

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Extrawell Pharmaceutical Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED**

**精優藥業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00858)**

**PROPOSALS FOR  
GENERAL MANDATES TO ISSUE NEW SHARES  
AND BUY BACK SHARES,  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of Extrawell Pharmaceutical Holdings Limited to be held at Room 1, United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 30 August 2022 at 3:00 p.m. is set out on pages 25 to 29 in this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting (or any adjournment thereof) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (which will be relocated to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting (or any adjournment thereof) should you so wish.

**PLEASE REFER TO PAGE ii OF THIS CIRCULAR FOR PRECAUTIONARY MEASURES RELATED TO COVID-19 FOR THE ANNUAL GENERAL MEETING**

\* For identification purpose only



29 July 2022

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**PRECAUTIONARY MEASURES RELATED TO COVID-19  
FOR THE ANNUAL GENERAL MEETING**

In view of the ongoing COVID-19 pandemic and related measures and guidelines as promoted by the Hong Kong Government to prevent and control the spread of the pandemic, the Company will implement the following precautionary measures at the Annual General Meeting to safeguard the health and safety of attending Shareholders, staff and other stakeholders:

- (i) All persons are required to scan the venue QR code via “LeaveHome Safe” mobile application and to comply with the requirement of Vaccine Pass before being allowed to enter the Annual General Meeting venue. Compulsory body temperature checks will be carried out for every attending Shareholder, proxy and other attendee prior to entry into the Annual General Meeting venue. Any person with a body temperature over 37.5 degrees Celsius will not be given access to the Annual General Meeting venue;
- (ii) All persons who attend the Annual General Meeting are required to wear surgical face masks;
- (iii) To comply with social distancing rules, seats will be assigned by the Company on a first come first served basis; and
- (iv) No refreshments or gifts will be provided or distributed at the Annual General Meeting.

Any Shareholder, proxy or attendee who does not follow any one of the above mentioned measures will be denied entry into the Annual General Meeting venue.

Shareholders are advised to follow any latest regulations or guidelines of the Hong Kong Government relating to COVID-19 in deciding whether or not to attend the Annual General Meeting.

For the purposes of the prevention and control of the spread of the COVID-19 pandemic and to safeguard the health and safety of the Shareholders, the Company strongly encourages Shareholders to appoint the Chairman of the Annual General Meeting as his/her proxy to vote on the resolutions, instead of attending the Annual General Meeting in person.

The Company may need to change the Annual General Meeting arrangements at short notice according to the latest developments of the COVID-19 pandemic. Shareholders are advised to keep themselves abreast of further announcements, if any, made by the Company which will be published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.extrawell.com.hk](http://www.extrawell.com.hk)).

## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Annual General Meeting”	the annual general meeting of the Company to be held at Room 1, United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 30 August 2022 at 3:00 p.m., the notice of which is set out on pages 25 to 29 of this circular
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Buy-back Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to buy back Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Bye-Laws”	the bye-laws of the Company, as amended from time to time
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Company”	Extrawell Pharmaceutical Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Employee”	any employee (whether full time or part time), executive (including any executive director but excluding any non-executive director), of the Company, any of its subsidiaries or any Invested Entity
“Eligible Participants”	has the meaning ascribed to it under paragraph (2) of “Appendix III — Principal Terms of New Share Option Scheme”
“Existing Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution passed at the annual general meeting held on 24 August 2012, which has a term of 10 years commencing on the adoption date effective from 29 August 2012 and will expire on 28 August 2022

## DEFINITIONS

“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares bought back under the Buy-back Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Invested Entity”	any entity in which any member of the Group holds any equity interest
“Latest Practicable Date”	25 July 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Scheme”	the new share option scheme proposed to be approved and adopted at the Annual General Meeting
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



**EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED**

**精優藥業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00858)**

*Executive Directors:*

Xie Yi (*Chairman and Chief Executive Officer*)

Cheng Yong (*Deputy Chief Executive Officer*)

Lou Yi

Wong Sau Kuen

Liu Kwok Wah

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent Non-executive Directors:*

Fang Lin Hu

Xue Jing Lun

Jin Song

*Head office and principal place*

*of business in Hong Kong:*

Suites 2206–08, 22/F

Devon House, Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

29 July 2022

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR  
GENERAL MANDATES TO ISSUE NEW SHARES  
AND BUY BACK SHARES,  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include, *inter alia*, (i) the grant of the Issue Mandate, the Buy-back Mandate and the Extension Mandate, (ii) the re-election of retiring Directors and (iii) the adoption of the New Scheme.

