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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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025

The board of directors (the “**Board**”) of Extrawell Pharmaceutical Holdings Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2025 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Continuing Operations			
Revenue	3	55,429	59,098
Cost of sales		<u>(33,558)</u>	<u>(30,319)</u>
Gross profit		21,871	28,779
Other income, gains and losses, net	4	258,166	(131,879)
Selling and distribution expenses		(9,336)	(13,175)
Administrative expenses		(21,563)	(22,073)
Share of results of an associate		(2,312)	(2,275)
Finance costs		<u>(22,107)</u>	<u>(18,801)</u>
Profit (loss) before income tax	5	224,719	(159,424)
Income tax expense	6	<u>(1,167)</u>	<u>(2,131)</u>
Profit (loss) for the year		<u>223,552</u>	<u>(161,555)</u>

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Discontinued Operation			
Loss for the year from Discontinued Operation	<i>11</i>	<u>(105)</u>	<u>(85)</u>
Profit (loss) for the year		<u>223,447</u>	<u>(161,640)</u>
Other comprehensive expense including reclassification adjustments			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(1,259)</u>	<u>(2,431)</u>
Other comprehensive expense for the year, net of tax		<u>(1,259)</u>	<u>(2,431)</u>
Total comprehensive income (expense) for the year		<u>222,188</u>	<u>(164,071)</u>
Profit (loss) for the year attributable to owners of the Company:			
— Continuing Operations		222,749	(162,864)
— Discontinued Operation		<u>(105)</u>	<u>(85)</u>
		<u>222,644</u>	<u>(162,949)</u>
Profit (loss) for the year attributable to non-controlling interests:			
— Continuing Operations		803	1,309
— Discontinued Operation		<u>—</u>	<u>—</u>
		<u>803</u>	<u>1,309</u>
Profit (loss) for the year		<u>223,447</u>	<u>(161,640)</u>

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Total comprehensive income (expense) for the year attributable to owners of the Company:			
— Continuing Operations		221,522	(165,274)
— Discontinued Operation		<u>(105)</u>	<u>(85)</u>
		<u>221,417</u>	<u>(165,359)</u>
Total comprehensive income (expense) for the year attributable to non-controlling interests:			
— Continuing Operations		771	1,288
— Discontinued Operation		<u>—</u>	<u>—</u>
		<u>771</u>	<u>1,288</u>
Total comprehensive income (expense) for the year		<u><u>222,188</u></u>	<u><u>(164,071)</u></u>
		<i>HK\$ cents</i>	<i>HK\$ cents</i>
Earnings (loss) per share:			
From Continuing and Discontinued Operations	7		
— Basic		<u>9.32</u>	<u>(6.82)</u>
— Diluted		<u>7.43</u>	<u>(6.82)</u>
From Continuing Operations	7		
— Basic		<u>9.32</u>	<u>(6.81)</u>
— Diluted		<u>7.44</u>	<u>(6.81)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties		2,284	2,417
Property, plant and equipment		111,731	116,197
Right-of-use assets		8,050	9,843
Intangible assets		1,807	1,807
Financial assets at fair value through profit or loss ("FVTPL")		—	660,564
Financial assets at fair value through other comprehensive income		—	—
Interest in an associate		311,929	314,241
Loan to an associate		27,691	4,609
Deferred tax assets		69	69
		<u>463,561</u>	<u>1,109,747</u>
CURRENT ASSETS			
Inventories		4,738	7,265
Trade and bills receivables	9	7,802	4,215
Deposits, prepayments and other receivables		2,352	2,946
Amount due from an associate		32,662	34,459
Loan to an associate		—	13,430
Financial assets at FVTPL		917,085	661
Pledged bank deposits		20,378	20,856
Cash and bank balances		77,774	93,610
		<u>1,062,791</u>	<u>177,442</u>
CURRENT LIABILITIES			
Trade and bills payables	10	4,427	4,657
Accruals, other payables and contract liabilities		23,056	27,122
Lease liabilities		1,903	1,375
Deferred income on government grants		115	116
Tax payable		19,003	18,102
		<u>48,504</u>	<u>51,372</u>
NET CURRENT ASSETS		<u>1,014,287</u>	<u>126,070</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,477,848</u>	<u>1,235,817</u>

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Convertible bonds		139,038	117,124
Lease liabilities		—	1,911
Deferred income on government grants		4,011	4,171
		<u>143,049</u>	<u>123,206</u>
NET ASSETS		<u>1,334,799</u>	<u>1,112,611</u>
CAPITAL AND RESERVES			
Share capital		23,900	23,900
Reserves		1,310,642	1,089,225
Equity attributable to owners of the Company		1,334,542	1,113,125
Non-controlling interests		257	(514)
TOTAL EQUITY		<u>1,334,799</u>	<u>1,112,611</u>

Notes:

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.

The Company is an investment holding company. The principal activities of its subsidiaries and an associate are set out in notes to the consolidated financial statements to be included in the Company’s annual report.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

New and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 April 2024 for the preparation of this annual results announcement:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The application of these new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in this annual results announcement. There is no significant change in accounting policies adopted and methods of computation used.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendment to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of the new and amended HKFRSs is not expected to have material impact to the Group's consolidated financial statements in the future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS accounting standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and HKFRS 7 Statement of Cash Flows. Minor amendments to HKAS 7 and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of HKFRS 18 is expected to affect the presentation of the statement of profit or loss and disclosures in the future consolidated financial statements but is not expected to have material impact on the Group's consolidated financial positions and performance. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's future consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue for the year represents the fair value of amounts received and receivable for goods sold to external customers, less discounts and sales-related taxes for the year, and is analysed as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trading of pharmaceutical products	24	12
Manufacturing of pharmaceutical products	<u>55,405</u>	<u>59,086</u>
	<u>55,429</u>	<u>59,098</u>

Revenue is expected to be recognised in the future arising from contracts with customers in existence at the reporting date:

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 and therefore the information about the remaining performance obligation is not disclosed for contracts that have an original expected duration of one year or less and also for those performance obligation which are regarded as satisfied as invoiced.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions.

