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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 TRANSACTION DISPOSAL OF INTANGIBLE ASSETS

On 21 September 2015, the Transferor, a wholly-owned subsidiary of the Company, entered into the Transfer Agreement for the transfer of the Intangible Assets to the Transferee.

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Transfer are more than 5% but less than 25%, the Transfer constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

The Board is pleased to announce that on 21 September 2015, the Transferor, a wholly-owned subsidiary of the Company, entered into the Transfer Agreement for the transfer of the Intangible Assets to the Transferee.

THE TRANSFER AGREEMENT

Date: 21 September 2015

Transferor: 吉林精優長白山藥業有限公司 (Jilin Extrawell Changbaishan Pharmaceutical Co., Ltd.), a wholly-owned subsidiary of the Company

Transferee: 吉林省康賽藥品經銷有限公司 (Jilin Province Kangsai Pharmaceutical Distribution Co., Ltd.*)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Transferee and the ultimate beneficial owners of the Transferee are third parties independent of the Company and its connected persons.

Assets to be transferred

The Transferor shall transfer to the Transferee the Intangible Assets which comprise of the entire right, title and interest in the production technologies in relation to the 35 tablet and capsule products and the trademarks of “益妥”, “優緩平”, “暢快” and “高爾聰” in the PRC legally and beneficially owned by the Transferor.

The Consideration

The Consideration of RMB2,600,000 shall be payable by the Transferee to the Transferor in the following manner:

- (1) a deposit of RMB500,000 within five days from the date of the Transfer Agreement; and
- (2) the balance of RMB2,100,000 upon the execution of the requisite filings and/or necessary procedures to effect the Transfer by the Transferor.

The Consideration has been arrived at after arm's length negotiations among the parties and is determined with reference to the valuation of the Intangible Assets carried out by an independent qualified valuer of the PRC. Based on the management accounts of the Transferor, the Intangible Assets as at 31 July 2015 were fully amortised and held at nil net book value.

Principal obligations of the Transferor and the Transferee

Under the Transfer Agreement, the Transferee will procure the Drug Approval Numbers in respect of the Relevant Products to be transferred to, and to be registered under the name of, Baiqiuen, a qualified pharmaceutical production factory as designated by the Transferee, and will bear all costs incurred therein. The Transferor shall assist the Transferee on matters related to the Transfer in accordance with the relevant PRC laws and regulations.

The Transferee and Baiqiuen shall lead the pilot production and large scale trial production of the Relevant Products. The Transferor shall provide directions to Baiqiuen during the large scale trial production to complete the transition of technical requirements, including production process, quality standards and testing methods in order for Baiqiuen to produce samples which meet the quality standards in three consecutive production batches, while ensuring the consistency of product quality before and after the Transfer.

The Transferor shall apply for deregistration of the Drug Approval Numbers at the time when Baiqiuen applies for registration of the Drug Approval Numbers.

FINANCIAL IMPACT AND USE OF PROCEEDS FROM THE TRANSFER

Immediately upon completion of the Transfer, it is anticipated that the Group will realise a net gain of RMB2,600,000 (before tax), which represents the difference between the net proceeds from the Transfer and the net book value of the Intangible Assets. It is intended that the proceeds from the Transfer will be applied for working capital of the Group.

INFORMATION OF THE TRANSFEREE

The Transferee is a limited liability company established in the PRC which is wholly-owned by independent third parties. The principal business of the Transferee is distribution of pharmaceutical products and medical equipment in the PRC.

Baiqiu is a state-owned pharmaceutical factory under Jilin University of the PRC.

REASONS FOR AND BENEFITS OF THE TRANSFER

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 and the business of commercial exploitation and development of genome-related technology.

The Group's manufacturing segment comprises two manufacturing operations in Changchun, the PRC, which are operated by CEP and the Transferor respectively. Both CEP and the Transferor are engaged in the development, manufacture and sales of pharmaceutical products in the PRC.

The operating revenue of the Transferor represented about 12% of the Group's total revenue for the year ended 31 March 2015 but its manufacturing operation has been at loss for years. In light of the prevailing market conditions and having reviewed the Transferor's past performance and development prospects, it is considered that the Transferor's manufacturing operation would not justify further capital expenditure by the Group and discontinuance of its operation would enable the Group to better utilise its resources in the other manufacturing segment, particularly the Group's new production facilities in Jiu Tai, Changchun, the PRC upon land resumption of the old factory site by the PRC government authority and the resumption of production of CEP upon GMP certification of all its product lines this year. Upon completion of the Transfer, the Transferor will cease its operation in the manufacture of the Relevant Products.

The net loss (before and after taxation) attributable to the Transferor's manufacturing operation in relation to the Intangible Assets for the two years ended 31 March 2015 amounted to approximately RMB1,503,000 and RMB2,462,000 respectively.

The Directors consider that the terms of the Transfer Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Transfer are more than 5% but less than 25%, the Transfer constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

DEFINITIONS

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

“Baiqiuen”	白求恩醫科大學製藥廠 (Baiqiuen Medical University Pharmaceutical Factory*), a state-owned pharmaceutical factory under Jilin University of the PRC
“Board”	board of Directors
“CEP”	長春精優藥業股份有限公司 (Changchun Extrawell Pharmaceutical Co., Ltd.*), a limited liability company established in the PRC which is a non wholly-owned subsidiary of the Company
“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 thereto under the Listing Rules
“Consideration”	an aggregate consideration of RMB2,600,000 payable by the Transferee to the Transferor pursuant to the payment terms as set out in the Transfer Agreement
“Directors”	the directors of the Company
“Drug Approval Numbers”	the drug approval numbers in respect of the Relevant Products approved by the China Food and Drug Administration (國家食品藥品監督管理總局) of the PRC which were registered under the name of the Transferor immediately prior to the Transfer
“Group”	the Company and its subsidiaries
“Intangible Assets”	the production technologies of the Relevant Products, and the trademarks of “益妥”, “優緩平”, “暢快” and “高爾聰” in the PRC legally and beneficially owned by the Transferor
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China
“Relevant Products”	the 35 tablet and capsule products legally and beneficially owned by the Transferor immediately prior to the Transfer
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer”	the transfer of the entire right, title and interest in the Intangible Assets from the Transferor to the Transferee
“Transfer Agreement”	a drug technology and trademark transfer agreement dated 21 September 2015 and entered into between the Transferor and the Transferee in relation to the Transfer
“Transferee”	吉林省康賽藥品經銷有限公司 (Jilin Province Kangsai Pharmaceutical Distribution Co., Ltd.*), a limited liability company established in the PRC which is wholly-owned by independent third parties
“Transferor”	吉林精優長白山藥業有限公司 (Jilin Extrawell Changbaishan Pharmaceutical Co., Ltd.), a limited liability company established in the PRC which is a wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 21 September 2015

As at the date of this announcement, the executive directors are Dr. Xie Yi, Dr. Lou Yi, Mr. Cheng Yong, Ms. Wong Sau Kuen and Mr. Liu Kwok Wah and the independent non-executive directors are Mr. Fang Lin Hu, Mr. Xue Jing Lun and Ms. Jin Song.

* *For identification purposes only*