\* *For identification purpose only*

## LETTER FROM THE BOARD

### ISSUE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed that the Issue Mandate be granted to the Directors to allot, issue and deal with new Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution.

As at the Latest Practicable Date, a total of 2,390,000,000 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or bought back by the Company prior to the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 478,000,000 Shares.

The Directors have no immediate plans to allot and issue any new Shares other than Shares which may fall to be issued upon the exercise of options granted under the share option scheme of the Company (if any).

### BUY-BACK MANDATE AND EXTENSION MANDATE

At the Annual General Meeting, an ordinary resolution will also be proposed that the Buy-back Mandate be granted to the Directors to exercise all powers of the Company to buy back on the Stock Exchange or on any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution.

In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting to extend the Issue Mandate by the addition of any Shares bought back by the Company under the Buy-back Mandate to the total number of Shares which may be allotted and issued under the Issue Mandate.

Subject to the passing of the relevant ordinary resolutions by the Shareholders at the Annual General Meeting, the Issue Mandate, the Buy-back Mandate and the Extension Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) at the end of the period within which the Company is required by its Bye-Laws or the applicable laws of Bermuda to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolutions of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

As required by the Listing Rules, an explanatory statement containing the information reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Buy-back Mandate is set out in Appendix I to this circular.

### RE-ELECTION OF RETIRING DIRECTORS

According to Bye-Law 111(A) of the Bye-Laws, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation provided that no Director holding office as chairman or deputy chairman under Bye-Law 135 or the office of

## LETTER FROM THE BOARD

managing director or joint managing director under Bye-Law 125 shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. A retiring Director shall be eligible for re-election.

The Board comprises eight members, consisting of five executive Directors and three independent non-executive Directors (“**INEDs**”). As at the Latest Practicable Date, Mr. Fang Lin Hu, Mr. Xue Jing Lun (“**Mr. Xue**”) and Ms. Jin Song (“**Ms. Jin**”) have served on the Board as INEDs, for about 21 years, 21 years and 18 years respectively.

In accordance with Bye-Law 111 of the Bye-Laws, Mr. Xue and Ms. Jin will retire as Directors by rotation and, being eligible, will offer themselves for re-election as Directors at the Annual General Meeting.

In accordance with the Corporate Governance Code of Appendix 14 of the Listing Rules, the proposed re-election of each of Mr. Xue and Ms. Jin who has served as an INED for more than nine years shall be subject to a separate resolution to be approved by the Shareholders.

In considering the nominations of Mr. Xue and Ms. Jin (collectively, the “**Retiring INEDs**”) for re-election, the nomination committee of the Company (“**Nomination Committee**”) reviewed the suitability of the Retiring INEDs according to the assessment criteria set out in the Company’s nomination policy and Board diversity policy, including the contribution of the Retiring INEDs towards the effectiveness of the Board, and the diversity aspects (including but not limited to, gender, age, cultural and educational background, professional experience, skills, and length of service) appropriate to the Board’s composition, and considered the relevant independence assessment set out in Rule 3.13 of the Listing Rules. The Retiring INEDs, Mr. Xue and Ms. Jin, being members of the Nomination Committee, abstained from voting at the meeting of the Nomination Committee when his/her own nomination was considered. The Nomination Committee, having taken into account of the factors in the Company’s nomination policy with due regard to the diversity perspectives in the Board diversity policy and the written confirmations of independence provided by the Retiring INEDs which are in compliance with Rule 3.13 of the Listing Rules, has recommended to the Board on re-election of the Retiring INEDs at the Annual General Meeting.

