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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The board of directors (the “**Board**”) of Extrawell Pharmaceutical Holdings Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2016 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Investment properties		1,526	1,556
Property, plant and equipment		153,513	161,911
Prepaid lease payments		9,713	10,155
Intangible assets		1,807	1,807
Investments in convertible bonds		349,159	362,960
Available-for-sale investments		—	—
Interest in an associate	3	333,950	333,866
Amount due from an associate		15,082	13,199
		<u>864,750</u>	<u>885,454</u>
Current assets			
Inventories		5,316	5,924
Trade receivables	4	56,876	57,019
Deposits, prepayments and other receivables		8,074	8,393
Available-for-sale investments		2,907	3,012
Pledged bank deposits		20,118	20,053
Bank balances and cash		216,341	180,998
		<u>309,632</u>	<u>275,399</u>
Total assets		<u><u>1,174,382</u></u>	<u><u>1,160,853</u></u>

	<i>Notes</i>	At 30 September 2016 (Unaudited) HK\$'000	At 31 March 2016 (Audited) HK\$'000
Capital and reserves			
Share capital		23,900	23,900
Reserves		<u>993,704</u>	<u>993,349</u>
Equity attributable to owners of the Company		1,017,604	1,017,249
Non-controlling interests		<u>(3,455)</u>	<u>(1,350)</u>
Total equity		1,014,149	1,015,899
Non-current liabilities			
Deferred tax liabilities		102	102
Convertible bonds		<u>32,335</u>	<u>29,670</u>
		32,437	29,772
Current liabilities			
Trade and bills payables	5	19,475	11,093
Accruals and other payables		73,421	68,614
Amount due to an associate		19,780	19,780
Tax payable		<u>15,120</u>	<u>15,695</u>
		<u>127,796</u>	<u>115,182</u>
Total equity and liabilities		<u><u>1,174,382</u></u>	<u><u>1,160,853</u></u>
Net current assets		<u><u>181,836</u></u>	<u><u>160,217</u></u>
Total assets less current liabilities		<u><u>1,046,586</u></u>	<u><u>1,045,671</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

		For the six months ended	
		30 September	
		2016	2015
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	6	64,196	81,634
Cost of sales		<u>(35,918)</u>	<u>(41,943)</u>
Gross profit		28,278	39,691
Other income	7	37,492	32,503
Other gains and losses, net	8	(28,730)	(68,128)
Selling and distribution expenses		(18,086)	(22,958)
Administrative expenses		(13,698)	(14,717)
Share of results of an associate		84	(102)
Effective interest expense on convertible bonds		<u>(2,664)</u>	<u>(2,244)</u>
Profit (loss) before taxation	9	2,676	(35,955)
Taxation	10	<u>(61)</u>	<u>(62)</u>
Profit (loss) for the period		2,615	(36,017)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss			
— Exchange differences arising on translation of foreign operations		<u>(4,365)</u>	<u>(5,405)</u>
Total comprehensive expense for the period		<u>(1,750)</u>	<u>(41,422)</u>
Profit (loss) for the period attributable to			
Owners of the Company		4,720	(33,593)
Non-controlling interests		<u>(2,105)</u>	<u>(2,424)</u>
		<u>2,615</u>	<u>(36,017)</u>

		For the six months ended	
		30 September	
		2016	2015
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total comprehensive income (expense)			
for the period attributable to			
Owners of the Company		355	(38,824)
Non-controlling interests		<u>(2,105)</u>	<u>(2,598)</u>
		<u>(1,750)</u>	<u>(41,422)</u>
Interim dividends	<i>11</i>	<u>—</u>	<u>—</u>
		(Unaudited)	(Unaudited)
		<i>HK cents</i>	<i>HK cents</i>
Earnings (loss) per share for the period attributable to			
owners of the Company			
— Basic	<i>12</i>	<u>0.20</u>	<u>(1.41)</u>
— Diluted		<u>0.20</u>	<u>(1.41)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is Suites 2206–08, 22/F, Devon House, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong.

