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 2026

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 2026, together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026

	Notes	**2026** **HK$'000**	2025 HK$'000
Continuing Operations			
Revenue	3	**51,481**	55,429
Cost of sales		**(28,732)**	(33,558)
Gross profit		**22,749**	21,871
Other income, gains and losses, net	4	**(946,666)**	258,166
Selling and distribution expenses		**(9,528)**	(9,336)
Administrative expenses		**(23,225)**	(21,563)
Share of results of an associate		**(3,431)**	(2,312)
Finance costs		**(26,130)**	(22,107)
(Loss) profit before income tax	5	**(986,231)**	224,719
Income tax credit (expense)	6	**8,441**	(1,167)
(Loss) profit for the year		**(977,790)**	223,552
Discontinued Operation			
Loss for the year from Discontinued Operation	13	**—**	(105)
(Loss) profit for the year from Continuing and Discontinued Operations		**(977,790)**	223,447

	Notes	**2026**	2025
		HK$'000	*HK$'000*
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**6,826**	(1,259)
Other comprehensive income (expense) for the year, net of tax		**6,826**	(1,259)
Total comprehensive (expense) income for the year		**(970,964)**	222,188
(Loss) profit for the year attributable to owners of the Company:			
— Continuing Operations		**(979,708)**	222,749
— Discontinued Operation		**—**	(105)
		(979,708)	222,644
Profit for the year attributable to non-controlling interests:			
— Continuing Operations		**1,918**	803
— Discontinued Operation		**—**	—
		1,918	803
(Loss) profit for the year from Continuing and Discontinued Operations		**(977,790)**	223,447
Total comprehensive (expense) income for the year attributable to owners of the Company:			
— Continuing Operations		**(973,018)**	221,522
— Discontinued Operation		**—**	(105)
		(973,018)	221,417
Total comprehensive income for the year attributable to non-controlling interests:			
— Continuing Operations		**2,054**	771
— Discontinued Operation		**—**	—
		2,054	771
Total comprehensive (expense) income for the year		**(970,964)**	222,188

	Notes	**2026**	2025
		HK$ cents	*HK$ cents*
(Loss) earnings per share	*7*		
From Continuing and Discontinued Operations			
— Basic		**(39.52)**	9.32
— Diluted		**(39.52)**	7.43
From Continuing Operations			
— Basic		**(39.52)**	9.32
— Diluted		**(39.52)**	7.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

	Notes	2026 HK$'000	2025 HK$'000
Non-current assets			
Investment properties		**2,152**	2,284
Property, plant and equipment		**112,668**	111,731
Right-of-use assets		**11,023**	8,050
Intangible assets		**1,807**	1,807
Financial assets at fair value through other comprehensive income		**—**	—
Interest in an associate		**213,261**	311,929
Loan to an associate		**7,084**	27,691
Deferred tax assets		**69**	69
		348,064	463,561
Current assets			
Inventories		**4,891**	4,738
Trade and bills receivables	*9*	**7,093**	7,802
Deposits, prepayments and other receivables		**1,765**	2,352
Amount due from an associate		**9,794**	32,662
Loan to an associate		**1,575**	—
Financial assets at fair value through profit or loss ("**FVTPL**")	*10*	**103,477**	917,085
Pledged bank deposits		**21,172**	20,378
Cash and bank balances		**89,508**	77,774
		239,275	1,062,791
Current liabilities			
Trade and bills payables	*11*	**3,961**	4,427
Accruals, other payables and contract liabilities		**23,027**	23,056
Lease liabilities		**1,169**	1,903
Deferred income on government grants		**121**	115
Tax payable		**11,312**	19,003
		39,590	48,504
Net current assets		**199,685**	1,014,287
Total assets less current liabilities		**547,749**	1,477,848

	Notes	**2026** ***HK$'000***	2025 *HK$'000*
Non-current liabilities			
Convertible bonds		**165,052**	139,038
Lease liabilities		**3,108**	—
Deferred income on government grants		**4,119**	4,011
		172,279	143,049
NET ASSETS		**375,470**	1,334,799
Capital and reserves			
Share capital	*12*	**25,500**	23,900
Reserves		**349,592**	1,310,642
Equity attributable to owners of the Company		**375,092**	1,334,542
Non-controlling interests		**378**	257
TOTAL EQUITY		**375,470**	1,334,799

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, FWD Tower, 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 AMENDED HONG KONG FINANCIAL REPORTING STANDARDS

New and amended Hong Kong Financial Reporting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amended Hong Kong Financial Reporting Standards (individually known as "**HKFRS**", together with Hong Kong Accounting Standards ("**HKAS**") and Interpretations also collectively referred to as "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 April 2025 for the preparation of this annual results announcement:

Amendments to HKAS 21	Lack of Exchangeability

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 amended HKFRSs in issue but not yet effective

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

HKFRS 18	Presentation and Disclosure in Financial Statements[2]
Amendment to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendment to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[1]
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 21	Translation to a Hyper Inflation Presentation Currency[2]

[1] Effective for annual periods beginning on or after 1 January 2026.
[2] Effective for annual periods beginning on or after 1 January 2027.
[3] Effective for annual periods beginning on or after a date to be determined.

Except for the new and amended 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 Financial Instruments: Disclosures. Minor amendments to HKAS 7 Statement of Cash Flows 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 a material impact on the Group's consolidated financial position 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:

	2026	2025
	HK$'000	*HK$'000*
Trading of pharmaceutical products	**12**	24
Manufacturing of pharmaceutical products	**51,469**	55,405
	51,481	55,429

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 obligations 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:

(i) the manufacturing segment engages in the development, manufacture and sales of pharmaceutical products (i.e. the "**Manufacturing**" business);

(ii) the trading segment engages in the marketing and distribution of imported pharmaceutical products (i.e. the "**Trading**" business); and

(iii) the gene development segment engages in the commercial exploitation and development of genome-related technology (the "**Gene Development**" business).