The Board is satisfied that the Retiring INEDs have been providing their objective and independent views to the Company over the years, and they remain committed to their independent roles. The Board is of the view that the Retiring INEDs have not performed any management role or executive function in the Group since their respective appointments as INEDs, their length of tenure would not affect their exercise of independent judgement and each of the Retiring INEDs has the required character, integrity and experience to continue fulfilling the role of an INED and continues to satisfy the independence criteria under the Listing Rules. The Board believes that the continued tenure of the Retiring INEDs, in particular, Mr. Xue, who has a strong background and knowledge in scientific research, and Ms. Jin, who is a professional accountant with in-depth knowledge and substantial experience in accounting and financial management, and their understanding of the Company’s operations and business gained through their long tenure of service, will continuously contribute to the effectiveness, diversity and stability of the Board.

In view of the above, the Board, having considered the recommendation of the Nomination Committee, has accepted the nominations of the Retiring INEDs by the Nomination Committee, and the Company will put forward a separate resolution at the Annual General Meeting each for re-electing Mr. Xue and Ms. Jin as an INED.

## LETTER FROM THE BOARD

The biographical details of the Directors proposed for re-election (Mr. Xue and Ms. Jin) at the Annual General Meeting are set out in Appendix II to this circular.

### **ADOPTION OF NEW SHARE OPTION SCHEME**

The Existing Scheme which was approved by the Shareholders at the annual general meeting of the Company held on 24 August 2012, has a term of 10 years from its adoption date effective from 29 August 2012, and will expire on 28 August 2022. No options have been granted, exercised, cancelled or lapsed under the Existing Scheme since its adoption. As at the Latest Practicable Date, no options have remained outstanding or unexercised under the Existing Scheme, and the Directors have no intention of granting any options under the Existing Scheme prior to its expiry date.

In light of the expiry of the Existing Scheme, an ordinary resolution will be proposed at the Annual General Meeting to approve the adoption of the New Scheme, in order to continue to provide the Company with a flexible means of giving incentives or rewards to the Eligible Participants as the Directors may approve from time to time, for their contribution and/or potential contribution to the Group. The Board believes that the New Scheme will provide the Eligible Participants with an opportunity to have a stakeholding in the Company that can motivate the Eligible Participants to optimise their performance and efficiency for the benefit of the Group and assist the Company to attract and retain valuable human resources or otherwise maintain on-going business relationships with those external Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

The Board considers that the various classes of the Eligible Participants, comprising directors and employees of the Group and Invested Entity, and external individuals and entities such as suppliers, customers, service providers in research and development or technological support and professional advisers or consultants, who/which may play different and vital roles in the business development and long-term growth of the Group, allow the Company to have flexibility to incentivise and reward those parties, as the Company considers commercially appropriate. The Board is of the view that the inclusion of the external parties other than employees and directors of the Group in the Eligible Participants is appropriate, as the success of the Group could not be achieved solely by the directors and employees of the Group and contribution from all classes of talented people may assist its growth. In particular, the alignment of the interests of those major suppliers (that can provide important raw materials, goods or services which could enhance the quality of goods or services by the Group and strengthen its core competitiveness in the pharmaceutical field) and major customers (that have established long-term business relationship and could contribute to continued business growth in the pharmaceutical industry) with that of the Group by the grant of options as incentives or rewards, could enable them to bring in more business opportunities to and closer cooperation with the Group. In the technical aspect, those expertise in the area of product research and development could bring in technological support and new products to assist the Group in enhancing its production capability, optimising its product mix and achieving its operational competitiveness and business sustainability. For professional advisers or consultants, these parties are usually seasoned people in their own fields and professionals with business connections that the Group may not be able to retain them as employees because of high costs involved, however, they may play their roles as advisers or consultants to provide recommendations or advisory services to the Group in its business plans and strategies through conducting market research and analysis for pharmaceutical products, refer strategic partners that may create synergy with the Group in market development, and their continued services may assist in capturing long-term business opportunities. The Board also considers it necessary to cover

## LETTER FROM THE BOARD

Invested Entity in which the Group has invested, in the Eligible Participants under the New Scheme, as the Group will directly or indirectly benefit from their business growth and development.

