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EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED

精優藥業控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00858)

**DISCLOSEABLE AND CONNECTED TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE TO A CONNECTED PERSON**

The Directors announce that on 16 May 2012, Jilin Extrawell, a wholly-owned subsidiary of the Company, and Shanghai Longmark entered into the Loan Agreement pursuant to which Jilin Extrawell has agreed to grant an unsecured, interest-bearing Loan in the aggregate principal amount of RMB7,500,000 to Shanghai Longmark for financing the working capital requirements of Shanghai Longmark.

As at the date of this announcement, the enlarged registered capital of Shanghai Longmark is owned as to 20% by Jilin Extrawell and 80% by Shanghai United Gene, an indirect wholly-owned subsidiary of UG Listco. Dr. Mao, the chairman and one of the substantial shareholders of the Company who holds approximately 21.0% of the issued share capital of the Company through controlled corporations as at the date of this announcement, is also the honorary chairman and controlling shareholder of UG Listco, interested in approximately 48.96% of the issued share capital of UG Listco. Dr. Xie, an executive Director and the chief executive officer of the Company who holds approximately 21.0% of the issued share capital of the Company through controlled corporations as at the date of this announcement, is also a controlling shareholder of UG Listco, interested in approximately 48.96% of the issued share capital of UG Listco.

Accordingly, Shanghai Longmark is an associate of Dr. Mao and Dr. Xie and a connected person of the Company, and the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the Loan provided by the Group is not in its ordinary and usual course of business but on normal commercial terms for the benefit of Shanghai Longmark, and all of the applicable percentage ratios (other than the profits ratio and having taken into account the aggregation of the transactions under the Subscription and the Loan Agreement pursuant to rules 14.22 and 14A.25 of the Listing Rules) are less than 5%, the Loan Agreement is only subject to the reporting and announcement requirements set out in rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as the profits ratio is more than 5% but is less than 25%, the Loan Agreement also constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements set out in rules 14.34 to 14.36A of the Listing Rules.

THE LOAN AGREEMENT

Date : 16 May 2012

Lender : Jilin Extrawell

Borrower : Shanghai Longmark

TERMS OF THE LOAN AGREEMENT

Availability of the Loan : At any time during the period of one year commencing from the date of execution of the Loan Agreement, upon the request of Shanghai Longmark in writing, Jilin Extrawell shall make available for drawing by installments by Shanghai Longmark the unsecured, interest-bearing Loan in an aggregate principal amount of RMB7,500,000.

Interest of the Loan : Simple interest will be charged on the principal amount of the Loan drawn at the rate of 6.65% per annum, which shall be calculated on quarterly basis. The interest payable has been determined by the parties after arm's length negotiation, having taken into account the benchmark lending rate by The People's Bank of China in the PRC.

Purpose of the Loan : The proceeds of the Loan shall be used by Shanghai Longmark for its working capital requirements, including leasing of premises, purchase of equipment and payment of salary of employees.

Repayment : The principal of the Loan drawn, together with the interest accrued thereon, shall be repayable in full by Shanghai Longmark within 24 months after the date of draw down of each particular amount of the Loan.

REASONS FOR THE LOAN AGREEMENT

The registered capital of Shanghai Longmark is owned as to 20% by Jilin Extrawell and 80% by Shanghai United Gene.

Shanghai Longmark is in the course of expanding its business operation and developing its customer base in the PRC. To enhance the development and growth of its business, additional financial resources will be required to strengthen its competitiveness and enable it to be in a better position to tap the market opportunity arising from the growing healthcare industry in the PRC. The Directors are of the view that the provision of the Loan, which would be utilised for financing the working capital requirements of Shanghai Longmark, will facilitate Shanghai Longmark's future growth and development which in turn will be beneficial to the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement are fair and reasonable, on normal commercial terms and are in the interest of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP AND JILIN EXTRAWELL

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

Jilin Extrawell is a wholly foreign-owned enterprise established in the PRC with an operating period of 15 years commencing from 22 April 1999 and has a registered capital of RMB33,000,000 which is owned as to 60% by the Company and 40% indirectly by Smart Phoenix Holdings Limited, a wholly-owned subsidiary of the Company. It is principally engaged in the development, manufacture and sale of pharmaceutical products in the PRC.