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:

- (a) the manufacturing segment engages in the development, manufacture and sales of pharmaceutical products (“**Manufacturing**”);
- (b) the trading segment engages in the marketing and distribution of imported pharmaceutical products (“**Trading**”); and
- (c) the gene development segment engages in the commercial exploitation and development of genome-related technology (“**Gene Development**”).

On 7 March 2025, the Board resolved to discontinue the Gene Development segment through Best-Bio Developments Limited (“**Best-Bio**”), a wholly-owned subsidiary, and its subsidiaries (“**Best-Bio Group**”) (i.e. the “**Discontinued Operation**”). Subsequently, the Company continues its Manufacturing and Trading business segments (i.e. the “**Continuing Operations**”).

Segment revenue and results

The following is the Group's revenue and results from operations from Continuing Operations and Discontinued Operation by reportable and operating segment:

	Continuing Operations			Discontinued Operation Gene Development*	Total
	Manufacturing <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 March 2025					
Revenue					
Revenue from external customers	<u>55,405</u>	<u>24</u>	<u>55,429</u>	<u>—</u>	<u>55,429</u>
Segment results	<u>4,932</u>	<u>(2,411)</u>	<u>2,521</u>	<u>(105)</u>	<u>2,416</u>
Unallocated other income, gains and losses, net					257,380
Corporate expenses					(10,956)
Effective interest expense on convertible bonds					(21,914)
Share of results of an associate					<u>(2,312)</u>
Profit before income tax					224,614
Income tax expense					<u>(1,167)</u>
Profit for the year					<u><u>223,447</u></u>

	Continuing Operations			Discontinued Operation Gene	Total HK\$'000
	Manufacturing HK\$'000	Trading HK\$'000	Sub-total HK\$'000	Development* HK\$'000	
Year ended 31 March 2024					
Revenue					
Revenue from external customers	<u>59,086</u>	<u>12</u>	<u>59,098</u>	<u>—</u>	<u>59,098</u>
Segment results	<u>6,804</u>	<u>(3,276)</u>	<u>3,528</u>	<u>(85)</u>	3,443
Unallocated other income, gains and losses, net					(131,924)
Corporate expenses					(10,246)
Effective interest expense on convertible bonds					(18,507)
Share of results of an associate					<u>(2,275)</u>
Loss before income tax					(159,509)
Income tax expense					<u>(2,131)</u>
Loss for the year					<u>(161,640)</u>

* The amounts represent the segment results relating to the Gene Development segment during the year ended 31 March 2024 and the period from 1 April 2024 to 7 March 2025.

Segment profit (loss) represents the profit earned by/(loss from) each segment without allocation of interest income, other gains and losses, net (exclude reversal of (provision for) impairment loss on trade and other receivables), corporate expenses, effective interest expense on convertible bonds and share of results of an associate. This is the measure reported to the chief operating decision maker, being the Board, for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is the Group's assets and liabilities from Continuing Operations and Discontinued Operation by reportable and operating segment:

	Continuing Operations			Discontinued Operation Gene	Total HK\$'000
	Manufacturing HK\$'000	Trading HK\$'000	Sub-total HK\$'000	Development HK\$'000	
As at 31 March 2025					
Segment assets	<u>162,679</u>	<u>42,344</u>	<u>205,023</u>	<u>N/A*</u>	<u>205,023</u>
Financial assets at FVTPL —					
Investments in convertible bonds					915,436
Interest in an associate					311,929
Corporate and other assets					<u>93,964</u>
Total assets					<u>1,526,352</u>
Reportable segment liabilities	<u>48,711</u>	<u>448</u>	<u>49,159</u>	<u>N/A*</u>	<u>49,159</u>
Convertible bonds					139,038
Corporate and other liabilities					<u>3,356</u>
Total liabilities					<u>191,553</u>
As at 31 March 2024					
Segment assets	<u>163,334</u>	<u>43,518</u>	<u>206,852</u>	<u>15</u>	206,867
Financial assets at FVTPL —					
Investments in convertible bonds					660,564
Interest in an associate					314,241
Corporate and other assets					<u>105,517</u>
Total assets					<u>1,287,189</u>
Reportable segment liabilities	<u>52,128</u>	<u>574</u>	<u>52,702</u>	<u>64</u>	52,766
Convertible bonds					117,124
Corporate and other liabilities					<u>4,688</u>
Total liabilities					<u>174,578</u>

* The amount is insignificant and has been included in Continuing Operations.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than financial assets at FVTPL — investments in convertible bonds, interest in an associate and corporate and other assets; and
- all liabilities are allocated to operating segments other than convertible bonds and corporate and other liabilities.

Other segment information

The following is the Group's other segment information from Continuing Operations and Discontinued Operation by reportable and operating segment:

	Continuing Operations			Discontinued Operation Gene	Total HK\$'000
	Manufacturing HK\$'000	Trading HK\$'000	Sub-total HK\$'000	Development HK\$'000	
Year ended 31 March 2025					
Additions in property, plant and equipment	3,059	8	3,067	—	3,067
<i>Amounts included in the measure of segment profit or loss:</i>					
Depreciation of property, plant and equipment and right-of-use assets	6,605	1,543	8,148	—	8,148
Unallocated depreciation of investment properties					133
					<u>8,281</u>
<i>Others:</i>					
Gain on disposal of items of property, plant and equipment	—	—	—	—	—
Unallocated gain on disposal					<u>(10)</u>
					<u>(10)</u>
Reversal of impairment loss on trade receivables	(847)	—	(847)	—	(847)
Impairment loss on other receivables	61	—	61	—	61
Impairment loss on inventories	<u>252</u>	<u>—</u>	<u>252</u>	<u>—</u>	<u>252</u>