This unaudited condensed consolidated interim financial information of the Group (the “**Interim Financial Information**”) was approved for issue by the Board on 29 November 2016.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange, and the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

This Interim Financial Information should be read in conjunction with the Group’s audited financial statements for the year ended 31 March 2016 (the “**2016 Audited Financial Statements**”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The Group has adopted, for the first time, the following new amendments to HKFRSs issued by the HKICPA that are relevant for the current interim period, and the application of which has no material impact on the Interim Financial Information:

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKAS 27	Equity method in separate financial statements
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation

3. EMPHASIS OF MATTER — 2016 AUDITED FINANCIAL STATEMENTS

In the 2016 Audited Financial Statements, an emphasis of matter paragraph was included in the Independent Auditors’ Report in relation to the Group’s interest in an associate, which is now reproduced as below:

“As explained in note 23 to the consolidated financial statements, the carrying amount of interest in an associate, representing interest in Smart Ascent Limited and its subsidiaries (the “**Smart Ascent Group**”), is HK\$333,866,000 as at 31 March 2016. The major asset held by the Smart Ascent Group is the intangible asset in relation to an in-process research and development project (the “**In-process R&D**”) involving an oral insulin product (the “**Product**”). The carrying amount of interest in the associate is highly dependent upon further research and development work required to be carried out, results of the clinical trials, the successful launching of the Product and key assumptions to be applied in preparing cash flow projection from the Product. Should the outcome of the clinical trials and the launching of the Product be unsuccessful, or the key assumptions applied in preparing the cash flow projection from the Product turn out to be unrealised, material adjustments may be required and consequently have an adverse effect on the net assets and the results of the Group.”

4. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly based on credit, except for new customers, where payment in advance is normally required. The credit period is generally ranging from 120 to 180 days, extending up to one year for some major customers.

The aging analysis of trade receivables, net of allowance for bad and doubtful debts is as follows:

	At 30 September 2016 (Unaudited) <i>HK\$'000</i>	At 31 March 2016 (Audited) <i>HK\$'000</i>
0–90 days	34,829	19,467
91–180 days	12,418	26,658
181–365 days	<u>9,629</u>	<u>10,894</u>
	<u>56,876</u>	<u>57,019</u>

5. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables is as follows:

	At 30 September 2016 (Unaudited) <i>HK\$'000</i>	At 31 March 2016 (Audited) <i>HK\$'000</i>
0–90 days	16,451	8,725
91–180 days	1,716	1,363
181–365 days	553	156
1–2 years	249	325
Over 2 years	<u>506</u>	<u>524</u>
	<u>19,475</u>	<u>11,093</u>

6. REVENUE AND SEGMENT INFORMATION

The Group's revenue comprises the following:

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Manufacturing of pharmaceutical products	23,802	21,879
Trading of pharmaceutical products	<u>40,394</u>	<u>59,755</u>
	<u>64,196</u>	<u>81,634</u>

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's operating segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. Summarised details of the reportable and operating segments are as follows:

- the manufacturing segment engages in the development, manufacture and sales of pharmaceutical products;
- the trading segment engages in the marketing and distribution of imported pharmaceutical products;
- the gene development segment engages in the commercial exploitation and development of genome-related technology.

The following is an analysis of the Group's revenue and results by reportable and operating segment for the six months ended 30 September 2016:

	Unaudited — For the six months ended 30 September							
	Manufacturing		Trading		Gene Development		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue								
Sales to external customers	<u>23,802</u>	<u>21,879</u>	<u>40,394</u>	<u>59,755</u>	<u>—</u>	<u>—</u>	<u>64,196</u>	<u>81,634</u>
Segment results	<u>(8,577)</u>	<u>(11,525)</u>	<u>3,741</u>	<u>12,072</u>	<u>(38)</u>	<u>(38)</u>	<u>(4,874)</u>	<u>509</u>
Unallocated other income							37,492	32,503
Unallocated other gains and losses, net							(23,730)	(63,191)
Corporate expenses							(3,632)	(3,430)
Effective interest expense on convertible bonds							(2,664)	(2,244)
Share of results of an associate							<u>84</u>	<u>(102)</u>
Profit (loss) before taxation							<u>2,676</u>	<u>(35,955)</u>
Taxation							<u>(61)</u>	<u>(62)</u>
Profit (loss) for the period							<u>2,615</u>	<u>(36,017)</u>

7. OTHER INCOME

For the six months ended
30 September

2016	2015
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Interest income	552	376
Rental income	54	114
Sundry income	49	2
Effective interest income from investments in convertible bonds	34,954	30,568
Imputed interest income from amount due from an associate	1,883	1,443
	<u>1,883</u>	<u>1,443</u>
	<u>37,492</u>	<u>32,503</u>