The Company has not had any plan to grant options under the New Scheme. The Board will assess the eligibility of the relevant Eligible Participants when considering the merits of each grant of options on a case-by-case basis, based on factors, including but not limited to, actual contribution made or potential contribution expected to be made by the individuals or entities to the business affairs of the Group; their work experience, professional or industry knowledge as valuable human resources; degree of involvement in or cooperation with the Group in supply or sales, availability of technical know-how or external business connections that will contribute to the development and growth of the Group, and may impose suitable terms and conditions according to prevailing market practice, in accordance with the rules of the New Scheme. While the Invested Entity is not a member of the Group, the Board will consider the Group's direct and indirect shareholding percentage in these entities, and the extent of benefits and synergies these entities may bring into the Group, before making any offer for grant of an option. Given the aforesaid, the Board is of the view that the scope of the Eligible Participants under the New Scheme which is substantially in line with the eligible participants under the Existing Scheme, is justifiable, and such scope enabling the Company giving incentives or rewards to those for their contribution and/or potential contribution towards the long-term growth of the Group, is in the interest of the Company and its shareholders as a whole.

The New Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised but the rules of the New Scheme provide that the Directors may determine such term(s) on the grant of an option. The basis of determination of the subscription price for an option is specified in the rules of the New Scheme and is subject to the requirements of the Listing Rules. The Board considers that the aforesaid rules will serve to preserve the value of the Company and enable the Company to reward and provide incentives to the Eligible Participants on the basis of their contribution and/or potential contribution to the development and growth of the Group, as the Directors will be provided with appropriate flexibility under the New Scheme in determining the minimum period for holding of an option, applicable performance targets and other conditions to which the specific grant of an option may be subject, and such flexibility also facilitates the Group to attract and retain human resources that are valuable to the Group.

The Board also considers that it is not appropriate to state the value of all options that may be granted pursuant to the New Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the option value have not been determined. Such variables include but not limited to the subscription price of the options, exercise period, interest rate, expected volatility and other relevant variables. The Board believes that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

The adoption of the New Scheme is conditional upon (i) the passing of an ordinary resolution by the Shareholders at the Annual General Meeting approving the New Scheme, and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued by the Company pursuant to the exercise of options in accordance with the terms and conditions of the New Scheme.

## **LETTER FROM THE BOARD**

An application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares which may fall to be issued upon the exercise of the options granted under the New Scheme.

None of the Directors is a trustee of the New Scheme or has a direct or indirect interest in the trustee of the New Scheme.

The terms of the New Scheme are consistent with the Existing Scheme, and are in accordance with the relevant requirements of Chapter 17 of the Listing Rules.

Set out in Appendix III to this circular are the principal terms of the New Scheme, under which the maximum number of Shares which may be allotted and issued upon exercise of all options granted under the New Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the Shares in issue on the date of approval of the New Scheme by the Shareholders at the Annual General Meeting, which maximum number may however be refreshed as detailed in paragraph (3) of the Appendix III to this circular.

As at the Latest Practicable Date, the total number of issued Shares was 2,390,000,000 Shares. Assuming that there is no change in the number of issued Shares between the period from the Latest Practicable Date to the date of the approval of the New Scheme, the number of Shares which may fall to be allotted and issued upon exercise in full of the options granted under the New Scheme would be 239,000,000 Shares, representing 10% of the Shares in issue as at the Latest Practicable Date, which is within the overall limit of 30% prescribed under Rule 17.03(3) of the Listing Rules.

A copy of the New Scheme will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.extrawell.com.hk](http://www.extrawell.com.hk)) for a period of not less than 14 days before the date of the Annual General Meeting and will be available for inspection at the Annual General Meeting.

