

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED

精優藥業控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00858)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE

This is a voluntary announcement made by Extrawell Pharmaceutical Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to inform its shareholders and potential investors with information on the latest business development of the Group.

As stated in the interim report of the Group for the six months ended 30 September 2018 issued on 29 November 2018 (“**Interim Report**”), the Group’s trading segment of imported pharmaceuticals has been substantially impacted by the difficult market conditions caused by the intensified competition from competing products produced by Chinese manufacturers and the increasing regulatory scrutiny on imported products, in particular, the overseas on-site inspection conducted by the Chinese authorities, including a prescribed drug used for treatment of skin conditions (“**Skin Drug**”) that is a significant revenue and profit contributor to the Group’s imported pharmaceuticals trading segment. As at the date of this announcement, the Group is given to understand that the Chinese authorities have temporarily suspended the sales of the Skin Drug in China starting from the end of January 2019 due to certain manufacturing practices issues which requires the Skin Drug manufacturer to rectify before the Skin Drug can be sold in China. In this regard, the Skin Drug manufacturer is in the process of preparing for the supplemental information required by the Chinese authorities to rectify the issues as soon as practicable.

The sales of the Skin Drug amounted to approximately HK\$7,739,000 and HK\$23,058,000, representing approximately 99% and 90% revenue of the imported pharmaceuticals trading segment for the six months ended 30 September 2018 and for the year ended 31 March 2018, respectively. The revenue generated from the Skin Drug during the second half of the financial year 2019 and before its sales suspension in end January 2019 amounted to approximately HK\$5,600,000. According to the contract terms with the Group’s customers and suppliers, the Group will not be involved in the product recall of the Skin Drug. Meanwhile, the Group is working closely with its suppliers and customers with a view to resolving all those issues in the long term so as to bring back the Skin Drug to the China market as soon as practicable.

As further stated in the Interim Report, the Group has been placing more focus on enhancing the production efficiency and strengthening cost savings measures to reinforce the fundamentals for development of the Group's manufacturing segment which has demonstrated positive progress in these recent years. The Group believes that the poor performance of the Group's imported pharmaceuticals trading segment in the near term would not have any material adverse impact on the financial conditions and operations of the Group as the Group has maintained a healthy financial position to cope with the future challenges.

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

Hong Kong, 15 February 2019

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

* *For identification purpose only*