INFORMATION ON SHANGHAI LONGMARK

As disclosed in the Company's announcement (the "**Subscription Announcement**") dated 13 January 2012, Jilin Extrawell entered into a capital increase agreement with Shanghai Longmark and Shanghai United Gene on 13 January 2012 pursuant to which Jilin Extrawell had agreed to subscribe for RMB2,500,000 (the "**Subscription**") of the registered capital of Shanghai Longmark by way of capital injection. As at the date of this announcement, the enlarged registered capital of Shanghai Longmark is owned as to 20% by Jilin Extrawell and 80% by Shanghai United Gene, an indirect wholly-owned subsidiary of UG Listco.

Shanghai Longmark is a limited company established in the PRC on 11 November 2010 for a period of 30 years and has a registered capital of RMB12,500,000. It is principally engaged in the provision of healthcare management services in the PRC. A healthcare centre in Shanghai by Shanghai Longmark has commenced business since September 2011, providing high-end healthcare management services to the public with genome technology as its competitive edge.

IMPLICATIONS UNDER THE LISTING RULES

Dr. Mao, the chairman and one of the substantial shareholders of the Company who holds approximately 21.0% of the issued share capital of the Company through controlled corporations as at the date of this announcement, is also the honorary chairman and controlling shareholder of UG Listco, interested in approximately 48.96% of the issued share capital of UG Listco. Dr. Xie, an executive Director and the chief executive officer of the Company who holds approximately 21.0% of the issued share capital of the Company through controlled corporations as at the date of this announcement, is also a controlling shareholder of UG Listco, interested in approximately 48.96% of the issued share capital of UG Listco.

Accordingly, Shanghai Longmark is an associate of Dr. Mao and Dr. Xie and a connected person of the Company, and the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the Loan provided by the Group is not in its ordinary and usual course of business but on normal commercial terms for the benefit of Shanghai Longmark, and all of the applicable percentage ratios (other than the profits ratio and having taken into account the aggregation of the transactions under the Subscription and the Loan Agreement pursuant to rules 14.22 and 14A.25 of the Listing Rules) are less than 5%, the Loan Agreement is only subject to the reporting and announcement requirements set out in rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as the profits ratio is more than 5% but is less than 25%, the Loan Agreement also constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements set out in rules 14.34 to 14.36A of the Listing Rules.

Dr. Mao and Dr. Xie, who are considered to be materially interested in the Loan Agreement, had abstained from voting on the resolutions of the Board approving the Loan Agreement.

DEFINITIONS

In this announcement, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Company”	Extrawell Pharmaceutical Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dr. Mao”	Dr. Mao Yu Min, a Director
“Dr. Xie”	Dr. Xie Yi, a Director

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jilin Extrawell”	Jilin Extrawell Changbaishan Pharmaceutical Co., Ltd.* (吉林精優長白山藥業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan for the aggregate principal amount of RMB7,500,000 to be granted by Jilin Extrawell to Shanghai Longmark subject to and in accordance with the terms and conditions of the Loan Agreement
“Loan Agreement”	the loan agreement dated 16 May 2012 and entered into between Jilin Extrawell as lender and Shanghai Longmark as borrower for the grant of the Loan
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, The Macau Special Administrative Region and Taiwan
“Shanghai Longmark”	龍脈(上海)健康管理服務有限公司, a company established in the PRC with limited liability, the registered capital of which is owned as to 20% by Jilin Extrawell and 80% by Shanghai United Gene
“Shanghai United Gene”	United Gene HealthCare Limited, Shanghai* (聯合基因(上海)健康管理服務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of UG Listco
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UG Listco”	United Gene High-Tech Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 399)

“%” per cent

“RMB” Renminbi, the lawful currency of the PRC

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

Hong Kong, 16 May 2012

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*