	Continuing Operations			Discontinued Operation Gene	Total
	Manufacturing <i>HK\$'000</i>	Trading <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Development <i>HK\$'000</i>	
Year ended 31 March 2024					
Additions in property, plant and equipment	1,202	—	1,202	—	1,202
<i>Amounts included in the measure of segment profit or loss:</i>					
Depreciation of property, plant and equipment and right-of-use assets	7,301	1,612	8,913	—	8,913
Unallocated depreciation of investment properties					<u>132</u>
					<u>9,045</u>
<i>Others:</i>					
Impairment loss on trade receivables	89	—	89	—	89
Reversal of written off on other receivables	(134)	—	(134)	—	(134)
Reversal of impairment loss on inventories	<u>(180)</u>	<u>—</u>	<u>(180)</u>	<u>—</u>	<u>(180)</u>

4. OTHER INCOME, GAINS AND LOSSES, NET

The following is the Group's other income, gains and losses, net from Continuing Operations and Discontinued Operation:

	2025			2024		
	Continuing Operations HK\$'000	Discontinued Operation* HK\$'000	Total HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000
Change in fair value on financial assets at FVTPL						
— Investments in convertible bonds	254,872	—	254,872	(132,966)	—	(132,966)
— Short term investment	27	—	27	33	—	33
Bank interest income	3,870	—	3,870	4,611	—	4,611
Rental income	411	—	411	414	—	414
Government grants	117	—	117	117	—	117
Loan interest income from an associate	1,108	—	1,108	1,061	—	1,061
Sundry income	18	—	18	—	—	—
Impairment loss recognised on loan to an associate	(1,256)	—	(1,256)	(3,409)	—	(3,409)
Impairment loss recognised on amount due from an associate	(1,797)	—	(1,797)	(1,785)	—	(1,785)
Reversal of (impairment loss) recognised on trade receivables, net	847	—	847	(89)	—	(89)
(Impairment loss) reversal of written off recognised on other receivables	(61)	—	(61)	134	—	134
Gain on disposal of property, plant and equipment	10	—	10	—	—	—
	258,166	—	258,166	(131,879)	—	(131,879)

* The amounts represent the other income, gains and losses, net, relating to the Gene Development segment during the period from 1 April 2024 to 7 March 2025.

5. PROFIT (LOSS) BEFORE INCOME TAX

Profit (loss) before income tax from Continuing Operations and Discontinued Operation has been arrived at after charging (crediting):

	2025			2024		
	Continuing Operations HK\$'000	Discontinued Operation* HK\$'000	Total HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000
Staff costs, including directors' remuneration						
— Salaries and allowances	18,340	—	18,340	17,417	—	17,417
— Contributions to defined contribution retirement schemes	2,385	—	2,385	2,327	—	2,327
	<u>20,725</u>	<u>—</u>	<u>20,725</u>	<u>19,744</u>	<u>—</u>	<u>19,744</u>
Cost of sales	33,558	—	33,558	30,319	—	30,319
<i>Including:</i>						
<i>Impairment loss (reversal of impairment loss) on inventories</i>	252	—	252	(180)	—	(180)
<i>Cost of inventories recognised as expenses</i>	<u>11,042</u>	<u>—</u>	<u>11,042</u>	<u>13,723</u>	<u>—</u>	<u>13,723</u>
<i>Others:</i>						
Auditor's remuneration	800	—	800	800	—	800
Depreciation of right-of-use assets	1,723	—	1,723	1,759	—	1,759
Depreciation of investment properties	133	—	133	132	—	132
Depreciation of property, plant and equipment	6,425	—	6,425	7,154	—	7,154
Research and development cost	<u>—</u>	<u>—</u>	<u>—</u>	<u>194</u>	<u>—</u>	<u>194</u>

* The amounts represent the profit before income tax relating to the Gene Development segment during the period from 1 April 2024 to 7 March 2025.

6. INCOME TAX EXPENSE

The following is the Group's income tax expense from Continuing Operation and Discontinued Operation:

	2025			2024		
	Continuing Operations <i>HK\$'000</i>	Discontinued Operation* <i>HK\$'000</i>	Total <i>HK\$'000</i>	Continuing Operations <i>HK\$'000</i>	Discontinued Operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Current tax:						
Hong Kong Profits Tax	—	—	—	—	—	—
PRC Enterprise Income Tax	<u>1,167</u>	<u>—</u>	<u>1,167</u>	<u>2,131</u>	<u>—</u>	<u>2,131</u>
	1,167	—	1,167	2,131	—	2,131
Deferred tax:						
— Current year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>1,167</u>	<u>—</u>	<u>1,167</u>	<u>2,131</u>	<u>—</u>	<u>2,131</u>

* The amounts represent the income tax expense relating to the Gene Development segment during the period from 1 April 2024 to 7 March 2025.

Overseas income tax

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax under these jurisdictions for both years.

Hong Kong Profits Tax

Under the Hong Kong two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations are taxed at 8.25% (2024: 8.25%), and profits above HK\$2 million are taxed at 16.5% (2024: 16.5%). No Hong Kong Profits Tax has been provided as the Group did not have any assessable profits during the years ended 31 March 2025 and 31 March 2024.