On 7 March 2025, the Board resolved to discontinue the Gene Development segment operated 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**	
	Manufacturing	**Trading**	**Sub-total**	**Gene Development***	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2025					
Revenue					
Revenue from external customers	55,405	24	55,429	—	55,429
Segment results	4,932	(2,411)	2,521	(105)	2,416
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					(2,312)
Profit before income tax					224,614
Income tax expense					(1,167)
Profit for the year					223,447

	Continuing Operations			Discontinued Operation	
	Manufacturing	**Trading**	**Sub-total**	**Gene Development***	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2026					
Revenue					
Revenue from external customers	**51,469**	**12**	**51,481**	**N/A**	**51,481**
Segment results	**5,082**	**(2,655)**	**2,427**	**N/A**	**2,427**
Unallocated other income, gains and losses, net					**(946,948)**
Corporate expenses					**(12,265)**
Effective interest expense on convertible bonds					**(26,014)**
Share of results of an associate					**(3,431)**
Loss before income tax					**(986,231)**
Income tax credit					**8,441**
Loss for the year					**(977,790)**

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

Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of interest income, other gains and losses (excluding reversal of impairment loss on trade receivables and other receivables, net), 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 Development	Total
	Manufacturing	Trading	Sub-total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2025					
Segment assets	162,679	42,344	205,023	N/A	205,023
Financial assets at FVTPL — Investments in convertible bonds					915,436
Interest in an associate					311,929
Corporate and other assets					93,964
Total assets					1,526,352
Reportable segment liabilities	48,711	448	49,159	N/A	49,159
Convertible bonds					139,038
Corporate and other liabilities					3,356
Total liabilities					191,553
Year ended 31 March 2026					
Segment assets	**170,236**	**45,727**	**215,963**	**N/A**	**215,963**
Financial assets at FVTPL — Investments in convertible bonds					**101,826**
Interest in an associate					**213,261**
Corporate and other assets					**56,289**
Total assets					**587,339**
Reportable segment liabilities	**40,553**	**388**	**40,941**	**N/A**	**40,941**
Convertible bonds					**165,052**
Corporate and other liabilities					**5,876**
Total liabilities					**211,869**

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 — the Group's investments in convertible bonds issued by Starcoin Group Limited ("**Starcoin**") (the "**Starcoin 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	
	Manufacturing	**Trading**	**Sub-total**	**Gene Development***	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2025					
Additions in property, plant and equipment	3,059	8	3,067	—	3,067
Amounts included in the measure of segment profit or loss:					
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
					8,281
Others:					
Reversal of impairment loss on trade receivables	(847)	—	(847)	—	(847)
Impairment loss on other receivables	61	—	61	—	61
Impairment loss on inventories	252	—	252	—	252
Unallocated gain on disposal of items of property, plant and equipment	—	—	—	—	(10)

	Continuing Operations			Discontinued Operation	
	Manufacturing	**Trading**	**Sub-total**	**Gene Development***	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2026					
Additions in property, plant and equipment	**1,025**	**15**	**1,040**	**N/A**	**1,040**
Amounts included in the measure of segment profit or loss:					
Depreciation of property, plant and equipment and right-of use assets	**6,426**	**1,523**	**7,949**	**N/A**	**7,949**
Unallocated depreciation of investment properties					**132**
					8,081
Others:					
Reversal of impairment loss on trade receivables, net	**(195)**	**—**	**(195)**	**N/A**	**(195)**
Reversal of impairment loss on other receivables	**(87)**	**—**	**(87)**	**N/A**	**(87)**
Reversal of impairment loss on inventories	**(298)**	**—**	**(298)**	**N/A**	**(298)**
Unallocated gain on disposal of items of property, plant and equipment	**—**	**—**	**—**	**N/A**	**(107)**

* No other segment information relating to the Gene Development segment during the period from 1 April 2024 to 7 March 2025.

Other than the above, no other information regarding the Group's reportable revenue and results and reportable segments assets and liabilities as provided to the Board for the purposes of resource allocation and assessment of segment performance as of and for the years ended 31 March 2025 and 31 March 2026.

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:

	2026	2025*
	HK$'000	*HK$'000*
Change in fair value of financial assets at FVTPL		
— Investments in Starcoin Bonds	**(813,610)**	254,872
— Short-term investment	**22**	27
Bank interest income	**2,577**	3,870
Rental income	**411**	411
Government grants	**117**	117
Loan interest income from an associate	**1,520**	1,108
Sundry income	**565**	18
Impairment loss recognised on loan to an associate	**(20,552)**	(1,256)
Impairment loss recognised on amount due from an associate	**(22,868)**	(1,797)
Impairment loss recognised on interest in an associate	**(95,237)**	—
Reversal of impairment loss recognised on trade receivables, net	**195**	847
Reversal of (impairment loss) recognised on other receivables	**87**	(61)
Gain on disposal of property, plant and equipment	**107**	10
	(946,666)	258,166

* No other income, gains and losses, net relating to the Gene Development segment during the period from 1 April 2024 to 7 March 2025.

For the purpose of disclosure in this note, unallocated other income, gains and losses, net are included in the Continuing Operations for the year ended 31 March 2025.

5. (LOSS) PROFIT BEFORE INCOME TAX

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

	2026	2025*
	HK$'000	*HK$'000*
Staff costs, including directors' remuneration		
— Staff salaries and allowances	**17,493**	18,340
— Contributions to defined contribution retirement schemes	**2,578**	2,385
— Share-based payment	**1,219**	—
	21,290	20,725
Cost of sales	**28,732**	33,558
Including:		
(Reversal of) impairment loss on inventories	***(298)***	*252*
Cost of inventories recognised as expenses	***10,163***	*11,042*
Others:		
Auditor's remuneration	**840**	800
Depreciation of right-of-use assets	**1,710**	1,723
Depreciation of investment properties	**132**	133
Depreciation of property, plant and equipment	**6,239**	6,425

* No (loss) profit before income tax relating to the Gene Development segment during the period from 1 April 2024 to 7 March 2025.

For the purpose of disclosure in this note, unallocated items charged (credited) to (loss) profit before income tax are included in the Continuing Operations for the year ended 31 March 2025.

6. INCOME TAX (CREDIT) EXPENSE

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

	2026	2025*
	HK$'000	*HK$'000*
Current tax:		
— Hong Kong Profits Tax	**43**	—
— PRC Enterprise Income Tax	**—**	1,167
	43	1,167
Over provision in prior years:		
— PRC Enterprise Income Tax	**(8,484)**	—
	(8,441)	1,167

* No income tax (credit) expense relating to the Gene Development segment during the period from 1 April 2024 to 7 March 2025.

For the purpose of disclosure in this note, unallocated income tax (credit) expense is included in the Continuing Operations for the year ended 31 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% (2025: 8.25%), and profits above HK$2 million are taxed at 16.5% (2025: 16.5%). Hong Kong Profits Tax has been provided for using the above tax rates for the year ended 31 March 2026. No Hong Kong Profits Tax has been provided during the year ended 31 March 2025 as the Group did not have any assessable profits.