8. OTHER GAINS AND LOSSES, NET

For the six months ended
30 September

2016	2015
(Unaudited)	(Unaudited)
HK\$'000	HK\$'000

Gain on disposal of property, plant and equipment	—	28
Impairment on property, plant and equipment	—	(74)
Impairment on deposits, prepayments and other receivables	(982)	(662)
Allowance for bad and doubtful debts, net	(4,018)	(4,229)
Change in fair value loss of derivative component of investments in convertible bonds	(23,730)	(63,191)
	<u>(23,730)</u>	<u>(63,191)</u>
	<u>(28,730)</u>	<u>(68,128)</u>

9. PROFIT (LOSS) BEFORE TAXATION

The Group's profit (loss) before taxation has been arrived at after charging:

	For the six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation of prepaid lease payments	117	124
Depreciation of investment properties	30	29
Depreciation of property, plant and equipment	3,419	3,172
Cost of inventories recognised as expenses	35,918	41,943
Including: Provision for allowance for inventories	—	1,406
Operating lease charges in respect of land and buildings	894	1,034
Staff cost (including directors' emoluments)		
Salaries, bonus and allowances	10,606	9,469
Retirement benefits scheme contributions	1,838	2,091
	<u>1,838</u>	<u>2,091</u>

10. TAXATION

	For the six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	36	37
Other jurisdictions	25	25
	<u>25</u>	<u>25</u>
Taxation	<u>61</u>	<u>62</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% of the estimated assessable profits for both periods.

Under the Law of the People's Republic of China (the "PRC" or "China") on Enterprise Income Tax (the "EIT") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

11. INTERIM DIVIDENDS

The directors do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2016 (six months ended 30 September 2015: HK\$ Nil).

12. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share are calculated by dividing the profit attributable to owners of the Company of HK\$4,720,000 (2015: loss: HK\$33,593,000) by 2,390,000,000 ordinary shares in issue.

Diluted earnings (loss) per share are calculated by dividing the basic profit for the current period, which does not require adjustments for the effects of dilutive potential ordinary shares and adjusted loss of the corresponding period for the effective interest expense on convertible bonds of HK\$2,244,000 where there is no anti-dilutive effect, by the weighted average number of 3,290,000,000 ordinary shares outstanding.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overall Performance

The global economy has remained fragile in 2016, and China, in the start of its 13th Five-Year Plan (2016–2020), was facing tough challenges with falling exports, rising debts levels, eroding foreign reserves, volatile stock market and currency markets. Despite turbulence and uncertainties in global and local economic environments, China's economy had posted a positive note of stabilisation in the third and second quarters of 2016 with its economic growth maintained at a stable development trend of 6.7%. Against the backdrop of a slowing economy under the new normal state and the sustained deepening of the healthcare reform as a nationwide focus, China's pharmaceutical industry also saw a decline in growth impacted by tightening control on medical expenditure, lowering drug prices in the tender system and in-depth structural reforms in hospitals, which intensified market competition and added challenges to pharmaceutical enterprises.

In the period under review, the Group faced considerable challenges of price erosion caused by sustained decrease in tender prices, which impacted its revenue and gross profit. For the six months ended 30 September 2016 (the “**2016 Interim Period**”), the Group's revenue and gross profit were about HK\$64.2 million and HK\$28.3 million as compared to the six months ended 30 September 2015 (the “**2015 Interim Period**”) of about HK\$81.6 million and HK\$39.7 million, representing a decrease of about HK\$17.4 million or 21.3% in revenue and about HK\$11.4 million or 28.7% in gross profit, although the Group managed to maintain the overall gross margin at 44.1% when compared to 48.6% in the 2015 Interim Period.

The Group's administrative, selling and distribution expenses were in aggregate of about HK\$31.8 million in the 2016 Interim Period, representing a decrease by about HK\$5.9 million or 15.6% when compared to about HK\$37.7 million in the 2015 Interim Period. The decrease primarily reflected the decrease in sales and the related marketing and promotion expenses.

The Group's profit attributable to the owners of the Company improved to about HK\$4.7 million when compared to loss of about HK\$33.6 million in the 2015 Interim Period. Such turnaround from loss to profit was mainly the result of decrease in loss on fair value change of derivative component of the Group's investments in convertible bonds which was down from about HK\$63.2 million to HK\$23.7 million.