People's Republic of China ("PRC") Enterprise Income Tax

The provision for PRC Enterprise Income Tax ("EIT") is based on the estimated taxable income for PRC taxation purpose at the rate of taxation applicable for the year.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

7. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company from Continuing Operations and Discontinued Operation is based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<i>Earnings (loss) for the purpose of basic earnings (loss) per share:</i>		
Profit (loss) for the year attributable to owners of the Company		
— Continuing operations	222,749	(162,864)
— Discontinued operation	<u>(105)</u>	<u>(85)</u>
	222,644	(162,949)
<i>Effect of dilutive potential ordinary shares:</i>		
Effective interest expense on convertible bonds	<u>21,914</u>	<u>—</u>
	<u><u>244,558</u></u>	<u><u>(162,949)</u></u>
<i>Earnings/(loss) for the purpose of diluted earnings (loss) per share:</i>		
Profit (loss) for the year attributable to owners of the Company		
— Continuing operations	244,663	(162,864)
— Discontinued operation	<u>(105)</u>	<u>(85)</u>
	<u><u>244,558</u></u>	<u><u>(162,949)</u></u>
	2025	2024
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	2,390,000	2,390,000
<i>Effect of potential ordinary shares:</i>		
Convertible bonds	<u>900,000</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u><u>3,290,000</u></u>	<u><u>2,390,000</u></u>

The computation of diluted loss per share for the year ended 31 March 2024 does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in a decrease in loss per share, and therefore diluted loss per share is same as basic loss per share.

8. DIVIDENDS

No dividend was paid or proposed for ordinary shares holders of the Company during the year ended 31 March 2025, nor has any dividend been proposed since the end of the reporting period (2024: HK\$ nil).

9. TRADE AND BILLS RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	42,410	43,189
Less: Impairment	<u>(38,169)</u>	<u>(39,422)</u>
	4,241	3,767
Bills receivables	<u>3,561</u>	<u>448</u>
	<u><u>7,802</u></u>	<u><u>4,215</u></u>

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 customers are generally given a credit period for 120 to 180 days, extending up to one year for some major customers.

The following is an aged analysis of trade and bills receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 90 days	2,917	1,794
91 to 180 days	4,270	1,524
181 to 365 days	<u>615</u>	<u>897</u>
	<u><u>7,802</u></u>	<u><u>4,215</u></u>

Trade receivables are assessed for impairment on collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 120 to 180 days, observable changes in national or local economic conditions that correlate with default on receivables.

10. TRADE AND BILLS PAYABLES

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from two to three months from the date of invoice.

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	2,247	2,511
91 to 180 days	1,276	907
181 to 365 days	83	163
1 to 2 years	348	598
Over 2 years	473	478
	<u>4,427</u>	<u>4,657</u>

11. DISCONTINUED OPERATION

On 7 March 2025, the Board has resolved to discontinue its gene development segment which engages in the commercial exploitation and development of genome-related technology (i.e. Gene Development business) and to sell the shares of or deregister Best-Bio Developments Limited, a wholly-owned subsidiary of the Company which is mainly engaged in the Gene Development business. Management made such strategic decision to place greater focus on the key competences for the Manufacturing and Trading businesses, i.e. the Continuing Operations.

During the period from 1 April 2024 to 7 March 2025 and the year ended 31 March 2024, the Best-Bio Group was inactive and the consolidated results of the Best-Bio Group are presented below:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Administrative expenses	<u>(105)</u>	<u>(85)</u>

As at 31 March 2024, the segment assets and segment liabilities of the Best-Bio Group were approximately HK\$15,000 and HK\$64,000, respectively. As at 7 March 2025 and 31 March 2025, the Best-Bio Group did not have any significant assets and liabilities.

During the period from 1 April 2024 to 7 March 2025 and the year ended 31 March 2024, Best-Bio Group did not generate and contribute significant cash inflow or outflow to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overall Performance Review

The global economy is facing increasing uncertainties due to intensified geopolitical tensions and heightened trade policies. Although China is affected by the evolving external environment, its economic growth accelerated to 5.4% in the fourth quarter of 2024 which was driven by a robust manufacturing sector and booming exports, and recorded a full year growth of 5%. China further posted strong economic growth at 5.4% in the first quarter of 2025 amid its ongoing stabilisation efforts. China's pharmaceutical industry is undergoing profound transformation, driven by the combined forces of reform policies, technological innovation and market demands. The national centralised procurement has become normalised with the implementation of the tenth batch of the centralised procurement of drugs, intensifying market competition while the deepening of healthcare reform policies continue to impact the pharmaceutical market. The operating environment has become more complicated for pharmaceutical enterprises.

During the year, the Group's revenue and gross profit from the continuing operations, which were mainly contributed by the manufacturing segment operating in China, were about HK\$55.4 million (2024: HK\$59.1 million) and HK\$21.9 million (2024: HK\$28.8 million), representing decreases of about HK\$3.7 million and about HK\$6.9 million respectively. The decrease in revenue was primarily attributable to the drop in sales volume and mild price adjustments as a result of the intensifying market competition, and the change in sales mix. The decline in gross profit was mainly related to the decrease in revenue, the decline in gross margin resulted from fixed overhead cost spreading over lower production quantities to facilitate inventory management on anticipated demand, and the change in gross profit structure of sales varieties.

The Group's administrative, selling and distribution expenses attributable to the continuing operations in aggregate were about HK\$30.9 million, representing a decrease of about HK\$4.3 million or 12.3% when compared to about HK\$35.2 million of last year. The decrease was mainly attributable to the reduction in marketing and promotion expenses with the management's relentless efforts in controlling costs and enhancing sales efficiency while the increase in staff costs was substantially offset by the decrease in research and development expenses and other general administrative expenses.

The Group's profit before income tax for the continuing operations was about HK\$224.7 million, as compared to a loss of about HK\$159.4 million of last year. Such turnaround from loss to profit was mainly due to the non-cash items, including the fair value change (gain) of the financial assets at fair value through profit or loss (i.e. the Group's investments in convertible bonds) of about HK\$254.9 million, as compared to the fair value change (loss) of the same non-cash item of about HK\$133.0 million last year, and partly offset by the increase in the interest expenses on the convertible bonds of the Company of about HK\$3.4 million.

The Group's loss for the year for the discontinued operation was about HK\$0.1 million.

The Group's profit for the year attributable to owners of the Company was about HK\$222.6 million, representing an increase of about HK\$385.6 million when compared to a loss of about HK\$162.9 million last year.

