EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED

精優藥業控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00858)

DELAY IN COMPLETION OF THE CONSTRUCTION OF A PHARMACEUTICAL MANUFACTURING PLANT AND ACQUISITION OF THE PLANT

At the suggestion of SFDA and pursuant to the approval documents granted by the SFDA on 30 April 2008, the Group will undertake further clinical trial on the Medicine. Given the prolonged process for completing the registration of the Medicine, completion of the construction of the Plant and the acquisition thereof by the Group have been postponed.

The parties to the Cooperation Agreement and the SP Agreement have agreed on a revised timetable for the construction of the Plant and the Longstop Date for completion of the Acquisition.

INTRODUCTION

Reference is made to the announcement ("**2006 Announcement**") of Extrawell Pharmaceutical Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 24 October 2006 in relation to, among others, the SP Agreement and the Cooperation Agreement and the announcement ("**2008 Announcement**") dated 6 November 2008 in relation to, among others, the delay in completion of the construction of a pharmaceutical manufacturing plant and acquisition of the plant. Unless the context requires otherwise, terms defined in the 2006 Announcement shall have the same meanings when used herein.

DELAY IN COMPLETION OF THE CONSTRUCTION AND ACQUISITION OF THE PLANT

As disclosed in the 2006 Announcement and 2008 Announcement, Sea Ascent, the counterparty to the Cooperation Agreement, shall procure Jiangsu Prevalence, a project company established by Sea Ascent pursuant to the Cooperation Agreement, to construct a pharmaceutical manufacturing Plant for the production of the Medicine (namely, Oral Insulin Enteric-Coated Soft Capsules (口服胰島素腸溶軟膠丸), one of the oral insulin products developed by the Group) in accordance with the terms of the

Cooperation Agreement. The Plant must also satisfy, among other conditions, the standards as required for obtaining the compliance certificate under the Guidelines on Good Manufacturing Practices for Pharmaceuticals (藥品生產質量管理規範) for the production of the Medicine. The Cooperation Agreement became effective on 3 January 2007 and, under the Cooperation Agreement, Sea Ascent is required to complete the construction of the Plant within nine months after the Cooperation Agreement becoming effective (that is, on or before 2 October 2007).

Contemporaneously upon signing of the Cooperation Agreement, the Group had also entered into the SP Agreement with Sea Ascent pursuant to which the Group has agreed to acquire the Plant subject to, among other conditions, the completion of the construction of the Plant.

The purpose of the Cooperation Agreement and the SP Agreement is for the Group to shift the risk of non-recoverability of investment cost in the construction of the Plant to Sea Ascent so that the Group will only be required to acquire and pay for the Plant as and when the Medicine is ready for production and sales on one hand, and to ensure that the Group will be able to use the Plant as and when needed on the other hand. For this purpose, the parties had agreed under the Cooperation Agreement that Sea Ascent shall cooperate with the Group regarding the construction schedule of the Plant and, in the event that phase III clinical trial in respect of the Medicine is required, the parties shall discuss and revise the construction schedule of the Plant accordingly.

As at the date of this announcement, the State Food and Drug Administration ("**SFDA**") has not yet approved the registration of the Medicine and, as mentioned in the 2008 Announcement, further clinical trial of the Medicine will be undertaken. As the Group has been liaising with various parties and experts on the best implementation proposal relating to completion of the further clinical trial, the parties consider it unnecessary and inappropriate to complete the construction and acquisition of the Plant at this stage. Accordingly, the parties have agreed to revise, and will continue to monitor, the progress of the construction of the Plant in line with the clinical trial and approval schedule of the Medicine. The Plant is currently under construction, with its design plan and construction of the foundation, the surrounding walls and roads duly completed.

Under the SP Agreement, in the event that certain of the conditions to the SP Agreement have not been fulfilled on or before 12:00 noon on 30 November 2007 ("**Longstop Date**") or such later date and time as the parties may mutually agree, the SP Agreement shall forthwith terminate (save in respect of the confidentiality provisions thereof). As the time for completing the Acquisition is also dependent on the progress of construction of the Plant, completion of the Acquisition has not been taken place yet.

In light of the expected progress of the application for registration of the Medicine, the parties have agreed to extend the Longstop Date to 30 June 2010 and that Sea Ascent shall procure the completion of the construction of the Plant on or before 30 June 2010 or, if the SFDA issues an approval (with or without conditions) to apply for the New Medicine Certificate for the Medicine, within nine months of

the date of the said approval, whichever is earlier. If it is stated by the SFDA that phase III clinical trial in respect of the Medicine is required, the parties shall discuss and revise the construction schedule of the Plant accordingly. An announcement will be published by the Company should there be changes to the Longstop Date and construction schedule.

By order of the Board
EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED
Xie Yi
Director

Hong Kong, 8 April 2009

As at the date of this announcement, the executive directors are Dr Mao Yu Min, 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*