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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)

CLARIFICATION ANNOUNCEMENT

Mr. Ho Yu Ling, one of the executive Directors, was charged by ICAC with five charges with the alleged fraud in relation to the 2004 Transaction and the 2007 Transaction.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

This announcement is issued pursuant to Rule 13.09 of the Listing Rules. Reference is made to the Company's announcement ("**October 31 Announcement**") dated 31 October 2007 in respect of the arrest of Mr. Ho Chin Hou by ICAC and the charge against him. Capitalised terms used in this announcement shall have the same meanings as defined in the October 31 Announcement, unless the context otherwise specifies.

The Board refers to the press release (the "**ICAC Press Release**") appearing on the website of ICAC on 11 January 2008 and the newspapers articles (the "**Other Press Articles**") appearing on The Sun, Hong Kong Economic Times, Ming Pao Daily News, Wen Wei Po, Hong Kong Daily News on 12 January 2008 regarding the charges of Mr. Ho Yu Ling, one of the executive Directors, by ICAC and the five charges (the "**Charges**") against him in relation to the 2004 Transaction and the 2007 Transaction.

Mr. Ho Yu Ling has confirmed to the Board that he has been charged by ICAC with the following five Charges:

- (a) one of the Charges alleged that between 1 January and 30 September 2004, Mr. Ho Yu Ling and Mr. Ho Chin Hou, another executive Director, by deceit, namely by (i) falsely representing that the daughter-in-law and son-in-law of Mr. Ho Chin Hou were not connected persons of the Company; (ii) concealing or failing to disclose the relationship of Mr. Ho Chin Hou with his daughter-in-law and son-in-law; and/or (iii) concealing or failing to disclose that Smart Ascent was a company controlled by Mr. Ho Chin Hou, and with intent to defraud, induced the Company to acquire 51%

of the shares in Smart Ascent at the price of HK\$73 million which resulted in benefit to Mr. Ho Chin Hou, his daughter-in-law and son-in-law or in prejudice or a substantial risk of prejudice to the Company;

- (b) another Charge alleged Mr. Ho Yu Ling and Mr. Ho Chin Hou of conspiring together on 3 March 2004 to defraud officers of the Stock Exchange by dishonestly falsely representing that the acquisition by the Company of 51% of the shares in Smart Ascent from Mr. Ho Chin Hou's daughter-in-law and son-in-law was not a connected transaction as defined under the Listing Rules and, thereby causing the officers of the Stock Exchange to act contrary to their public duty by not requiring the Company and/or Mr. Ho Chin Hou to make further disclosure relating to the said acquisition;
- (c) the third Charge alleged that on or about 25 March 2004, Mr. Ho Yu Ling and Mr. Ho Chin Hou, with intent to deceive members of the Company about its affairs, concurred in publishing a written statement, namely the letter from the Board dated 25 March 2004, which to their knowledge was or may have been misleading, false or deceptive in a material particular, that each of Mr. Ho Chin Hou's daughter-in-law and son-in-law was not a connected person of the Company;
- (d) the fourth Charge alleged that between 1 July and 16 September 2007, Mr. Ho Yu Ling and Mr. Ho Chin Hou, by deceit, namely, by (i) falsely representing that the son-in-law of Mr. Ho Chin Hou was not a connected person of the Company; (ii) concealing or failing to disclose the relationship of Mr. Ho Chin Hou with his son-in-law; and/or (iii) his son-in-law was holding the remaining 49% of the shares of Smart Ascent on behalf of Mr. Ho Chin Hou who remained the beneficial owner of them, and with intent to defraud, attempted to induce the Company to acquire the remaining 49% of the shares in Smart Ascent at the price of HK\$768.9 million which would have resulted in benefit to Mr. Ho Chin Hou and his son-in-law or in prejudice or a substantial risk of prejudice to the Company;
- (e) the final Charge alleged that on or about 17 September 2007, Mr. Ho Yu Ling and Mr. Ho Chin Hou, with an intent to deceive members of the Company about its affairs, concurred in publishing a written statement, namely the clarification announcement of the Company dated 17 September 2007, which to their knowledge was or may have been misleading, false or deceptive in a material particular, that (i) Mr. Ho Chin Hou had inadvertently failed to alert the Board of his personal relationship with his daughter-in-law and son-in-law; and (ii) the 2004 Announcement and the 2004 Circular had contained all material information relevant to the 2004 Transaction and were true and accurate in all material respects and not misleading in any material respect and that the 2007 Announcement and the 2007 Circular contained all material information relevant to the 2007 Transaction and were true and accurate in all material respects and not misleading in any material respect, in that the clarification announcement failed to disclose that Mr. Ho Chin Hou was the beneficial owner of the shares of Smart Ascent held in the name of his daughter-in-law and son-in-law.

As at the date of this announcement, no plea has been taken and Mr. Ho Yu Ling has not been tried nor was he convicted of any offence.

As the case is currently under investigation, and given that the allegations as mentioned in the Charges were made against the relevant Directors rather than against the Company itself, the Company is not in the position to comment on the allegations as contained in the ICAC Article and the Other Press Articles. **Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

As disclosed in the October 31 Announcement, the Working Committee, which formerly comprised of three executive Directors, namely, Dr. Mao Yu Min, Mr. Ho Yu Ling and Dr. Xie Yi, had been formed to assist the Independent Board to conduct such factual findings in relation to the Incident, the 2004 Transaction and the 2007 Transaction as the Independent Board may consider appropriate. As Mr. Ho Yu Ling has been charged by ICAC with the Charges, Mr. Ho Yu Ling retired himself from the Working Committee to ensure that it can perform its the factual finding function relating to the 2004 Transaction and 2007 Transaction in an objective and independent manner.

By order of the Board
EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED
Dr. Mao Yu Min
Chairman

Hong Kong, 16 January 2008

As at the date of this announcement, the executive Directors of the Company are Dr. Mao Yu Min, Mr. Ho Chin Hou, Mr. Ho Yu Ling, Mr. Li Qiang and Dr. Xie Yi and the independent non-executive Directors of the Company are Mr. Fang Lin Hu, Mr. Xue Jing Lun and Ms. Jin Song.

* *For identification purpose only*