To the best of knowledge, information and belief of the Directors, as at the Latest Practicable Date, no Shareholder is required under the Listing Rules to abstain from voting on this resolution to be proposed at the Annual General Meeting.

### **VOTING AT THE ANNUAL GENERAL MEETING**

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The Chairman of the Annual General Meeting will therefore put each of the resolutions as set out in the notice of Annual General Meeting to be voted by way of a poll pursuant to Bye-Law 73 of the Bye-Laws.

### **ACTIONS TO BE TAKEN**

At the Annual General Meeting, ordinary resolutions will be proposed to approve, among other matters, the following: (i) the grant of the Issue Mandate, the Buy-back Mandate and the Extension Mandate, (ii) the re-election of retiring Directors and (iii) the adoption of the New Scheme. Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting (or any adjournment thereof) to the Company's branch share

## **LETTER FROM THE BOARD**

registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (which will be relocated to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022). Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting (or any adjournment thereof) should you so wish.

### **RECOMMENDATION**

The Board considers that the ordinary resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of such resolutions at the Annual General Meeting.

### **RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

### **GENERAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this circular.

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,  
For and on behalf of the Board  
**Extrawell Pharmaceutical Holdings Limited**  
**Xie Yi**  
*Chairman*

*This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to enable you to make an informed decision whether to vote for or against the resolution(s) to approve the grant of the Buy-back Mandate to the Directors.*

## **1. LISTING RULES RELATING TO THE BUY-BACK OF SHARES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to buy back their shares on the Stock Exchange subject to certain restrictions, amongst which the Listing Rules provide that the shares of a company with a primary listing on the Stock Exchange must be fully paid up and all buy-back of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of Buy-back Mandate or by specific approval of a particular transaction.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, there was a total of 2,390,000,000 fully paid Shares in issue. Subject to the passing of the proposed resolution granting the Buy-back Mandate and on the basis that no further Shares are issued or bought back prior to the Annual General Meeting, the Company will be allowed under the Buy-back Mandate to buy back a maximum of 239,000,000 Shares, representing 10% of the issued share capital of the Company, during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by the Bye-Laws or any applicable laws of Bermuda or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

## **3. REASONS FOR THE BUY-BACKS**

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to buy back its Shares on the Stock Exchange pursuant to the Buy-back Mandate. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a buy-back will benefit the Company and the Shareholders.

## **4. FUNDING OF BUY-BACKS**

Buy-backs made pursuant to the Buy-back Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association and Bye-Laws and the applicable laws of Bermuda.

The laws of Bermuda provide that the amount of capital repaid in connection with a share buy-back may only be paid out of either the capital paid up on the relevant shares, or the funds of the Company that would otherwise be available for distribution by way of dividend or distribution or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on buy-back may only be paid out of either the funds of the Company that would otherwise be

available for distribution by way of dividend or distribution or out of the share premium account of the Company. Should the Directors consider it desirable, they would be able to finance the buy-back out of funds borrowed against any of the above-mentioned accounts. In addition, under the laws of Bermuda, no buy-back by a company of its own shares may be effected if, on the date on which the buy-back is to be effected, there are reasonable grounds for believing that the company is, or after the buy-back would be, unable to pay its liabilities as they become due. In accordance with the laws of Bermuda, the Shares so bought back would be treated as cancelled but the aggregate amount of authorised share capital would not be reduced.

Buy-back of Shares may be funded out of the internal resources of the Group and/or banking facilities as the Directors consider desirable according to the then financial position of the Group. The Directors wish to state that they have no immediate plan to buy back any Shares pursuant thereto.