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 EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

7. (LOSS) EARNINGS PER SHARE

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

	2026	2025
	HK$'000	*HK$'000*
(Loss) earnings for the purpose of basic (loss) earnings per share		
(Loss) profit for the year attributable to owners of the Company		
— Continuing Operations	**(979,708)**	222,749
— Discontinued Operation	**—**	(105)
(Loss) earnings for the purpose of basic (loss) earnings per share from Continuing and discontinued Operations	**(979,708)**	222,644
Effect of dilutive potential ordinary shares:		
— Effective interest expense on convertible bonds	**—**	21,914
	(979,708)	244,558
(Loss) earnings for the purpose of diluted (loss) earnings per share		
(Loss) profit for the year attributable to owners of the Company		
— Continuing Operations	**(979,708)**	244,663
— Discontinued Operation	**—**	(105)
	(979,708)	244,558

Number of shares

	2026	2025
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**2,478,986**	2,390,000
Effect of dilutive potential ordinary shares:		
— Convertible bonds	**—**	900,000
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**2,478,986**	3,290,000

The basic and diluted (loss) earnings per share attributable to owners of the Company are as following:

	HK$ cents	*HK$ cents*
Basic (loss) earnings per share		
— Continuing Operations	**(39.52)**	9.32
— Discontinued Operation	**—**	—
— Continuing and Discontinued Operations	**(39.52)**	9.32
Diluted (loss) earnings per share		
— Continuing Operations	**(39.52)**	7.44
— Discontinued Operation	**—**	(0.01)
— Continuing and Discontinued Operations	**(39.52)**	7.43

The computation of diluted loss per share for the year ended 31 March 2026 did not assume the exercise of the Company's outstanding convertible bonds and share options 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 2026, nor has any dividend been proposed since the end of the reporting period (2025: HK$ nil).

9. TRADE AND BILLS RECEIVABLES

	2026	2025
	HK$'000	*HK$'000*
Trade receivables	**4,012**	42,410
Less: Impairment	**(606)**	(38,169)
	3,406	4,241
Bills receivables	**3,687**	3,561
	7,093	7,802

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:

	2026	2025
	HK$'000	*HK$'000*
Within 90 days	**2,828**	2,917
91 to 180 days	**3,812**	4,270
Over 180 days	**453**	615
	7,093	7,802

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. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		2026	2025
	Notes	***HK$'000***	*HK$'000*
Financial assets at FVTPL comprises:			
— Investments in Starcoin Bonds	*(a)*	**101,826**	915,436
— Short-term investment	*(b)*	**1,651**	1,649
		103,477	917,085
Analysed as:			
— Current		**103,477**	917,085
— Non-current		**—**	—
		103,477	917,085

(a) Investments in Starcoin Bonds

The Starcoin Bonds were issued on 28 July 2014 with principal amount of HK$715,000,000 and interest bearing at 3.5% per annum, with an original maturity date on the 7th anniversary of the date of issue i.e. 28 July 2021. Deeds of amendments were entered into between the Company as the bondholder and Starcoin as the issuer of the Starcoin Bonds respectively on 26 July 2019 ("**First Amendment Deed**"), 12 May 2021 ("**Second Amendment Deed**") and 28 April 2023 ("**Third Amendment Deed**") to amend certain terms and conditions of the Starcoin Bonds.

Pursuant to the First Amendment Deed which was effective on 28 October 2019, the then outstanding annual interests of the Starcoin Bonds, together with an additional interest charged for the extension of interest payment dates, were to be paid on 28 July 2021, details of which were set out in the Company's announcements dated 26 July and 28 October of 2019 and the Company's circular dated 16 September 2019.

Pursuant to the Second Amendment Deed which was effective on 16 August 2021, in addition to the extension of certain payments of interests and with an additional interest, the maturity date of the Starcoin Bonds was extended for another two years to 28 July 2023, details of which were set out in the Company's announcements dated 12 May, 30 July and 16 August of 2021 and the Company's circular dated 14 July 2021.

The Third Amendment Deed entered into between the Company and Starcoin on 28 April 2023 was completed on 12 July 2023. The amendments mainly included: (i) a further two-year extension of the maturity date of the Starcoin Bonds from 28 July 2023 to 28 July 2025; (ii) the annual interest at 4.5% for the two-year extension period from 28 July 2023 to 28 July 2025; and (iii) the additional interest at 15% per annum on the total outstanding interests up to 28 July 2025, details of which were set out in the Company's announcements dated 28 April, 28 June, 29 June and 12 July of 2023 and the Company's circular dated 12 June 2023. Any outstanding principal amount of the Starcoin Bonds shall be redeemed and the interests shall be paid, on the extended maturity date i.e. 28 July 2025.

On 2 December 2025, the Company and Starcoin entered into the fourth deed of amendment (the "**Fourth Amendment Deed**") to further amend certain terms and conditions of the Starcoin Bonds the ("**Fourth Amendments**"). The outstanding principal amount of the Starcoin Bonds of HK$715,000,000 together with the interests accrued thereon amounted to HK$1,000,029,388 in total at 28 July 2025. The amendments under the Fourth Amendment Deed include (i) the principal amount of the Starcoin Bonds be changed to HK$1,000,029,388; (ii) the maturity date be further extended for five years from 28 July 2025 to 28 July 2030; (iii) the conversion price of the Starcoin Bonds be adjusted from HK$2.5 per conversion share to HK$1.0 per conversion share; (iv) the interest rate be adjusted from 4.5% per annum on the original principal amount of the Starcoin Bonds to 0.1% per annum on the amended principal amount of HK$1,000,029,388 during the five-year extended period; and (v) the interest payment term of the Starcoin Bonds be changed from payable on the maturity date of the Starcoin Bonds to payable annually on the anniversary date of the Starcoin Bonds.

At the date hereof, the conditions precedent to the Fourth Amendments have not been fulfilled. Pursuant to the announcements published by Starcoin dated 29 April 2026 and 5 May 2026, trading in the shares of Starcoin on the Stock Exchange has been suspended with effect from 9:00 a.m. on 6 May 2026 for the decision made by the Stock Exchange that Starcoin has failed to maintain a sufficient level of operations as required under Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange. In view of the latest status of Starcoin and additional time is required to fulfil the conditions precedent, the Company and Starcoin reached an agreement to further extend the long stop date for fulfilment of the conditions precedent to the Fourth Amendments to 30 September 2026 or such other date as the parties may agree.

Details regarding the Fourth Amendment Deed are disclosed in the Company's announcements dated 2 December 2025, 27 February 2026 and 29 May 2026.

The Group's investments in Starcoin Bonds were recognised as financial assets at fair value through profit or loss and thus, the Starcoin Bonds were remeasured at their fair value at end of the reporting period in accordance with the accounting policies of the Company.

As at 31 March 2026, the fair value of the Starcoin Bonds as a whole is determined by the directors of the Company with reference to the valuation conducted by the independent professional qualified valuer.

In determining the fair value of the Starcoin Bonds as at 31 March 2026, discussion of the fair value measurement processes and result had been held between management and the independent professional qualified valuer to establish the appropriate valuation techniques and inputs to the model as at the reporting date.

For the year ended 31 March 2026, the management of the Company consider that the information used in the above valuation and assessment of the fair value of the Starcoin Bonds represented the best available estimates from the information available.

The movements of the Starcoin Bonds during the years ended 31 March 2025 and 31 March 2026

	HK$'000
At 1 April 2024	660,564
Change in fair value	254,872
At 31 March 2025 and 1 April 2025	**915,436**
Change in fair value	**(813,610)**
At 31 March 2026	**101,826**

The above valuation requires the use of unobservable inputs and is within Level 3 of the fair value hierarchy.