Revenue and Operating Results

Continuing Operations: Manufactured Pharmaceutical Sector

China's national plans and healthcare reform policies continue to impact the pharmaceutical market. Healthcare system development and innovation are the nation's priorities. In the context of promoting the high-quality transformation of the pharmaceutical industry, market environment is constantly changing and competition has become more intensified, increasing pricing pressure and regulatory compliance requirements.

During the year, the Group's manufacturing segment continued to contribute profits to the Group. Under the highly competitive landscape, segment revenue decreased by about HK\$3.7 million to about HK\$55.4 million mainly due to a drop in sales volume and mild price adjustments. The gross profit decreased by about HK\$6.9 million to about HK\$21.9 million primarily due to the increase in cost of sales as a result of the change in gross profit structure of sales varieties and the fixed overhead costs spreading over the lower production quantities as management took an approach to maintain a minimum level of inventory based on anticipated demand among customers to facilitate inventory management. Despite the lower gross margin, there was a substantial decrease of selling and distribution expenses resulting from the management's continuing efforts in sales budgeting and cost control while coordinating its efforts in capturing sales.

During the year, segment profit was about HK\$4.9 million, which was contributed by the Group's intensified efforts in managing the business and cost-saving measures to minimise expenditure amid the evolving market environment. The impact of the decline in gross profit was substantially offset by the decreases in marketing and promotion expenses of about HK\$3.6 million, and research and development expenses of about HK\$0.2 million, and the reversal of impairment loss on trade receivables of about HK\$0.8 million which outweighed the increase in impairment loss on other receivables of about HK\$0.1 million. The segment's administrative expenses were maintained relatively stable, and the increase in staff cost due to performance-related rewards was substantially offset by the decrease in workplace maintenance expenses.

Amid various challenges and uncertainties brought by the deepening of reform policies and continuing structural adjustments within the pharmaceutical industry, the Group has managed to maintain profitability with management's intensified efforts in strengthening its internal management to control operating costs and improve operational efficiency while adopting flexible sales strategies and expanding sales channels to increase the market coverage of the Group's products.

Despite fierce competition and uncertain factors impacting the segment result, the Group will continue to address the challenges faced, monitor the industry development trend and endeavor to seize opportunity in the industry reshuffle, in order to drive profit growth and sustain its long-term development.

Continuing Operations: Imported Pharmaceutical Sector

China's pharmaceutical market has maintained stable growth over the past years driven by rising aging population and government support, and diversified pharmaceutical supply. The Group believes that the unmet medical needs provide both opportunities and challenges for businesses in the pharmaceutical and healthcare industry.

During the year, small revenue of about HK\$0.02 million related to pilot sales of a new product was generated, representing an increase of about HK\$0.01 million. Segment loss reduced to about HK\$2.4 million, representing a decrease of about HK\$0.9 million as the Group continues to make effort in streamlining the operation and controlling operating costs and expenses to minimise the segment loss while working with its business partners to develop new product lines.

The efforts contributed by the Group have yet to show significant progress, however, the Group will continue to monitor the market trend and explore the possibility of collaborating with strategic partners for the development of business in pharmaceutical and healthcare products. The Group will endeavor to grasp potential business opportunities emerged from the evolving market environment, striving for the long-term development of the Group.

Discontinued Operation: Gene Development Sector

During the year, the Group has resolved to discontinue the gene development operation. This segment remained inactive and no revenue was recorded before its discontinuance (2024: HK\$ nil).

Interest in an Associate

The Group holds 49% equity interest in Smart Ascent Limited (“**Smart Ascent**”, together with its subsidiaries, the “**Smart Ascent Group**”). The major asset of the Smart Ascent Group is an intangible asset in relation to an in-process research and development project (“**In-process R&D**”) involving an oral insulin product (the “**Product**”) which is in its clinical trial stage. As a minority shareholder of Smart Ascent, the Group has been working closely with Innovative Pharmaceutical Biotech Limited (“**Innovative Pharm**”, together with its subsidiaries, the “**Innovative Pharm Group**”), the 51% shareholder of Smart Ascent, in monitoring the progress of the In-process R&D with a view to facilitating successful launching of the Product to the market.

During the year, the loss of Smart Ascent Group was about HK\$7.08 million (2024: HK\$7.08 million), for which the Group's share of loss amounted to about HK\$2.31 million (2024: HK\$2.28 million). No dividend has been declared or received from Smart Ascent during the year (2024: HK\$ nil).

As at 31 March 2025, the Group's interest in an associate of about HK\$311.9 million (2024: HK\$314.2 million), accounted for about 20.4% (2024: 24.4%) of the Group's total assets.

For the purpose of financing the working capital requirements of Smart Ascent Group for the In-process R&D, the Innovative Pharm Group and the Group, as lenders, and Smart Ascent, as borrower, entered into a shareholders' loan agreement on 27 July 2018 ("**First Loan Agreement**") for a loan facility to Smart Ascent amounting to HK\$30 million in total ("**First Loan**"), contributed as to 51% i.e. HK\$15.3 million by the Innovative Pharm Group and as to 49% i.e. HK\$14.7 million by the Group. The First Loan is unsecured, interest bearing at 5% per annum and has a repayment term fixed at 60 months after each drawdown of the First Loan. In September 2018 and August 2019, Smart Ascent had drawn down in aggregate of HK\$10 million and HK\$20 million respectively, that the First Loan of HK\$30 million had been fully drawn down, and the Innovative Pharm Group and the Group had made contribution in the aggregate sum of HK\$15.3 million and HK\$14.7 million respectively to Smart Ascent.