There might be material adverse impact on the working capital or gearing position of the Company, as compared with the position disclosed in the latest published audited financial statements contained in the annual report of the Company for the year ended 31 March 2022, in the event that the Buy-back Mandate were to be carried out in full at any time during the proposed buy-back period. The Directors, however, do not intend to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the twelve months preceding the Latest Practicable Date and up to the Latest Practicable Date were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
July 2021	0.140	0.100
August 2021	0.125	0.097
September 2021	0.121	0.097
October 2021	0.108	0.098
November 2021	0.105	0.089
December 2021	0.103	0.085
January 2022	0.116	0.086
February 2022	0.098	0.081
March 2022	0.110	0.077
April 2022	0.196	0.080
May 2022	0.118	0.088
June 2022	0.119	0.090
July 2022 (up to the Latest Practicable Date)	0.103	0.085

## 6. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to buy back Shares pursuant to the Buy-back Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the single largest Shareholder of the Company, Dr. Mao Yumin ("Dr. Mao") held 189,920,000 Shares, representing approximately 7.94% of the entire issued share capital of the Company. Assuming that there will be no change in the issued share capital of the Company prior to the buy-back of Shares, and Dr. Mao did not dispose of his Shares nor acquire additional Shares prior to any buy-back of Shares, if the Buy-back Mandate, if so approved, were exercised in full, the percentage shareholding of Dr. Mao would be increased to approximately 8.83% of the then issued share capital of the Company. Dr. Mao would not be obliged to make a mandatory offer under Rule 26 of the Takeovers Code if the Buy-back Mandate were exercised in full.

The Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any buy-backs pursuant to the Buy-back Mandate. An exercise of the Buy-back Mandate whether in whole or in part will not result in less than 25% of the Shares being held by the public.

## 7. DISCLOSURE OF INTERESTS AND UNDERTAKING

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention to sell any Shares to the Company if the Buy-back Mandate is approved by the Shareholders.

The Company has not been notified by any core connected person that such a person has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Buy-back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will only exercise the power of the Company to make buy-backs pursuant to the Buy-back Mandate and in accordance with the Listing Rules and the applicable laws of Bermuda.

## 8. SHARE BUY-BACK MADE BY THE COMPANY

No buy-back of Shares (whether on the Stock Exchange or otherwise) has been made by the Company during the six months preceding the Latest Practicable Date.

## APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

*The particulars of the Directors proposed to be re-elected at the Annual General Meeting are set out below:*

### **MR. XUE JING LUN (“MR. XUE”), INDEPENDENT NON-EXECUTIVE DIRECTOR**

- Age : 88
- Length of service : Mr. Xue was appointed as an independent non-executive Director in June 2001. There is no fixed term for Mr. Xue’s appointment but he is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with Bye-Law 111 of the Bye-Laws.
- Mr. Xue will retire at the Annual General Meeting, at which he will be eligible for re-election pursuant to Bye-Law 111(A) of the Bye-Laws.
- Qualification and experience : Mr. Xue was the chief professor of Fudan University, a guest professor of the Second Military Medical University of China, Tongji Medical University and Shantou University, chairman of Chinese Environmental Mutagen Association, a director of International Environmental Mutagen Association, and a committee member of the China Genetic Engineering Society. The research team led by Mr. Xue gained international recognition in the area of gene therapy and transgenic animal research. Mr. Xue has been granted a number of national awards on his scientific research and is an internationally recognised genetic scientist.
- Mr. Xue does not hold any office in the Group other than as an independent non-executive Director and a member of the audit, remuneration and nomination committees of the Company.
- Mr. Xue did not hold any directorship in other listed companies in the last three years.
- Relationship with other Directors, senior management, substantial or controlling shareholders : Mr. Xue does not have any relationship with any Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.
- Interests in shares : As at the Latest Practicable Date, Mr. Xue did not have, and was not deemed to have, any interest or short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO).
- Amount of emoluments : There is no service contract entered into between the Company and Mr. Xue. Under his letter of appointment with the Company, Mr. Xue is entitled to a director’s fee in the amount of HK\$70,000 per annum as approved by the Board with reference to his roles and responsibilities within the Company and the prevailing market conditions and pursuant to the recommendation made by the remuneration committee of the Company.
- Save for the said director’s fee, Mr. Xue is not entitled to any other emolument for holding his office as an independent non-executive Director and as a member of the audit, remuneration and nomination committees of the Company.

## APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

### MS. JIN SONG (“MS. JIN”), INDEPENDENT NON-EXECUTIVE DIRECTOR

- Age : 51
- Length of service : Ms. Jin was appointed as an independent non-executive Director in September 2004. There is no fixed term for Ms. Jin’s appointment but she is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with Bye-Law 111 of the Bye-Laws.
- Ms. Jin will retire at the Annual General Meeting, at which she will be eligible for re-election pursuant to Bye-Law 111(A) of the Bye-Laws.
- Qualification and experience : Ms. Jin holds a diploma in engineering from Broadcasting University in Shandong and a diploma in business from Fudan University. She is a member of the Chinese Institute of Certified Public Accountants (“CICPA”) and passed all the professional examinations held by CICPA in 2001. Ms. Jin has over 20 years’ experience in accounting in different industries.
- Ms. Jin does not hold any office in the Group other than as an independent non-executive Director and a member of the audit, remuneration and nomination committees of the Company.
- Ms. Jin did not hold any directorship in other listed companies in the last three years.
- Relationship with other Directors, senior management, substantial or controlling shareholders : Ms. Jin does not have any relationship with any Directors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company.
- Interests in shares : As at the Latest Practicable Date, Ms. Jin did not have, and was not deemed to have, any interest or short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO).
- Amount of emoluments : There is no service contract entered into between the Company and Ms. Jin. Under her letter of appointment with the Company, Ms. Jin is entitled to a director’s fee in the amount of HK\$70,000 per annum as approved by the Board with reference to her roles and responsibilities within the Company and the prevailing market conditions and pursuant to the recommendation made by the remuneration committee of the Company.
- Save for the said director’s fee, Ms. Jin is not entitled to any other emolument for holding her office as an independent non-executive Director and as a member of the audit, remuneration and nomination committees of the Company.

Save as disclosed above, each of Mr. Xue and Ms. Jin has confirmed that there is no information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders in relation to his/her re-election.

## APPENDIX III PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

*Set out below is a summary of the principal terms of the New Scheme proposed to be approved and adopted at the Annual General Meeting*

### (1) PURPOSE OF THE SCHEME

The purpose of the New Scheme is to enable the Group to grant options to Eligible Participants (as defined in paragraph (2) below) as incentives or rewards for their contribution and/or potential contribution to the Group.

### (2) WHO MAY JOIN

The Directors may at their absolute discretion, invite any person belonging to any of the following classes of participants (the “**Eligible Participants**”) to take up options to subscribe for Shares:

- (a) any employee (whether full time or part time), executive (including any executive director but excluding any non-executive director), of the Company, any of its subsidiaries, or any entity (the “**Invested Entity**”) in which any member of the Group holds any equity interest;
- (b) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (f) any professional adviser or consultant to any area of business or business development of any member of the Group or any Invested Entity;

and, for the purposes of the New Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under the New Scheme.

The basis of eligibility of any of the above classes of participants to the grant of any options shall be determined by the Directors from time to time on the basis of their contribution and/or potential contribution to the development and growth of the Group.

**(3) MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- (a) The maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes adopted by the Group (if any) shall not in aggregate exceed 30% of the share capital of the Company in issue from time to time.
- (b) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Scheme and any other share option schemes of the Group) to be granted under the New Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the Shares in issue as at the date of passing the relevant resolution approving the New Scheme (the “**General Scheme Limit**”).
- (c) Subject to (a) above and without prejudice to (d) below, the Company may seek approval of the Shareholders at general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Scheme and any other share option schemes of the Group) previously granted under the New Scheme and any other share option schemes of the Group will not be counted.
- (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate Shareholders’ approval at general meeting to grant options under the New Scheme beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (c) above to participants specifically identified by the Company before such approval is sought. A circular shall be sent by the Company to the Shareholders in accordance with the Listing Rules.