Revenue and Operating Results

Imported Pharmaceutical Sector

The sales of the Group's products declined both in term of volume and selling prices as a result of intensified competition from competing products of local manufacturers and the launch of a wave of new policies alongside the comprehensively deepening of healthcare reforms. The severe market conditions have become more visible due to increasing pressure for the lowering of drug tender prices,

which was exacerbated by tightening government control on medical expenditure. As a result, revenue and segment profit for the 2016 Interim Period decreased to about HK\$40.4 million and HK\$3.7 million, representing decrease of 32.4% and 69.0% respectively as compared to about HK\$59.8 million and HK\$12.1 million in the 2015 Interim Period.

Confronted with the immense challenges and intensifying competition, the Group would continue to reinforce its marketing efforts to alleviate the impact and strive to recapture market share.

Manufactured Pharmaceutical Sector

The decision made last year to consolidate manufacturing facilities in Changchun was proved to deliver results. In response to the headwinds in the market, management had made decisive actions to adjust its marketing strategies with access to new distribution channels. And by leveraging the advantages of the new GMP compliant factory in Jiu Tai, Changchun, sales grew to about HK\$23.8 million, notwithstanding the lack of sales contribution from JECP's manufacturing operation upon its closure last year. However, the increase in sales contribution was largely offset by the impact for the lowering of drug prices and increase in selling and distribution expenses to boost sales amid the highly competitive landscape.

Segment loss reduced by about HK\$2.9 million to HK\$8.6 million in the 2016 Interim Period, which was mainly due to the absence of operating loss from JECP's manufacturing operation during the period under review and the management's continued efforts to extend market coverage and strengthen cost control. The Group will continue to put efforts on managing costs and enhance operational efficiency to further improve its performance.

Gene Development Sector

In the period under review, gene development remained inactive and no revenue was recorded.

Other Income and Gains and Losses, Net

Other income and gains and losses, net were in total a gain of about HK\$8.8 million, which mainly came from allowance for bad and doubtful debts of about HK\$4.0 million, effective interest income of HK\$35.0 million and change in fair value of derivative component of HK\$23.7 million (loss) from investments in convertible bonds. This represents an increase in gain of about HK\$44.4 million when compared to a total loss of HK\$35.6 million in the 2015 Interim Period with corresponding amounts of HK\$4.2 million, HK\$30.6 million and HK\$63.2 million (loss) respectively.

Selling and Distribution Expenses

Selling and distribution expenses decreased to about HK\$18.1 million as compared to HK\$23.0 million in the 2015 Interim Period, representing a decrease of HK\$4.9 million or 21.2%. This was primarily due to the decrease in marketing and promotion expenses in connection with the sales of the imported product. In term of percentage to sales, the expenses were maintained at similar level as in the corresponding period.

Administrative Expenses

Administrative expenses decreased by about HK\$1.0 million or 6.8% from HK\$14.7 million in the 2015 Interim Period to HK\$13.7 million in the 2016 Interim Period. The decrease was primarily due to the inclusion of one-time expenses of about HK\$0.9 million for closure of JECP's manufacturing operation in the 2015 Interim Period.

Seasonal or Cyclical Factors

The Group's business operations were not significantly affected by any seasonal and cyclical factors, except extended statutory holidays in the PRC that may lead to lower Group's revenue and profit for the months in which these holidays are declared. There is no seasonal and cyclical factor for its borrowing requirements.

Financial Review

The Group generally finances its operations with internally generated cash flow and facilities granted by its principal banker in Hong Kong, Industrial and Commercial Bank of China (Asia) Limited. As at 30 September 2016, the Group had total cash and bank balances (including pledged bank deposits of HK\$20.1 million) of HK\$236.5 million (31 March 2016: HK\$201.1 million), representing an increase by approximately 17.6%.

The Group did not have bank borrowings as at 30 September 2016 (31 March 2016: HK\$ Nil) but had banking facilities on trade finance, which were supported by the pledge of the Group's fixed deposits of about HK\$20.1 million (31 March 2016: HK\$20.0 million) and corporate guarantees from the Company and certain subsidiaries of the Company. In general, there is no significant seasonality fluctuation on trade finance requirement of the Group.