To enhance the financial resources of Smart Ascent Group and facilitate the progress of the clinical trial and further development of the Product, the Innovative Pharm Group and the Group, as lenders, and Smart Ascent, as borrower, entered into the second shareholders' loan agreement on 8 March 2022 for a loan facility to Smart Ascent amounting to HK\$12 million in total ("**Second Loan**"), contributed as to 51% i.e. HK\$6.12 million by the Innovative Pharm Group and as to 49% i.e. HK\$5.88 million by the Group. The Second Loan is unsecured, interest bearing at 5% per annum and has a repayment term fixed at 60 months after each drawdown of the Second Loan. Smart Ascent had drawn down HK\$5.0 million, HK\$4.5 million and HK\$2.5 million in June 2022, December 2022 and March 2023 respectively, that the Second Loan had been fully drawn down, and the Innovative Pharm Group and the Group had made contribution in the aggregate sum of HK\$6.12 million and HK\$5.88 million respectively to Smart Ascent.

To further enhance the financial resources of Smart Ascent Group and facilitate the progress of the clinical trial for the Product, the Innovative Pharm Group and the Group, as lenders, and Smart Ascent, as borrower, entered into (i) the supplemental agreement dated 30 July 2024 ("**First Loan Extension Agreement**") supplemental to the First Loan Agreement in relation to the extension of repayment dates of the First Loan and the accrued interests thereon for a period of 36 months; and (ii) the shareholders' loan agreement dated 30 July 2024 in relation to the granting of a loan facility of up to a principal amount of HK\$20 million in total ("**Third Loan**"), to be contributed as to 51% by the Innovative Pharm Group and 49% by the Group in proportion to their respective shareholdings in Smart Ascent ("**Third Loan Agreement**"). The Third Loan is unsecured, interest bearing at 5% per annum and has a repayment term fixed at 60 months after each drawdown of the Third Loan. The entering into the First Loan Extension Agreement and the Third Loan Agreement constitutes a major transaction of the Company pursuant to Rule 14.22 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The major transaction was approved by the shareholders of the Company at its special general meeting held on 15 October 2024. Further details are set out in the Company's announcements dated 30 July 2024 and 15 October 2024, and the

circular dated 27 September 2024. Smart Ascent had drawn down HK\$4.90 million, HK\$2.94 million and HK\$1.96 million in December 2024, January 2025 and March 2025 respectively, that the Third Loan had been fully drawn down, and the Innovative Pharm Group and the Group had made contribution in the aggregate sum of HK\$10.2 million and HK\$9.8 million respectively to Smart Ascent.

As stated in the Company's 2024 annual report, the Covid-19 pandemic since early 2020 had disrupted the normal operations of participating hospitals for the clinical trial of the Product, that the clinical trial in the process of selection and enrolment of patients was temporarily suspended pending improvement in the pandemic situation, for the safety of patients and clinical researchers. As the pandemic situation in China had gradually improved during the third quarter of 2020, the enrolment of patients had commenced, and while the pandemic situation in China was largely under control, the preventive and control measures associated with the prolonged pandemic situation had been continuously implemented causing certain delay in patient selection and enrolment. Furthermore, the sporadic outbreaks of Covid-19 variant in China, and particularly the emergence of the highly transmissible Omicron variant in early 2022, had driven the nation to vigilantly stick to its toughest Covid-19 measures, and caused regional and citywide lockdowns in many parts of China, restricting patient flows and impacting on clinical research activities. As such, the patient selection and enrolment process experienced further delay. Following the pandemic control measures in China had been substantially lifted from early 2023, the prolonged pandemic disruptions were minimised, however, the clinical research activities were still impacted by the effect of supply-chain interruptions that it had taken longer time than expected for manufacturing the new batch of drug samples for clinical trial as planned. As the drug samples for clinical trial had been produced, the patient selection and enrolment process has been ongoing. Smart Ascent Group had assessed and planned to commercialise the Product in the first quarter of 2026 and implemented a series of measures aiming for achieving the timeline, including evaluating and optimising clinical trial procedures, engaging new hospitals to participate in the clinical trial, and increasing the sample size at certain existing clinical trial sites with better enrolment prospects. Nevertheless, the aforesaid measures have not been fully implemented and effectiveness of the efforts has been limited due to onboarding new hospitals involving complex and time-consuming processes for the engagement, and challenges in increasing the sample size at current participating hospitals arising from changes in patient behavior following the Covid-19 pandemic.

Based on the current information available to the Company, Smart Ascent Group has further considered the current circumstances, and reassessed the timeline for commercialisation of the Product, which is currently expected to be in around the third quarter of 2028.

Diabetes is a chronic disease that affects the long-lasting health condition of patients and the prevalence of diabetes increases with age. In light of the accelerating aging population and increasing life expectancy, and the development of chronic diseases such as diabetes in China, market demand for quality diabetes drugs is expected to be enormous. The Product characterised by oral administration of insulin is expected to provide an effective treatment and better quality of life for the constantly growing diabetic population in China that the Group believes there will be enormous market potential for the Product, and once the Product is commercialised, it will bring substantial benefits to the Group.

In making the assessment as to the recoverability of the In-process R&D and the fair value of the interest in the associate, the Group has engaged Masterpiece Valuation Advisory Limited, an independent qualified valuer (“**Valuer**”) in conducting a valuation. The asset-based valuation approach has been consistently adopted in the valuation and the recoverable amount of the In-process R&D was determined based on fair value calculation using cash flow projections, which the estimated cash inflows derived from budgeted sales and gross margin were based on the expectation for the market development, and which included estimate successful rate for commercialisation of the Product and the regulatory approvals from the relevant government bodies and launching of the Product in around the third quarter of 2028. The recoverable amount of the interest in the associate was determined based on share of the estimated fair value of the In-process R&D after taking into account the lack of control discount.