(b) Short-term investment

The short-term investment represents short-term highly liquid investments placed in a PRC state-owned financial institution, which are readily convertible to cash. These investments are all denominated in Renminbi ("**RMB**") with non-determinable return rate.

The fair value of the Group's investment is based on estimated return of 1.08% to 1.24% (2025: 1.38% to 1.62%), and the credit quality of this investment can be assessed by reference to historical information or external credit ratings. At 31 March 2025 and 31 March 2026, none of these investments is either past due or impaired and the Group's maximum exposure to credit risk as at that date is the carrying value of these investments.

The fair value of this investment that is not traded in an active market is determined by using valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

11. 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 payables presented based on the invoice date at the end of the reporting period:

	2026	2025
	HK$'000	*HK$'000*
Within 90 days	**1,736**	2,247
91 to 180 days	**1,360**	1,276
181 to 365 days	**14**	83
1 to 2 years	**351**	348
Over 2 years	**500**	473
	3,961	4,427

12. SHARE CAPITAL

	Number Of shares	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2024, 31 March 2025, 1 April 2025 and 31 March 2026	20,000,000,000	200,000
Issued and fully paid:		
At 1 April 2024, 31 March 2025 and 1 April 2025	2,390,000,000	23,900
Subscription of new shares	**160,000,000**	**1,600**
At 31 March 2026	**2,550,000,000**	**25,500**

Pursuant to the Company's announcement dated 14 August 2025, on 14 August 2025, the Company entered into the conditional subscription agreements (the "**Subscription Agreements**") with the three subscribers (the "**Subscribers**"), pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 160,000,000 subscription shares (the "**Subscription Shares**") at the subscription price of HK$0.097 per Subscription Share in the total sum of HK$15,520,000 (the "**Subscriptions**").

The Subscription Shares would be allotted and issued under the mandate granted to the directors by the shareholders at the annual general meeting of the Company held on 23 August 2024, and are rank pari passu with other shares in issue in all respects.

Pursuant to the Company's announcement dated 10 September 2025, the Board announced that all the conditions precedent set out in the Subscription Agreements have been fulfilled and the completion of the Subscriptions all took place on 10 September 2025. Accordingly, a total of 160,000,000 Subscription Shares were allotted and issued on 10 September 2025 at HK$0.097 per Subscription Share. The net proceeds from the Subscriptions were approximately HK$15,416,000.

Details of the above are set out in the Company's announcement dated 14 August 2025 and 10 September 2025.

13. DISCONTINUED OPERATION

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

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

	2025
	HK$'000
Administrative expenses	(105)

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

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2026.

QUALIFIED OPINION

We have audited the consolidated financial statements of Extrawell Pharmaceutical Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position as at 31 March 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Limit of scope relating to: (i) the Group's investment in convertible bonds issued by Starcoin Group Limited ("Starcoin") (the "Starcoin Bonds") and (ii) the Group's interest in an associate, Smart Ascent Limited ("Smart Ascent", together with its subsidiaries, the "Smart Ascent Group") as of and for the year ended 31 March 2026

The Group has an investment in Starcoin Bonds that were issued by Starcoin. Starcoin is a public limited liability company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") which is mainly engaged in the trading of beauty products in Hong Kong and the research, development and commercialisation of the oral insulin product.

Based on the published information of Starcoin, it was revealed that the trading in the shares of Starcoin on the Stock Exchange was suspended from 6 May 2026 and till to the date of approval of these consolidated financial statements and there are certain conditions might indicate the existence of a material uncertainty which may cast significant doubt about the Starcoin's ability to continue as a going concern.

The management of the Company has engaged an independent external valuer to perform fair value valuation of the Starcoin Bonds using the expected cash flow approach. Based on the report prepared by the independent external valuer, as at 31 March 2026, the fair value of the Starcoin Bonds amounted to approximately HK$101,826,000 and for the year ended 31 March 2026, the Group recognised a fair value loss on the Starcoin Bonds of approximately HK$813,610,000 which was charged to the profit or loss for the year.

The fair value valuation of Starcoin Bonds has adopted certain key assumption provided by the management of the Company, including but not limited to the recovery rate. The validity of fair value valuation of the Starcoin Bonds depends on the validity of these key assumptions and also the outcome of certain factors, including but not limited to (i) whether the Proposed Fourth Amendments will be approved both by the shareholders of the Company and Starcoin, as well as the Stock Exchange; (ii) whether Starcoin is able to maintain a sufficient level of operations and assets of sufficient value to support its operations as required under Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") to warrant the continued listing of its shares on the Stock Exchange; (iii) other than the continuing financial support from the substantial shareholder of Starcoin, whether Starcoin is able to raise additional capital and funds to finance its operations and business and further, (iv) whether Starcoin has adequate financial resources to settle and repay the Starcoin Bonds upon the maturity of the Starcoin Bonds on 28 July 2030 (assuming the Proposed Fourth Amendments has been approved), if appropriate.

The Group has an investment in an associate, Smart Ascent Group. The major asset held by the Smart Ascent Group is an intangible asset in relation to an in-process research and development project (the "**In-process R&D**") involving an oral insulin product (the "**Product**") and the Smart Ascent Group is continuing the research and development and commercialising the Product. Through a wholly-owned subsidiary, Starcoin owns 51% equity interest in the Smart Ascent Group.

The management of the Company has engaged an independent external valuer to perform the impairment assessment on the Group's interest in Smart Ascent using the asset-based approach in determining the recoverable amount of the Group's interest in the Smart Ascent Group. Based on the report prepared by the independent external valuer, as at 31 March 2026, the recoverable amount of the Group's interest in the Smart Ascent Group was lower than its carrying amount and thus, an impairment loss of approximately HK$95,237,000 was recognised which was charged to the profit or loss for the year ended 31 March 2026 and the Group's interest in the Smart Ascent Group amounted to approximately HK$213,261,000 as at end of the reporting period.

The determination of the recoverable amount of the Smart Ascent Group has adopted certain key assumption provided by the management of the Company, including but not limited to the discount rate, the growth rate, the gross profit ratio, the estimate successful rate and lack of control discount rate, etc. The validity of the determination of the recoverable amount of the Smart Ascent Group depends on the validity of these key assumptions and also the outcome of certain factors, including but not limited to:(i) whether Smart Ascent has the availability of financial and other resources to complete the development and to use or sell the Product in accordance with the revised commercialisation plan of the Product in the first quarter of 2030 and (ii) whether the clinical trial results will meet the standards and the National Medical Products Administration will grant the necessary certificates in accordance with the revised and updated In-process R&D commercialisation plan.

In view of such circumstances, despite the best efforts of the management of the Company to obtain the financial information of the Smart Ascent Group from the management of the Smart Ascent Group to determine the share of the results of the Smart Ascent Group of approximately HK$3,431,000 for the year ended 31 March 2026, we are unable to obtain sufficient appropriate audit evidence to ascertain the share of results of the Smart Ascent Group for the year.

