



EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED

精 優 藥 業 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock code: 00858)

ANNOUNCEMENT PROGRESS OF INTERNAL CONTROL REVIEWS AND RATIFICATION OF 2004 TRANSACTION AND RE-APPROVAL OF 2007 TRANSACTION

INTERNAL CONTROL REVIEWS

The Company has engaged an independent firm to conduct internal control reviews and to assist the Independent Board to identify any weaknesses and deficiencies in the internal control of the Group. The reviews are expected to be completed in July 2008. The Company will submit a report to the Stock Exchange in respect of, among others, the findings of the reviews, the weaknesses and deficiencies of the Group's internal control system identified, the rectification measures recommended by the Independent Board and implemented by the Group after completion of such reviews, and to address such matters pertaining to the 2004 Transaction, 2007 Transaction, the internal control system and corporate governance practices of the Group and/or such other matters as may be raised by the Stock Exchange, in support of the Company's application of lifting the suspension of trading of the Shares on the Stock Exchange, and an announcement will be made by the Company in due course to keep the shareholders and investors informed of the results of the reviews.

RATIFICATION OF 2004 TRANSACTION AND RE-APPROVAL OF 2007 TRANSACTION

The Company is in the course of preparing the circular in connection with the ratification of the 2004 Transaction and has already engaged its reporting accountants, valuers and independent financial advisers for the requisite reports and advices. Based on the progress of the preparation of the circular, these reports and advices, the Company will endeavour to submit the draft circular to the Stock Exchange for review by end of August 2008 with a view to despatch the circular to the Shareholders and convene the special general meeting for ratifying the 2004 Transaction as soon as practicable.

After the 2004 Transaction has been ratified, the Company will re-submit the 2007 Transaction to the Independent Shareholders for re-approval at a special general meeting.

SUSPENSION OF TRADING

At the request of the Stock Exchange, trading in the Shares on the Stock Exchange was suspended with effect from 10:12 a.m. on 20 September 2007. Trading in the Shares will remain suspended pending, among others, the completion of an investigation by the Independent Board and the submission of the detailed report to the Stock Exchange in relation thereto in order to provide assurance to the Stock Exchange and the investing public on the effectiveness of the Group's internal control, including its financial, operational and compliance controls and risk management functions in line with good corporate governance practices and that circumstances no longer exist to suggest that there may be significant deficiencies in the internal control system of the Group which will pose a risk to investors.

INTRODUCTION

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board refers to an announcement of the Company dated 17 September 2007 clarifying the relationship between Mr. Ho Chin Hou, an executive Director, and Mr. Ong (one of the vendors under the 2004 Transaction and the vendor under the 2007 Transaction) and Ms. Wu (one of the vendors under 2004 Transaction), and another announcement ("**October 31 Announcement**") of the Company dated 31 October 2007 regarding the Stock Exchange's request for the ratification of the 2004 Transaction and the re-approval of the 2007 Transaction by the Independent Shareholders, and the suspension of trading in the Shares pending, among others, the completion of an investigation by the Independent Board on the effectiveness of the Group's internal control. Capitalised terms used in this announcement shall have the same meanings as that defined in the October 31 Announcement.

INTERNAL CONTROL REVIEWS

The Company has engaged an independent firm (the "Accounting Firm"), to conduct an internal control review in respect of the financial, operational, compliance control and risk management functions of the Group ("**General Review**") in order to assist the Independent Board to identify any weaknesses and deficiencies in the internal control of the Group. The Accounting Firm has also been appointed to assist the Independent Board to review the internal control measures relating to (i) the 2004 Transaction and the 2007 Transaction ("**04/07 Transactions Review**") and (ii) other non-operational transactions outside the normal course of business of the Group since 1 April 2003 ("**Other Transactions Review**"). The purpose of the reviews is to assist the Independent Board to provide assurance to the Stock Exchange and the investing public on the effectiveness of the Group's internal control, and to ensure that there are no significant deficiencies in the internal control system of the Group which may pose a risk to investors.

Up to the date of this announcement, the General Review has already been completed and the Company expects that the 04/07 Transactions Review and the Other Transactions Review will be completed in July 2008. The Company will submit a report to the Stock Exchange in respect of, among others, the findings of the Accounting Firm under the General Review, the 04/07 Transactions Review and the Other Transactions Review, the weaknesses and deficiencies of the Group's internal control system identified, the rectification measures recommended by the Independent Board and implemented by the Group after completion of such reviews, and to address such matters pertaining to the 2004 Transaction, 2007 Transaction, the internal control system and corporate governance practices of the Group and/or such other matters as may be raised by the Stock Exchange, in support of the Company's application of lifting the suspension of trading of the Shares on the Stock Exchange, and an announcement will be made by the Company in due course to keep the shareholders and investors informed of the results of the reviews.

RATIFICATION OF 2004 TRANSACTION AND RE-APPROVAL OF 2007 TRANSACTION

As disclosed in the October 31 Announcement, the Company will seek Independent Shareholders' ratification of the 2004 Transaction in a special general meeting and, after the 2004 Transaction has been ratified, the Company will re-submit the 2007 Transaction to the Independent Shareholders for re-approval at a special general meeting.

For the purpose of ratifying the 2004 Transaction, a circular containing, among others, the accountants' report on the latest audited financial statements of Smart Ascent, an updated valuation report on the business of Smart Ascent, the letter of advice from the independent board committee to the Independent Shareholders and the letter of advice from the independent financial advisers of the Company to the independent board committee and the Independent Shareholders in connection with the ratification of the 2004 Transaction, will be dispatched to the Shareholders for Shareholders' information. The Company is in the course of preparing the circular and has already engaged its reporting accountants, valuers and independent financial advisers for the requisite reports and advices. Based on the progress of the preparation of the circular, these reports and advices, the Company will endeavour to submit the draft circular to the Stock Exchange for review by end of August 2008 with a view to despatch the circular to the Shareholders and convene the special general meeting for ratifying the 2004 Transaction as soon as practicable.

SUSPENSION OF TRADING

At the request of the Stock Exchange, trading in the Shares on the Stock Exchange was suspended with effect from 10:12 a.m. on 20 September 2007. Trading in the Shares will remain suspended pending, among others, the completion of an investigation by the Independent Board and the submission of the detailed report to the Stock Exchange in relation thereto in order to provide assurance to the Stock Exchange and the investing public on the effectiveness of the Group's internal control, including its financial, operational and compliance controls and risk management functions in line with good corporate governance practices and that circumstances no longer exist to suggest that there may be significant deficiencies in the internal control system of the Group which will pose a risk to investors.

By order of the Board
EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED
Dr. Mao Yu Min
Chairman

Hong Kong, 18 June 2008

As at the date of this announcement, the executive Directors of the Company are Dr. Mao Yu Min, Mr. Ho Chin Hou, Mr. Ho Yu Ling, Mr. Li Qiang and Dr. Xie Yi and the independent non-executive Directors of the Company are Mr. Fang Lin Hu, Mr. Xue Jing Lun and Ms. Jin Song.

** For identification purpose only*