The expected future economic benefits attributable to the In-process R&D was assumed to cover a 10-year period from the commercialisation of the Product. The calculation used in the cash flow projections with certain key parameters are as below:

	2025	2024
Discount rate (post-tax)	31.53%	26.78%
Growth rate	2%	2%
Gross profit ratio	39%	56%
Estimate successful rate *	52.3%	52.3%

* Estimate successful rate for commercialisation of the Product

In conducting the impairment assessment, the directors of the Company, having considered the prevailing market conditions, reasonableness of assumptions used for the cash flow projections and the valuation as prepared by the Valuer indicating its fair value in excess of the carrying amount, do not identify any indication on the carrying amount of the interest in the associate as at 31 March 2025 that may need to be impaired. Accordingly, no impairment is considered necessary as at 31 March 2025.

The Group will continue to closely coordinate with Innovative Pharm in monitoring the progress of the In-process R&D with a view to facilitating successful launching of the Product to the market. In addition, the Group will continue to perform impairment assessment on the carrying amount of the interest in the associate in accordance with Hong Kong Accounting Standard 36 “Impairment of Assets” where necessary.

Other income, gains and losses, net

Other income, gains and losses, net were about HK\$258.2 million (2024: loss of HK\$131.9 million), representing an increase in gain of about HK\$390.0 million, which was mainly the result of (i) a non-cash item related to gain arising from fair value change of the financial assets at FVTPL (i.e. the Group’s investments in convertible bonds) of about HK\$254.9 million when compared to a loss from fair value change of about HK\$133.0 million last year; (ii) the decrease in provision for impairment

loss on amount due from an associate and loan to an associate of about HK\$2.1 million in aggregate; (iii) the increase in reversal of impairment loss on trade receivables and other receivables in aggregate of about HK\$0.7 million; and (iv) the decrease in bank interest income of about HK\$0.7 million.

Selling and Distribution Expenses

Selling and distribution expenses attributable to the continuing operations decreased to about HK\$9.3 million (2024: HK\$13.2 million), representing a decrease of about HK\$3.8 million or 29.1%. Such decrease was mainly the result of reduction in marketing and promotion expenses with management's relentless efforts in managing budget and controlling costs while adopting flexible marketing strategies to capture sales, and the decrease in research and development expenses of about HK\$0.2 million.

Administrative Expenses

Administrative expenses (including about HK\$0.1 million for discontinued operation) were about HK\$21.7 million (2024: HK\$22.2 million), representing a decrease of about HK\$0.5 million or 2.2%, which were kept relatively stable. Such decrease was the combined result of management's continuing efforts in controlling costs, less maintenance expenses were incurred for the Group's workplaces, and the increase in staff cost due to certain change in staff mix to meet business needs of the Group.

OUTLOOK

The current external environment has become increasingly complicated and uncertain. Raised tariffs and investment barriers alongside intensified trade protectionism are posing challenges to the global economic recovery. Faced with mounting uncertainties and instabilities in the external environment, China has rolled out a raft of measures to bolster domestic demand, accelerating the shift toward consumption-driven growth and progressing through high-quality development and deepened economic reforms. China's economy has demonstrated its strong resilience against external headwinds. Meanwhile, China's pharmaceutical sector is undergoing a profound transformation toward high-quality development and continues to maintain a growth momentum driven by government-backed initiatives, accelerated aging population and increased demand for healthcare solutions. Both opportunities and challenges co-exist alongside the unmet medical needs, regulatory reforms, and the dynamics of technological innovation.

In light of the dynamic and competitive landscape, the Group will continue to place emphasis in enhancing its production efficiency and sales capabilities while making efforts to control costs, with the aim of achieving profitability. The Group believes that the strengthening of its core competitiveness will facilitate the Group to sustain its long-term development. The Group will keep pace with industry trends as outlined in the 14th Five-Year Plan and the nation's long-term objectives of building a Healthy China and stay vigilant in managing its businesses.

Confronting the challenges ahead, the Group believes that opportunities are embraced. The Group remains cautiously optimistic on its long-term development and will continue to monitor the market trends to identify potential business opportunities and intensify its efforts to pursue new revenue streams that may drive new growth for the Group.

Financial Review

Liquidity and Financial Resources

It is the Group's strategy to manage its financial resources conservatively by maintaining a healthy level of cash flows to meet all its financial commitments when they fall due. The Group generally finances its operations with internally generated cash flows and banking facilities.

As at 31 March 2025, the Group had total cash and bank balances (including pledged bank deposits) of about HK\$98.2 million (2024: HK\$114.5 million), representing a decrease by about HK\$16.3 million or 14.3%. Such decrease in cash and bank balances included net cash used in operations, acquisition of property, plant and equipment of about HK\$3.1 million, the provision of a shareholder's loan of HK\$9.8 million to Smart Ascent, the payment of lease interests and liabilities of about HK\$1.6 million, and the bank interest income received of about HK\$4.0 million.

Accruals and Other Payables

Accruals and other payables (excluding contract liabilities) was about HK\$20.0 million as of 31 March 2025 (2024: HK\$21.9 million). Such decrease was mainly due to the decrease in payables for marketing and promotion expenses.

Borrowings and Facilities

The Group did not have bank borrowings during the year but had banking facilities on trade finance, which were supported by the pledge of the Group's fixed deposits of about HK\$20.4 million (2024: HK\$20.9 million) and corporate guarantee from the Company. In general, there is no significant seasonality fluctuation on trade finance requirement of the Group. As at 31 March 2025, none of these banking facilities was utilised (2024: HK\$ nil).

The Group's total borrowing over total assets ratio as at 31 March 2025 was 0.09 (2024: 0.09), calculated based on the Group's total assets of about HK\$1,526.4 million (2024: HK\$1,287.2 million) and total debts of about HK\$140.9 million (2024: HK\$120.4 million), comprising convertible bonds of about HK\$139.0 million (2024: HK\$117.1 million) and lease liabilities of about HK\$1.9 million (2024: HK\$3.3 million).

Lease liabilities are payable within one year (2024: HK\$1.9 million payable after one year and not later than two years and HK\$1.4 million payable within one year).