Further, in view of the current poor financial liquidity and condition of Starcoin and Smart Ascent as mentioned above, as at 31 March 2026, the management of the Company conducted impairment assessments relating to amount due from the Smart Ascent Group and loan to the Smart Ascent Group. The validity of the impairment losses recognised on the amount due from Smart Ascent and loan to Smart Ascent for the year ended 31 March 2026 amounted to approximately HK$22,868,000 and HK$20,552,000, respectively depends on the outcome of certain factors, such as whether Starcoin and Smart Ascent will have the financial resources to settle and repay of the amount due from the Smart Ascent Group and loan to the Smart Ascent Group as if and when requested by the Company for immediate repayment, if appropriate.

The management of the Company consider that the information used in the above valuation and impairment assessment represented the best available estimates from the information available. For the purpose of our audit, we were unable to obtain sufficient appropriate audit evidence we considered necessary to assess or corroborate the appropriateness of the key inputs and key assumptions adopted by management in preparing the fair value valuation on the Group's investment in the Starcoin Bonds, change in the fair value of the Starcoin Bonds, share of results of the Smart Ascent Group, and impairment assessments on the Group's interest in Smart Ascent Group and amount due from Smart Ascent and loan to Smart Ascent as of and for the year ended 31 March 2026. Thus, we were unable to obtain sufficient evidence to evaluate the reasonableness of the key inputs and key assumption in preparing of the fair value valuation of the Group's investment in the Starcoin Bonds, change in the fair value of the Starcoin Bonds, share of result of the Smart Ascent Group and impairment assessments on the Group's interest in Smart Ascent Group and amount due from Smart Ascent and loan to Smart Ascent as of and for the year ended 31 March 2026 thereon.

Given the above scope limitation, there were no other satisfactory procedures that we could perform to determine whether fair value valuation of the Group's investment in the Starcoin Bonds, change in the fair value of the Starcoin Bonds, share of result of the Smart Ascent Group and impairment assessments on the Group's interest in Smart Ascent Group and amount due from Smart Ascent and loan to Smart Ascent as of and for the year ended 31 March 2026 were necessary, and the related disclosures thereof in the consolidated financial statements.

Any adjustments that might have been found necessary would have had consequence effects on the Group's consolidated financial position as at 31 March 2026 and its consolidated financial performance and cash flows for the year then ended.

We conducted our audit in accordance with Hong Kong Standards on Auditing as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Management's position to the Qualified Opinion

The management of the Company (the "**Management**") noted that the Qualified Opinion primarily related to the Group's investments in the Starcoin Bonds and the Group's investments in Smart Ascent Group (i.e. the interest in an associate) of which Starcoin Group is a 51% shareholder and the Group has no control. Accordingly, the Qualified Opinion also included the amount due from and the loan to Smart Ascent Group. Based on the published information of Starcoin, the Management also noted that trading in the shares of Starcoin on the Stock Exchange has been suspended with effect from 6 May 2026 and till to the date of the Group's annual report for the decision made by the Stock Exchange that Starcoin has failed to maintain a sufficient level of operations as required under Rule 13.24 of the Listing Rules. However, Starcoin is allowed to re-comply with Rule 13.24 and make trading resumption within 18 months. The Company recognises that the recovery of the Group's investments in the Starcoin Bonds and the Smart Ascent Group would highly depend on the adequacy of financial resources of Starcoin and Smart Ascent Group and the success of the In-process R&D of the Product.

In view of the above, the Company had engaged independent professional qualified valuers to conduct valuation on the fair value of the Starcoin Bonds and to assess the impairment over the Group's investments in Smart Ascent Group, and the impairment on the loan receivables from Smart Ascent as at 31 March 2026. The Management has discussed with the valuers on the appropriateness of the methodologies, assumptions and estimates applied in the valuations and used its best endeavour to provide the information requested by the Group's auditor (the "**Auditor**"). The Management considers that the information used in the valuation and impairment assessment represented the best available estimates from the information available. The Management understands that the Auditor is concerned about the poor financial liquidity and condition of Starcoin and Smart Ascent and the uncertainty as to the revised commercialisation plan of the Product in the first quarter of 2030. Nevertheless, the Management considers that the Starcoin Bonds are intrinsically linked to the success of the In-process R&D. Given that the clinical trial of the Product remains active and the underlying asset supporting the Starcoin Bonds' value continues to exist and progress, the delay in commercialisation extends the timeline but does not imply a failure indicator at this stage. In addition, the Company noted from published information that Sarcoin is initiating new business projects to explore alternative revenue streams, such initiatives may lower the overall business risk profile of Starcoin.

The Management understands the audit opinion that the Auditor had issued based on their professional judgment and independent assessment, as there are judgmental areas that the Auditor was unable to obtain sufficient appropriate audit evidence.

Audit Committee's view

The Audit Committee had reviewed the matter after discussion with the Auditor and the Management and had actively participated in the audit process, continuing dialogues with the Auditor and the Management with an aim to provide the necessary documents and information required by the Auditor. The Audit Committee agreed with the Management that the Management has made its best effort to provide the available information for the Group's investments to the Auditor in the audit, but there are judgmental areas that may not allow the Management to provide instant evidence satisfactory to the Auditor. However, the Audit Committee understands the Auditor's concerns reflecting in the audit opinion that the Auditor had issued based on their professional judgment and independent assessment.

Action Plan of the Group to address the Qualified Opinion

The Company has taken note of the concerns reflected in the Qualified Opinion by the Auditor. With a view to resolve the Qualified Opinion, the Management will continue to monitor the status and ongoing financial performance and liquidity of Starcoin and the Smart Ascent Group and also the progress of the In-process R&D of the Product so that further information may be available to the Auditor in next financial year's audit. The Company does not exclude the possibility of seeking opportunities and approaching potential buyers to acquire the Starcoin Bonds, the Group's interest in the associate and the amount due from and loan receivables from the associate. As such, the Company expects that the issues will be resolved in the near future and thus, other than the audit qualification on the 2026 comparative figures (and the qualification of the opening balances for next financial year), there will not be any further audit modifications on the above investments and receivables in the auditor's report of the Group for the next financial year. For such proposed disposals, the Company will keep the public informed of any updates by way of announcement in accordance with the Listing Rules. As at the date hereof, there is not any agreement entered into.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance Review

The escalating geopolitical tensions continue to weigh on the global economy through supply chain disruptions, soaring energy prices, and financial market volatility. China's economy in 2025 achieved a full year growth of 5% though its economic growth slowed to 4.5% in the fourth quarter of 2025 as domestic demand softened. Notwithstanding that the external environment has become more complex and volatile, China's economy got off to a good start in 2026 and posted economic growth at 5% in the first quarter of 2026, showing resilience and vitality and marking a strong opening to China's 15th Five-Year Plan period (2026–2030). With a rapidly aging demographic, China faces a rising burden of chronic diseases and is experiencing a surging demand for healthcare services, pharmaceuticals, and medical devices. Meanwhile, China's pharmaceutical industry has entered a new development phase driven by demographic shifts, rising healthcare expenditures, and ongoing scientific innovation. China's ongoing healthcare reforms continue to play a pivotal role in shaping the pharmaceutical market landscape, guiding the sector toward high-quality development through strengthened reform policies and regulatory frameworks. Challenges to pharmaceutical enterprises persist with the multiple policy influences from the implementation of eleventh round of the centralised volume-based procurement, continued medical insurance cost control, and the intensified market competition. Nevertheless, long-term development opportunities emerge with national support in encouraging innovation to cater to unmet clinical needs in the increasingly competitive market.

