 2013, being the last trading day prior to the date of the Supplemental Agreement;
- (ii) a discount of approximately 2.83% to the average of the closing prices of approximately HK\$0.66 per Share as quoted on the Stock Exchange for the last five trading days up to and including 5 February 2013, being the last trading day prior to the date of the Supplemental Agreement; and
- (iii) a premium of approximately 152% over the net asset value per Share of HK\$0.254 based on the unaudited consolidated financial statements of the Group as at 30 September 2012 and the number of Shares in issue as at the date of this announcement.

The Conversion Price was determined by the Vendor and the Group on an arm's length basis with reference to the current market price of the Shares. The Directors (excluding the independent non-executive Directors who will express their view after considering the advice of the Independent Financial Advisers) consider that the Conversion Price is fair and reasonable.

Conversion Shares

Assuming there is an immediate exercise in full of the conversion rights attaching to the Bonds in the aggregate principal amount of HK\$641,300,000 at the Conversion Price by the Bondholders, the Company will issue an aggregate of 1,000,000,000 new Shares, representing (i) approximately 43.67% of the existing issued share capital of the Company; and (ii) approximately 30.40% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The Conversion Shares will be allotted and issued pursuant to the specific mandate to be sought at the SGM.

Ranking

The Conversion Shares will in all respects rank *pari passu* with the Shares in issue on the relevant conversion date as if the Shares issued on conversion or subscription had been issued on such date.

Status of the Bonds

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Transferability

The Bonds shall be transferable to any person provided that where the Bonds are intended to be transferable to a connected person (as defined in the Listing Rules) of the Company (other than the associates of the Bondholder) such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange (if any) and shall be subject to approval by the Directors.

Application for listing

No application has been or will be made for the listing of the Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the main board of the Stock Exchange.

Conditions precedent to Completion

Completion is conditional upon the following conditions being fulfilled or, as the case may be, waived:

- (i) none of the warranties and representations of the Vendor contained in the Acquisition Agreement having been breached in any material respect or being misleading or untrue in any material respect;
- (ii) the listing committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Conversion Shares on the main board of the Stock Exchange;
- (iii) the Independent Shareholders' approving the Acquisition Agreement and the transactions contemplated thereby and all other consents and acts required under the Listing Rules being obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules being obtained from the Stock Exchange; and
- (iv) the Board approving and authorising the transactions contemplated under the Acquisition Agreement.

The Group may at any time waive in writing condition (i) above. The Group has no present intention to waive such condition. If any of the conditions set out above has not been satisfied (or, as the case may be, waived by the Group) on or before 12:00 noon on 31 August 2013 or such later date and time as the parties may mutually agree, the Acquisition Agreement shall cease and determine (save for the provisions in respect of confidentiality thereunder) and none of the parties shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms of the Acquisition Agreement.

As the Acquisition is subject to the fulfillment of a number of conditions precedent and may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

Completion and treatment of outstanding amounts owed by Smart Ascent

Completion shall take place on the fifth Business Day falling on the date of fulfilment or waiver (as the case may be) of the conditions set out in the paragraph above.

Shareholder's loan owed by Smart Ascent

As at the date of the Supplemental Agreement, an unsecured, non-interest bearing shareholder's loan of approximately HK\$15,000,000 was owed by Smart Ascent to the Vendor. As one of the Completion obligations of Extrawell BVI, Extrawell BVI will procure Smart Ascent to satisfy and settle all the then outstanding shareholder's loan owed by Smart Ascent to the Vendor as at the Completion Date by repaying to the Vendor for the sum equal to (i) the total amount of the outstanding Vendor's shareholder's loan as at the Completion Date, less (ii) HK\$2,000,000. The parties acknowledged and agreed that such HK\$2,000,000 shall be deemed contribution to the development of Smart Ascent by the Vendor and shall be waived by the Vendor upon Completion.

Outstanding purchase price owed by Smart Ascent

Smart Ascent acquired its 51% interests in the issued share capital of Fosse Bio from one of its existing shareholders, Fordnew Industrial Limited ("**Fordnew**") at a consideration of HK\$39,780,000 and, pursuant to a deed of transfer entered into between Fordnew and Smart Ascent in February 2004, such consideration would be payable by Smart Ascent to Fordnew in four instalments, the first two instalments for an aggregate sum of HK\$8,000,000 had already been paid by Smart Ascent, and the balance of the consideration for the sum of HK\$31,780,000 shall be payable by Smart Ascent to Fordnew in the following manner:

- (i) as to HK\$12,000,000, within 14 days from the service of Fordnew's notice of the issuance of certificate of phase III clinical trial of the Medicine issued by the SFDA and the production of the original certificate for inspection by Smart Ascent; and
- (ii) as to the balance of HK\$19,780,000, within 14 days from the service of Fordnew's notice of the issuance of certificate of new medicine (新藥證書) for the Medicine issued by the SFDA and the production of the original certificate for inspection by Smart Ascent.