The Company's 20-year zero coupon convertible bonds were issued in Hong Kong dollars on 16 July 2013 with principal amount in aggregate of HK\$641,300,000 and a maturity date of 16 July 2033. As at 31 March 2025, the outstanding principal amount of the Company's convertible bonds was HK\$577.17 million (2024: HK\$577.17 million).

Foreign Exchange Exposure

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 obligations. No hedge on foreign currencies was made during the year but the Group will use financial instruments for hedging purpose when considered appropriate.

Material Acquisitions and Disposals

There was no material acquisition or disposal of subsidiaries, associates and investment in financial instruments during the year ended 31 March 2025.

Financial Assets at FVTPL — Investments in Convertible Bonds

Included in the financial assets at FVTPL was the convertible bonds issued by Innovative Pharm (“**Innovative Pharm Bonds**”) of approximately HK\$915.4 million as at 31 March 2025 (2024: HK\$660.6 million). The fair value of the Innovative Pharm Bonds represented approximately 60.0% of the Group's total assets as at 31 March 2025 (2024: 51.3%). The unrealised gain recognised for the Innovative Pharm Bonds during the year was about HK\$254.9 million (2024: loss of HK\$133.0 million).

Innovative Pharm is an investment holding company the shares of which are listed on the Main Board of the Stock Exchange (stock code: 399), and its subsidiaries are principally engaged in the trading of beauty products and equipment, and research, development and commercialisation of the oral insulin product.

Pursuant to the third amendment deed entered into between the Company and Innovative Pharm on 28 April 2023, which was effective on 12 July 2023, the maturity date of the Innovative Pharm Bonds was further extended for two years from 28 July 2023 to 28 July 2025. Any outstanding principal amount of the Innovative Pharm Bonds shall be redeemed and the interests shall be paid, on the extended maturity date i.e. 28 July 2025. Details of the amendments are set out in the Company's circular dated 12 June 2023.

Innovative Pharm and the Company are in negotiation for renewal of the maturity of the Innovative Pharm Bonds, and will keep the public informed by way of announcement as and when appropriate in accordance with the Listing Rules.

Employment and Remuneration Policy

As at 31 March 2025, the Group had 163 employees (2024: 159). Staff costs (including directors' emoluments) for the year ended 31 March 2025 amounted to approximately HK\$20.7 million (2024: HK\$19.7 million). The increase in staff costs was mainly due to the increased expenses of salaries and allowances resulted from the increase in payment of performance related rewards to staff of the manufacturing segment, and certain change in staff mix to meet business needs of the Group.

The Group remunerates its employees including directors with salaries, bonus and other benefits based on industry practices, and provides employee benefits, welfare and statutory contributions in accordance with prevailing labour laws of its operating entities. The Group also provides various training opportunities to its staff members and directors. Such training includes on-job training and compliance seminars.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 August 2022, a share option scheme (the “**Option Scheme**”) had been adopted by the Company, which became effective on 2 September 2022 upon obtaining listing approval from the Stock Exchange, and unless otherwise cancelled or amended, will remain in force for ten years from that date. The Option Scheme will enable the Group to reward its employees, directors and other selected participants for their contribution or potential contribution to the Group and will assist the Group in its recruitment and retention of high caliber professionals, executives and employees who are instrumental to the long-term growth of the Group.

From the effective date of the Option Scheme to 31 March 2025, no share options have been granted, exercised, cancelled or lapsed under the Option Scheme (2024: nil).

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 of its shareholders. The Group is fully committed to doing so.

The Company has adopted and complied with the code provisions of the Corporate Governance Code (“**Code Provisions**”) as set out in Appendix C1 of the Listing Rules during the year ended 31 March 2025, except for certain deviations as set out below.

Code Provision B.2.2 stipulates that every director should be subject to retirement by rotation at least once every three years. According to the bye-laws of the Company, one-third of the directors shall retire from office by rotation and the Chairman, Deputy Chairman or Managing Director shall not be subject to retirement by rotation. The Company's bye-laws deviate from the Code Provision. The Company considers that the continuity of the Chairman/Deputy Chairman/Managing Director and their leadership are essential for the stability of the business and key management. The rotation methodology ensures a reasonable continuity of directorship which is to the best interest of the Company's shareholders.

Code Provision C.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same person. Dr. Xie Yi has served as the Chairman and Chief Executive Officer of the Company. However, the Company believes that there is adequate balance of power and authority in place though vesting the roles of both chairman and chief executive officer in the same person as all major decisions of the Company are made in consultation with members of the Board.

Code provision F.1.1 stipulates that the Company should have a policy on payment of dividends. The Company has not established a dividend policy as the Company considers it more appropriate to determine a dividend payment after taking into account those factors including the Company's then financial performance, operating and capital requirements and market conditions, to enable the Company be in a better position to cope with its future development, which is to the best interest of the Company and its shareholders as a whole.

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 C3 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 directors, the directors have complied with the required standard set out in the Model Code throughout the year ended 31 March 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Company has established an Audit Committee, with written terms of reference in accordance with the prevailing provisions of the Corporate Governance Code, for the purpose of reviewing and providing supervision over the financial reporting process and risk management and internal control systems of the Group. The Audit Committee comprises three independent non-executive directors. The Group's annual results for the year ended 31 March 2025 and the accounting principles and practices adopted by the Group, have been reviewed by the Audit Committee.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.extrawell.com.hk). The annual report will be available on the above websites and despatched to the shareholders of the Company who have requested to receive printed copies in due course.

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

Hong Kong, 30 June 2025

List of Directors as at the date of this announcement:

Executive Directors:

Dr. XIE Yi
Mr. CHENG Yong
Dr. LOU Yi
Ms. WONG Sau Kuen
Dr. GUO Yi

Independent Non-executive Directors and Audit Committee:

Mr. FANG Lin Hu
Ms. JIN Song
Dr. ZENG Li

* *For identification purpose only*