During the year, the Group's revenue and gross profit from the continuing operations, which were primarily contributed by the manufacturing segment operating in China, were about HK$51.5 million (2025: HK$55.4 million) and HK$22.7 million (2025: HK$21.9 million) respectively. The decrease in revenue of about HK$3.9 million was primarily due to the slight drop in sales volume and the change in sales mix while the increase in gross profit of about HK$0.8 million was contributed by an improved gross margin resulting from the enhanced cost efficiencies of the manufacturing segment.

The Group's administrative, selling and distribution expenses attributable to the continuing operations in aggregate were about HK$32.8 million, representing an increase of about HK$1.9 million or 6.0% when compared to about HK$30.9 million of last year. Such increase was mainly attributable to the share option expenses recognised for the share options granted during the year and increase in marketing expenses to maintain market share, and partly offset by the increase in net foreign exchange gains.

The Group's loss before income tax from the continuing operations was about HK$986.2 million as compared to a profit of about HK$224.7 million of last year. Such turnaround from profit to loss was mainly due to the non-cash items, including the fair value change (loss) of the financial assets at fair value through profit or loss ("**FVTPL**") i.e. the Group's investments in convertible bonds of about HK$813.6 million, as compared to the fair value change (gain) of the same non-cash item of about HK$254.9 million last year, an impairment provision on the Group's interest in an associate of about HK$95.2 million, the increase in impairment provision on the amount due from an associate and loan to an associate in aggregate of about HK$40.4 million, and the increase in the effective interest expense on the convertible bonds of the Company of about HK$4.1 million.

The Group's loss for the year attributable to owners of the Company of about HK$979.7 million, representing an increase of loss of about HK$1,202.4 million when compared to a profit of about HK$222.6 million last year.

Revenue and Operating Results

Continuing Operations: Manufactured Pharmaceutical Sector

China's pharmaceutical market is continuously reshaped by sweeping national policies under the healthcare reforms. Rules and regulations are constantly refined to align with the evolving market needs, and the increased regulatory scrutiny and compliance costs impact pricing strategies and business performance along the intense competitive landscape.

During the year, the Group's manufacturing segment continued to achieve steady performance. Though segment revenue declined by about HK$3.9 million to about HK$51.5 million, the gross profit increased by about HK$0.9 million to about HK$22.7 million due to improvement in gross margin.

Facing the impacts of deepening reform policy and intensifying competition in the market, management has further strengthened internal management to enhance production efficiency. The cost control measures were proven effective where production overhead expenses were reduced. An improved gross margin was achieved from optimisation of production processes and enhanced cost efficiencies. With management's continuing efforts in efficient allocation of resources, sales were substantially maintained; the increased marketing and promotion expenses to gain market share were offset by decrease in staff costs while there were reversals of impairment provision on trade and other receivables in aggregate of about HK$0.3 million.

Segment profit increased by about HK$0.2 million to about HK$5.1 million primarily benefited from the improved operating margin from cost efficiencies and strengthened cost control. This positive result highlights the Group's ongoing commitment in driving steady growth in operating performance while navigating a competitive market environment.

In the face of the evolving market environment brought by reform policy changes and intensifying market competition, the Group will place particular emphasis on improving operational efficiency to better adapt to current policies and market conditions. The Group will continue to strive for profit growth, thereby strengthening its fundamentals and sustaining its long-term development.

Continuing Operations: Imported Pharmaceutical Sector

China's pharmaceutical market has witnessed a stable growth driven by diversified pharmaceutical supply and growing pharmaceutical demand. While pharmaceutical firms are facing major challenges arising from intense pricing pressures and heightened regulatory compliance, the market is expected to continue to grow in the coming years, propelled by the country's accelerated aging population, rising middle class and increasing demand for healthcare. In addition, the pharmaceutical and healthcare industries are regarded as central strategic pillars under China's 15th Five-Year Plan (2026–2030). The Group believes that China's pharmaceutical market offers massive long-term development opportunities along extensive unmet clinical needs.

During the year, the efforts made by the Group to improve the segment's performance has not shown satisfactory progress. Only a small revenue related to pilot sales of a new product of about HK$0.01 million was generated, representing a decrease of about HK$0.01 million. Segment loss increased by about HK$0.3 million to about HK$2.7 million due to increase in workforce in an effort to identify potential products and business opportunities.

The Group believes that China's pharmaceutical and healthcare industries will advance with emerging opportunities in the 15th Five-Year Plan period, as such the Group will continue to monitor the market trend and will explore the possibility of collaborating with strategic partners for the development of businesses in pharmaceutical and healthcare products to diversify the income streams for the long-term development of the Group.

Discontinued Operation: Gene Development Sector

During the year ended 31 March 2025, the Group resolved to discontinue its gene development operation which was inactive and no revenue was recorded before its discontinuance.

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 Starcoin Group Limited ("**Starcoin**", formerly known as Innovative Pharmaceutical Biotech Limited, together with its subsidiaries, the "**Starcoin 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$10.7 million (2025: HK$7.1 million), for which the Group's share of loss amounted to about HK$3.4 million (2025: HK$2.3 million). No dividend has been declared or received from Smart Ascent during the year (2025: HK$ nil).

At 31 March 2026, the Group's interest in an associate was about HK$213.3 million (2025: HK$311.9 million), accounted for about 36.3% (2025: 20.4%) 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 Starcoin 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 Starcoin 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 Starcoin 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 Starcoin 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 Starcoin 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 Starcoin 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 Starcoin 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**"), contributed as to 51% by the Starcoin 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 circular dated 27 September 2024. Smart Ascent had drawn down HK$10.0 million, HK$6.0 million and HK$4.0 million in December 2024, January 2025 and March 2025 respectively, that the Third Loan had been fully drawn down, and the Starcoin 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 2025 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 behaviour following the Covid-19 pandemic. The expected timeline for commercialisation of the Product had been reassessed and revised to the third quarter of 2028.