Under the sale and purchase agreement dated 3 March 2004 and entered into between Extrawell BVI, Ms. Wu Kiet Ming and the Vendor in respect of the acquisition by Extrawell BVI of the 51% interests in Smart Ascent, Ms. Wu Kiet Ming and the Vendor, being the then shareholders of Smart Ascent, had jointly and severally undertaken to Extrawell BVI that they will be responsible to pay in full the said outstanding purchase price and all costs (including legal costs), expenses or other liabilities which any of Smart Ascent or Extrawell BVI may incur in connection with the payment of such outstanding purchase price for and on behalf of Smart Ascent if and when it becomes due and payable by Smart Ascent (collectively, the "**Outstanding Amount**"), and the Vendor had pledged the Sale Shares to Extrawell BVI as security for their payment obligations as aforesaid.

Without prejudice to the respective rights and obligations of Extrawell BVI, Ms. Wu Kiet Ming and the Vendor in respect of the Outstanding Amount, the pledge over the Sale Shares will be released and discharged upon Completion and their obligations will become unsecured obligations thereafter.

To secure the Vendor's and Ms. Wu Kiet Ming's payment obligation in respect of the said outstanding purchase price and against the release and discharge of the pledge over Sale Shares, the Directors understand that the Vendor will pay to the Group a sum representing the then outstanding purchase price upon Completion.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the issue and allotment of the Conversion Shares upon exercise of the conversion rights in full at the Conversion Price and assuming that there being no other change to the shareholding structure of the Company from the date of this announcement. Pursuant to the Instrument, the Vendor and Dr. Mao will only convert the Bonds in a manner that will not cause the Company to be in breach of the Public Float Requirement; or if immediately following such exercise, the Bondholder and its parties acting in concert, taken together, will directly or indirectly control or be interested in 30% or more of the Shares or such lower percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer. Shareholders should take note that the analysis under scenario (ii) is shown for illustration purpose only.

Shareholders	As at the date of this announcement		Immediately upon the issue and allotment of Conversion Shares upon exercise of the conversion rights in full	
	Number of Shares	% (Note 1)	Number of Shares	%
Dr. Mao (Note 2)	600,000	0.03	500,600,000	15.22
JNJ Investments Ltd.	450,000,000 (Note 3)	19.65	450,000,000 (Note 3)	13.68
Fudan Pharmaceutical Limited	30,000,000 (Note 3)	1.31	30,000,000 (Note 3)	0.91
The Vendor	0	0	500,000,000	15.20
Public Shareholders	<u>1,809,400,000</u>	<u>79.01</u>	<u>1,809,400,000</u>	<u>54.99</u>
Total	<u><u>2,290,000,000</u></u>	<u><u>100.00</u></u>	<u><u>3,290,000,000</u></u>	<u><u>100.00</u></u>

Notes:

1. The percentage is calculated on the basis of 2,290,000,000 Shares in issue as at the date of this announcement, without taking into account 1,000,000,000 Shares to be issued upon exercise of the conversion rights in full.
2. Dr. Mao is an executive Director.
3. The entire issued share capital of each of JNJ Investments Limited and Fudan Pharmaceutical Limited is owned by Biowindow Gene Development (Hong Kong) Limited, and the entire issued share capital of Biowindow Gene Development (Hong Kong) Limited is owned by United Gene Group Limited. The issued share capital of United Gene Group Limited is owned as to 33% by United Gene Holdings Limited and as to 33% by Ease Gold Investments Limited. The issued share capital of United Gene Holdings Limited and Ease Gold Investments Limited is wholly owned by Dr. Mao and Dr. Xie Yi respectively.

INFORMATION ON SMART ASCENT

Smart Ascent is a private company incorporated in Hong Kong with limited liability, having an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each, all of which have been issued and are fully paid and beneficially owned as to 51% by Extrawell BVI and 49% by the Vendor as at the date of this announcement. The aggregate original purchase cost of the Vendor of the 49% interest of the share capital in Smart Ascent was approximately HK\$21,300,000, comprising approximately HK\$6,300,000 being the aggregate amount of investment made by the Vendor to the 49% interest of the share capital in Smart Ascent since its incorporation and approximately HK\$15,000,000 being the unsecured, non-interest bearing shareholder's loan owed by Smart Ascent to the Vendor.