The Group's total borrowing over total assets ratio as at 30 September 2016 was 0.044 (31 March 2016: 0.043), calculated based on the Group's total assets of HK\$1,174.4 million (31 March 2016: HK\$1,160.9 million) and total debts of about HK\$52.1 million (31 March 2016: HK\$49.5 million), comprising convertible bonds of HK\$32.3 million (31 March 2016: HK\$29.7 million) and amount due to an associate of HK\$19.8 million (31 March 2016: HK\$19.8 million).

Foreign Exchange Exposure

Save for certain purchases are denominated in Euro, the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars, United States dollars and Renminbi. The Group manages the foreign currency exposure by closely monitoring the foreign currency movements and may purchase foreign currencies at spot rate, when and where appropriate for meeting its payment obligation. No hedge on foreign currencies was made during the period but the Group will use financial instruments for hedging purpose when considered appropriate.

Outlook

The global volatility and China's slowing economic growth tend to compound the uncertainties to the growth of China's pharmaceutical industry ahead, as the industry has witnessed a slower growth under the highly complicated landscape. Despite the unsettled global and local economic environments, the Group believes that the China's pharmaceutical market will continue to grow under the 13th Five-Year Plan, which the government promises to deepen healthcare reform and bring higher-quality healthcare services to all Chinese citizens in the development of healthy China strategy. It is anticipated rigorous regulations will be forged thereby accelerating technological innovation and consolidation in the industry while the sustained deepening of healthcare reforms will make China's healthcare system more regulated, which in turn would facilitate sustainable growth of the industry in the long run.

Facing with the ongoing operating pressures and fierce price competition, the Group remains committed to deploying its internal resources in product research and development, reinforcing internal management to enhance operational efficiency and exerting additional efforts to deepen market penetration of its products to withstand the headwinds of challenges in the years to come and maintain a stable financial position to cater for future development of the Group.

Employment and Remuneration Policy

As at 30 September 2016, the Group had 238 employees (30 September 2015: 265). Staff costs (including directors' emoluments) for the six months ended 30 September 2016 amounted to approximately HK\$12.4 million (six months ended 30 September 2015: approximately HK\$11.6 million). The increase was mainly due to salary adjustment.

The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with prevailing labour laws of its operating entities.

On 24 August 2012, shareholders of the Company had approved the adoption of a share option scheme (the "**Scheme**"), which became effective on 29 August 2012 after obtaining approval from the Listing Committee of the Stock Exchange and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The Scheme will enable the Group to reward the employees, the directors and other selected participants for their contribution to the Group and will also assist the Group in its recruitment and retention of high caliber professionals, executives and employees who are instrumental to the growth of the Group.

During the period ended 30 September 2016, no share option has been granted under the Scheme.

Corporate Governance

The Group recognises the importance of achieving and monitoring the high standard of corporate governance consistent with the need and requirements of its business and the best interest of all its shareholders. The Group is fully committed to doing so.

In the opinion of the directors, the Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (“**Code Provisions**”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2016, except for certain deviations from Code Provisions (i) A.1.3 and A.7.1 (notice, agenda as well as accompanying board papers should be given to directors in a timely manner for committee’s and board’s meeting), (ii) A.2.1 (the roles of chairman and chief executive officer should be separate and should not be performed by the same person), (iii) A.4.1 (non-executive directors should be appointed for a specific term), and (iv) A.4.2 (all directors should be appointed for a specific term and subject to retirement by rotation, and directors appointed to fill a casual vacancy be subject to election at the first general meeting after appointment). Details of deviations and considered reasons in relation thereof have been duly set out in the corporate governance report contained in the 2016 annual report of the Company published in July 2016.

The Company will continue to review and monitor the situation as stated above, and to improve the practices as and when the circumstances demand.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the Company’s code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company’s directors, the directors have complied with the required standards set out in the Model Code throughout the interim period.

Purchase, Redemption or Sale of Listed Securities

During the six months ended 30 September 2016, the Company and its subsidiaries did not purchase, redeem or sell any of the Company’s listed securities.

Audit Committee

The Audit Committee, which comprises three independent non-executive directors with terms of reference in compliance with Code Provision C.3.3, has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2016, and was content that the accounting principles and practices adopted by the Group were in conformity with the current practices in Hong Kong.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The results announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.extrawell.com.hk). The interim report will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 29 November 2016

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 purpose only*