Based on the current information available to the Company, Smart Ascent Group has experienced certain delay in funding arrangement from its ultimate holding company i.e. Starcoin whose shares were suspended from trading on the Stock Exchange from 6 May 2026. Due to the aforesaid unexpected event, Smart Ascent Group and Starcoin shall take some time to rearrange their financial resources and the progress of the In-process R&D has been slowed down pending the availability of funding. Given the current circumstances, Smart Ascent Group has reassessed the timeline for commercialisation of the Product, which is currently expected to be in around the first quarter of 2030.

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 (the "**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 first quarter of 2030. 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:

	2026	2025
Discount rate (post-tax)	**31.00%**	31.53%
Growth rate	**2%**	2%
Gross profit ratio	**34%**	39%
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 considered the prevailing market conditions, reasonableness of assumptions used for the cash flow projections and took into account the valuation as prepared by the Valuer, indicating its recoverable amount lower than the carrying amount, as such, a provision for impairment loss on the carrying amount of the interest in the associate at 31 March 2026 has been made.

The Group will continue to closely coordinate with Starcoin 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

During the year ended 31 March 2026, the Group incurred a loss from other income, gains and losses, net of about HK$946.7 million (2025: gain of HK$258.2 million), representing an increase in loss of about HK$1,204.8 million, which was mainly the result of (i) a non-cash item related to a loss arising from fair value change of the financial assets at FVTPL i.e. the Group's investment in convertible bonds of about HK$813.6 million when compared to a gain from fair value change of about HK$254.9 million last year; (ii) a provision for impairment loss on the Group's interest in an associate of about HK$95.2 million; (iii) the increase in provision for impairment loss on amount due from an associate and loan to an associate of about HK$40.4 million in aggregate; (iv) the decrease in reversal of impairment loss on trade receivables of about HK$0.7 million; (v) the increase in reversal of impairment loss on other receivables of about HK$0.1 million; (vi) increase in sundry income of about HK$0.5 million; and (vii) the decrease in bank interest income of about HK$1.3 million.

Selling and Distribution Expenses

Selling and distribution expenses attributable to the continuing operations increased to about HK$9.5 million (2025: HK$9.3 million) representing an increase of about HK$0.2 million or 2.1%. Such slight increase was mainly the result of increased marketing and promotion expenses to gain market share and partly offset by the decrease in sales staff costs.

Administrative Expenses

Administrative expenses attributable to the continuing operations were about HK$23.2 million (2025: HK$21.6 million), representing an increase of about HK$1.7 million or 7.7%. Such increase was mainly attributable to the share option expenses recognised for the share options granted during the year and increase in maintenance-related costs, which were partly offset by increase in net foreign exchange gains.

Outlook

The global environment remains uncertain and volatile impacted by geopolitical fragmentation and inflationary pressures. China has secured solid economic growth in the first quarter of 2026, demonstrating the strong resilience of the national economy against external headwinds while navigating domestic structural adjustments.

The year 2026 marks the opening year of China's 15th Five-Year Plan (2026–2030), which focuses on shifting from quantity-driven growth to quality-oriented development and boosting technological self-reliance, and prioritise social stability and people-centred livelihood improvements to build a modern socialist country. Building a Healthy China by 2035 is a national strategic goal and it calls for improving the framework of policies for the promotion of health, further deepening reforms and advancing the application of technological innovation. The Group recognises that both pharmaceuticals and healthcare are central to China's Healthy China national strategy benefiting from the aging demographic tailwinds, and the increasing health awareness and surge in demand for healthcare solutions. As such, the Group believes that China's pharmaceutical and healthcare industries will continue to offer new growth momentum and opportunities for businesses. The Group has a foundation of self-manufactured pharmaceutical products and its manufacturing business has achieved steady performance in recent years. The Group will continue to place emphasis in enhancing its manufacturing strengths and sales capabilities of its pharmaceutical segments to strive for achieving profitability. Meanwhile, the Group is actively exploring new business opportunities in the healthcare sector for business diversification aiming for new, sustainable revenue streams.

Navigating an ever-changing operating environment, the Group will stay agile and vigilant in managing its existing businesses while intensifying its effort to cultivate new growth points in the healthcare-related field. Buttressed upon the current financial fundamental of the Group, the Group is approaching the coming year with cautious optimism and will continue to strive for achieving long-term sustainable development of 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.

At 31 March 2026, the Group had total cash and bank balances (including pledged bank deposits) of about HK$110.7 million (2025: HK$98.2 million), representing an increase by about HK$12.5 million or 12.8%. Such increase in cash and bank balances included net cash generated from operations, gross proceeds received by the Company of about HK$15.5 million upon completion of the share subscriptions under general mandate on 10 September 2025, the decrease in bank interest income received of about HK$1.3 million and the payment of lease interest and liabilities in total of about HK$2.1 million.

Accruals and Other Payables

Accruals and other payables (excluding contract liabilities) was about HK$19.4 million at 31 March 2026 (2025: HK$20.0 million). Such decrease was mainly due to the decrease in payables for marketing and promotion expenses included in accruals.

Borrowings and Facilities

During the year, the Group did not have bank borrowings but had banking facilities on trade finance, which were supported by the pledge of the Group's fixed deposits of about HK$21.2 million (2025: HK$20.4 million) and corporate guarantee from the Company. In general, there is no significant seasonality fluctuation on trade finance requirement of the Group. At 31 March 2026, none of these banking facilities was utilised (2025: HK$ nil).

The Group's total borrowing over total assets ratio at 31 March 2026 was 0.29 (2025: 0.09), calculated based on the Group's total assets of about HK$587.3 million (2025: HK$1,526.4 million) and total debts of about HK$169.4 million (2025: HK$140.9 million), comprising convertible bonds of about HK$165.1 million (2025: HK$139.0 million) and lease liabilities of about HK$4.3 million (2025: HK$1.9 million).

The Company's 20-year zero coupon convertible bonds were issued in Hong Kong dollars on 16 July 2013 with an aggregate principal amount of HK$641.3 million and a maturity date of 16 July 2033. At 31 March 2026, the outstanding principal amount of the Company's convertible bonds was HK$577.17 million (2025: HK$577.17 million).

The lease liabilities related to the liabilities arising from the lease of a right-of-use asset in Hong Kong and are denominated in Hong Kong dollars. Out of the total lease liabilities, about HK$1.2 million (2025: HK$1.9 million) was payable within one year and about HK$1.3 million (2025: HK$ nil) was payable in the second year after the end of the reporting period, and about HK$1.8 million (2025: HK$ nil) was payable in the third to fifth years after the end of the reporting period.

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 2026.

Financial Assets at FVTPL — Investments in Convertible Bonds

Included in the financial assets at FVTPL was the convertible bonds issued by Starcoin Group Limited ("**Starcoin Bonds**") of approximately HK$101.8 million at 31 March 2026 (2025: HK$915.4 million). The fair value of the Starcoin Bonds represented approximately 17.3% of the Group's total assets at 31 March 2026 (2025: 60.0%). The unrealised loss recognised for the Starcoin Bonds resulted from fair value change during the year was about HK$813.6 million (2025: gain of HK$254.9 million).