Smart Ascent is principally engaged in investment holding and is the holding company for the Group's oral insulin operations. The material assets of Smart Ascent are Fosse Bio and Welly Surplus, both being 51% non wholly-owned subsidiaries of Smart Ascent.

The consolidated net asset value of Smart Ascent was approximately HK\$258,518,000 as at 31 March 2012. For each of the two financial years ended 31 March 2011 and 31 March 2012, the consolidated net loss before taxation of Smart Ascent amounted to approximately HK\$11,071,000 and HK\$6,634,000 respectively, and the consolidated net loss after taxation of Smart Ascent amounted to approximately HK\$11,078,000 and HK\$6,642,000 respectively.

Upon Completion, Smart Ascent will become an indirect wholly-owned subsidiary of the Company and the financial results of which will continue to be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Group is principally engaged in the marketing and distribution of pharmaceutical products to customers in the PRC, the development, manufacture and sales of pharmaceutical products in the PRC, the business of commercial exploitation and development of genome-related technology and the development and commercialisation of oral insulin products.

Upon Completion, Smart Ascent will become an indirect wholly-owned subsidiary of the Company. By buying out the minority interest in Smart Ascent, the Group will be able to exercise absolute control over the management of, and financial benefits from, Smart Ascent, which is the holding company of Fosse Bio and Welly Surplus.

Fosse Bio has recently completed the multi-centered, randomised, double-blinded and placebo-controlled clinical trial of the Medicine on treatment of type 2 diabetes with satisfactory results, and is currently working with the project team and the clinical experts led by the Peking University People's Hospital in the PRC to conduct extended clinical trial with more extensive sampling of the Medicine contemplated in the Phase III clinical trial protocol filed with the State Food and Drug Administration of the PRC. Welly Surplus will continue to act as the manufacturing arm of the Group in the development of the Medicine. Therefore, the Directors believe that the Group will be better positioned to tap the business opportunities arising from the launch of the Medicine and other oral insulin products in the future with the enlarged profit attributable to Shareholders.

The Directors (excluding the independent non-executive Directors who will express their view after considering the advice of the Independent Financial Advisers) consider that the terms of the Acquisition Agreement and the Consideration are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

CONNECTED AND MAJOR TRANSACTION

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules. Besides, as the Vendor is a substantial shareholder of a subsidiary of the Company by virtue of his interest in Smart Ascent, and Dr. Mao is also interested in the Acquisition by virtue of his transaction under the Sub-sale Agreement with the Vendor, the Acquisition constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Vendor, Dr. Mao and their respective associates, and any other connected persons of the Company who are materially interested in the Acquisition, are therefore required to abstain from voting on the resolution proposed to be passed at the SGM for approving the Acquisition, the Acquisition Agreement and the transactions contemplated thereby.

SGM AND SHAREHOLDERS' CIRCULAR

In view of the foregoing, the Company will convene a SGM to seek the approval of the Independent Shareholders on the Acquisition, the Acquisition Agreement and the transactions contemplated thereby.

The Company will establish the Independent Board Committee to advise the Independent Shareholders in connection with the Acquisition, the Acquisition Agreement and the transactions contemplated thereby, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Advisers.

A circular containing, among other things, (1) further information on the Acquisition and the Acquisition Agreement; (2) the recommendation of the Independent Board Committee to the Independent Shareholders; (3) the advice from the Independent Financial Advisers to the Independent Board Committee and the Independent Shareholders; and (4) a notice of the SGM will be despatched to the Shareholders as soon as practicable. As additional time is required for preparing information to be contained in the circular, it is expected that the circular will be despatched on or before 30 April 2013.

SUSPENSION AND RESUMPTION OF TRADING

In light of the Acquisition, the trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 6 February 2013 at the request of the Company pending the release of this announcement and application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 28 February 2013.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares by Extrawell BVI from the Vendor
“Acquisition Agreement”	the Principal Acquisition Agreement as supplemented and amended by the Supplemental Agreement
“associates”	have the same meanings ascribed thereto under the Listing Rules
“Board”	board of Directors
“Bonds”	the zero coupon convertible bonds due on the 20th anniversary of the Completion Date for an aggregate principal amount of HK\$641,300,000 to be issued by the Company to the Vendor and/or (at the direction of the Vendor) Dr. Mao for settlement of part of the Consideration of the Sale Shares, to be created under the Instrument for the time being outstanding (as defined therein) or, as the context may require, any number of them
“Bondholder(s)”	holder(s) of the Bonds
“Company”	Extrawell Pharmaceutical Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares having a par value of HK\$0.01 each are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the Acquisition Agreement