Starcoin 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 deed of amendment entered into between the Company and Starcoin on 28 April 2023, which was effective on 12 July 2023, the maturity date of the Starcoin Bonds was further extended for two years from 28 July 2023 to 28 July 2025. Any outstanding principal amount of the Starcoin 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.

On 2 December 2025, the Company and Starcoin entered into the fourth deed of amendment (the "**Fourth Amendment Deed**") to further amend certain terms and conditions of the Starcoin Bonds the ("**Fourth Amendments**"). The outstanding principal amount of the Starcoin Bonds of HK$715,000,000 together with the interests accrued thereon amounted to HK$1,000,029,388 in total at 28 July 2025. The amendments under the Fourth Amendment Deed include (i) the principal amount of the Starcoin Bonds be changed to HK$1,000,029,388; (ii) the maturity date be further extended for five years from 28 July 2025 to 28 July 2030; (iii) the conversion price of the Starcoin Bonds be adjusted from HK$2.5 per conversion share to HK$1.0 per conversion share; (iv) the interest rate be adjusted from 4.5% per annum on the original principal amount of the Starcoin Bonds to 0.1% per annum on the amended principal amount of HK$1,000,029,388 during the five-year extended period; (v) the interest payment term of the Starcoin Bonds be changed from payable on the maturity date of the Starcoin Bonds to payable annually on the anniversary date of the Starcoin Bonds.

The transaction contemplated under the Fourth Amendment Deed in respect of the Fourth Amendments constitutes a major transaction of the Company which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

At the date hereof, the conditions precedent to the Fourth Amendments have not been fulfilled.

Pursuant to the announcements published by Starcoin dated 29 April 2026 and 5 May 2026, trading in the shares of Starcoin on the Stock Exchange has been suspended with effect from 9:00 a.m. on 6 May 2026 for the decision made by the Stock Exchange that Starcoin has failed to maintain a sufficient level of operations as required under Rule 13.24 of the Listing Rules. In view of the latest status of Starcoin and additional time is required to fulfil the conditions precedent, the Company and Starcoin reached an agreement to further extend the long stop date for fulfilment of the conditions precedent to the Fourth Amendments to 30 September 2026 or such other date as the parties may agree.

Details regarding the Fourth Amendments are disclosed in the Company's announcements dated 2 December 2025, 27 February 2026 and 29 May 2026.

Use of Proceeds from Share Subscriptions

References are made to the announcements of the Company dated 14 August 2025 and 10 September 2025.

On 14 August 2025, the Company entered into three subscription agreements respectively with three subscribers pursuant to which total 160 million new ordinary shares in the Company were allotted to the subscribers at the subscription price of HK$0.097 per share under general mandate (the "**Subscriptions**"). To the best of the knowledge, information and belief of the Company's directors having made all reasonable enquiries, each of the subscribers is an individual investor and a third party independent of the Company and its connected persons.

The Subscriptions were completed on 10 September 2025. The gross proceeds from the Subscriptions amounted to HK$15.52 million, and the net proceeds (after deduction of the relevant expenses, including the professional fees, registration and regulatory fees, and other costs) were approximately HK$15.42 million.

The Company intends to use the net proceeds for the Group's potential new business endeavour into the healthcare sector, currently the healthcare trading business. The Group believes that the healthcare industry will continue to experience growth in demand for products and solutions that can improve health and patient care due to multiple factors including an aging population, increasing prevalence of chronic diseases, and growing consumer focus on preventive care. The Group is actively exploring new business opportunities within the healthcare sector, targeting both the PRC and overseas markets. The net proceeds from the Subscriptions will be strategically allocated to fund this potential new venture with approximately 70% for startup costs covering product development, operational expenses (including facilities and personnel), marketing and pilot projects through early 2027 and the remaining

30% will be reserved as working capital (continuing operating funds) to support the scaling of successful initiatives by end of 2027. The Group believes that the phased approach allows the Group to methodically build its healthcare business while maintaining financial flexibility.

The Group is currently in active discussions with potential business partners in establishing the trading framework in the PRC. At the date hereof, none of the net proceeds has been utilised and the unutilised amount is held in short-term deposits.

Details of the use of the net proceeds from the Subscriptions for the year ended 31 March 2026 are set out below:

Intended use of net proceeds	**Actual amount available for utilisation** *HK$*	**Actual amount utilised as of 31 March 2026** *HK$*	**Balance of unutilised amount as at 31 March 2026** *HK$*	**Expected timeframe of utilisation**
Startup costs (product development, operational expenses (including facilities and Personnel), marketing and pilot projects)	10.79 million	—	10.79 million	Second half of 2026 to early 2027
Working capital (continuing operating funds) for supporting the scaling of the business venture	4.63 million	—	4.63 million	End of 2027

Employment and Remuneration Policy

As at 31 March 2026, the Group had 158 employees (2025: 163) which is in line with that last year. Staff costs (including directors' emoluments) for the year ended 31 March 2026 amounted to approximately HK$21.3 million (2025: HK$20.7 million). The increase in staff costs was mainly due to the share option expenses recognised for the share options granted to three executive directors during the year and partly offset by the decreased expenses of salaries and allowances of the manufacturing segment as no payment of performance related rewards was made for the year.

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 2026, a total of 76,500,000 share options have been granted, all of them shall be vested to the grantee 12 months after the date of grant and are exercisable within 10 years from the date of grant or 90 days after the grantee ceased to be an eligible employee, and 162,500,000 remaining share options will be available for future grant under the existing scheme mandate limit of the Option Scheme. No share options have been exercised, cancelled or lapsed under the Option 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 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 2026, 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 in 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. During the year under review, Dr. Xie Yi was the Chairman and chief executive officer of the Company ("**CEO**") until his resignation as CEO and the appointment of Dr. Guo Yi as CEO, with effect from 1 January 2026. The Company believes that there was adequate balance of power and authority in place, though vesting the roles of both chairman and chief executive officer in the same person during the period up to 31 December 2025, as all major decisions of the Company were made in consultation with members of the Board. Upon the aforesaid change in CEO effective from 1 January 2026, the roles of Chairman and CEO have been separately performed by Dr. Xie Yi and Dr. Guo Yi respectively. It follows that the Company has been in full compliance with this Code Provision with effect from 1 January 2026.

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 2026.

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 2026 and the accounting principles and practices adopted by the Group, and the auditor's opinion 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 2026

As at the date of this announcement, the executive directors are Dr. Xie Yi, Dr. Guo Yi, Mr. Cheng Yong, Dr. Lou Yi and Ms. Wong Sau Kuen, and the independent non-executive directors are Ms. Jin Song, Dr. Zeng Li and Ms. Yang Xiaorong.

* *For identification purpose only*