“Completion Date”	date of the Completion
“Consideration”	an aggregate consideration of HK\$660,000,000 payable by Extrawell BVI to the Vendor pursuant to the payment terms as set out in the Acquisition Agreement
“Consideration Shares”	300 million new Shares to be allotted and issued, credited as fully paid, to the Vendor as consideration and which shall rank <i>pari passu</i> in all respects among themselves and with the then existing Shares in issue as initially set out in the Principal Acquisition Agreement
“Conversion Shares”	up to one billion new ordinary shares having a par value of HK\$0.01 each in the share capital of the Company, which may be issued upon exercise by the Bondholder(s) of the conversion rights attached to the Bonds
“Director(s)”	director(s) of the Company
“Dr. Mao”	Dr. Mao Yumin, an executive Director of the Company
“Extrawell BVI”	Extrawell (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Fosse Bio”	Fosse Bio-Engineering Development Ltd., a company incorporated in Hong Kong with limited liability, 51% interests of which are owned by Smart Ascent
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Board to be established for the purpose of advising the Independent Shareholders on the Acquisition, the Acquisition Agreement and the transactions contemplated thereby, the members of which include all the independent non-executive Directors, namely Mr. Fang Lin Hu, Mr. Xue Jing Lun and Ms. Jin Song
“Independent Financial Advisers”	the independent financial advisers to the Independent Board Committee and the Independent Shareholders to be appointed by the Company in connection with the Acquisition, the Acquisition Agreement and the transactions contemplated thereby

“Independent Shareholders”	Shareholders other than the Vendor, Dr. Mao and their respective associates and any other connected persons who have material interests in the Acquisition, the Acquisition Agreement and the transactions contemplated under the Acquisition Agreement
“Instrument”	the instrument to be executed by the Company by way of a deed poll constituting the Bonds, together with the schedules thereto (as from time to time altered in accordance with the instrument) and any other document executed in accordance with the instrument (as from time to time so altered) and expressed to be supplemental to the instrument
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Medicine”	oral insulin enteric-coated soft capsules (口服胰島素腸溶膠丸), one of the oral insulin products developed by the Group through Fosse Bio in collaboration with Tsinghua University, Beijing
“PRC”	People’s Republic of China
“Principal Acquisition Agreement”	the conditional sale and purchase agreement entered into between Extrawell BVI and the Vendor on 27 July 2007 in connection with the Acquisition
“Principal Sub-sale Agreement”	the conditional sale and purchase agreement entered into between Dr. Mao and the Vendor on 6 September 2011 in connection with the sale and purchase of either 150 million of the Consideration Shares or 24.5% interest in the share capital of Smart Ascent
“Sale Shares”	the aggregate of 4,900 ordinary shares of HK\$1.00 each in the issued share capital of Smart Ascent
“SFDA”	State Food and Drug Administration of the PRC
“SGM”	special general meeting proposed to be held by the Company for the purpose of approving the Acquisition, the Acquisition Agreement and the transactions contemplated thereby
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Smart Ascent”	Smart Ascent Limited, a company incorporated in Hong Kong with limited liability, the entire issued capital of which is owned as to 51% by Extrawell BVI and 49% by the Vendor

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-sale Agreement”	the Principal Sub-sale Agreement as supplemented by a supplemental agreement dated 23 February 2013 and entered into between Dr. Mao and the Vendor to amend certain terms and conditions of the Principal Sub-sale Agreement
“Supplemental Agreement”	Supplemental Agreement dated 23 February 2013 and entered into between Extrawell BVI and the Vendor to amend certain terms and conditions of the Principal Acquisition Agreement
“Vendor”	Mr. Ong Cheng Heang, the vendor to the Acquisition and one of the existing shareholders of Smart Ascent
“Welly Surplus”	Welly Surplus Development Limited, a company incorporated in Hong Kong with limited liability and is owned as to 51% by Smart Ascent
“%”	per cent.

By order of the Board
Extrawell Pharmaceutical Holdings Limited
Xie Yi
Director

Hong Kong, 27 February 2013

As at the date of this announcement, the executive Directors are Dr. Mao Yumin, Dr. Xie Yi, Dr. Lou Yi and Ms. Wong Sau Kuen and the independent non-executive Directors are Mr. Fang Lin Hu, Mr. Xue Jing Lun and Ms. Jin Song.

* *For identification purpose only*