**(4) MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT**

Unless approved by the Shareholders in the manner set out below, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Scheme and any other share option schemes of the Group to each Eligible Participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue (the “**Individual Limit**”). Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such Eligible Participant (including exercised, cancelled and outstanding options) under the New Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over the Individual Limit, such further grant must be separately approved by the Shareholders at general meeting of the Company with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting, and/or such other requirements prescribed

under the Listing Rules from time to time. A circular containing the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules, shall be sent by the Company to the Shareholders. The number and terms (including the subscription price) of options to be granted to such Eligible Participant shall be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the subscription price.

**(5) GRANT OF OPTIONS TO CONNECTED PERSONS**

- (a) Any grant of options under the New Scheme to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).
- (b) Where any grant of options to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be allotted and issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
  - (aa) representing in aggregate over 0.1% of the Shares in issue; and
  - (bb) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of options must be approved by the Shareholders at general meeting with such grantee, his associates and all core connected persons abstaining from voting in favour at such general meeting, except that any parties that are required to abstain from voting in favour at the general meeting may vote against the relevant resolution at the general meeting provided that their intention to do so has been stated in the circular. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll. The Company shall send to the Shareholders a circular containing the following information:

- (i) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the subscription price;
- (ii) a recommendation from the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;

## APPENDIX III    PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

- (iii) the information required under Rules 17.02(2)(c) and (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

Where any change is to be made to the terms of options granted to an Eligible Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates, such change must also be approved by the Shareholders at general meeting in accordance with the above requirements under the Listing Rules.

### **(6) TIME OF ACCEPTANCE AND EXERCISE OF OPTION**

An option may be accepted by an Eligible Participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the New Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of acceptance of the offer for the grant of options but shall end in any event not later than 10 years from the date on which the offer for the grant of the option is made subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the New Scheme for the holding of an option before it can be exercised.

### **(7) PERFORMANCE TARGETS**

Unless the Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the New Scheme can be exercised. No performance targets are specifically stipulated under the New Scheme.

### **(8) SUBSCRIPTION PRICE FOR SHARES**

The subscription price for Shares under the New Scheme shall be a price determined by the Directors but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of Shares on the date of the offer of grant which must be a day on which the Stock Exchange is open for the business of dealing in securities (the "**Business Day**"); (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of Shares for the five Business Days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

### **(9) RANKING OF SHARES**

- (a) Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Companies Act and the bye-laws of the Company and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option

is duly exercised (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until completion of the registration of the grantee as the holder thereof.

- (b) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary share capital of the Company of such nominal amount as shall result from a sub-division, consolidation, reclassification or reduction of the share capital of the Company from time to time.

**(10) RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS**

- (a) No offer for the grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the last date on which the Company must publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no option may be granted.

- (b) The Directors may not grant any option to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

**(11) PERIOD OF THE SCHEME**

The New Scheme shall be valid and effective for a period of 10 years commencing on the date on which the New Scheme becomes unconditional i.e. the adoption date, unless otherwise terminated by way of a resolution of the Shareholders in general meeting.

**(12) RIGHTS ON CEASING EMPLOYMENT**

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee, for any reason other than his death, ill-health or retirement in accordance with his contract of employment, or for serious misconduct or other grounds referred to in paragraph (14) below, before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

“**Eligible Employee**” means any employee (whether full time or part time), executive (including any executive director but excluding any non-executive director), of the Company, any of its subsidiaries or any Invested Entity.

**(13) RIGHTS ON DEATH, ILL-HEALTH OR RETIREMENT**

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s) by virtue of the laws of succession applicable in respect of the death of a grantee (being an individual), or, as appropriate, the grantee, may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine.

**(14) RIGHTS ON DISMISSAL**

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of persistent or serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the Invested Entity into disrepute), his option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

**(15) RIGHTS ON BREACH OF CONTRACT**

If the Directors shall at their absolute discretion determine that (a) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and the Group or any Invested Entity on the other part or that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any

## **APPENDIX III    PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME**

arrangement or composition with his creditors generally; and (b) the option granted to the grantee under the New Scheme shall lapse, his option will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

### **(16) RIGHTS ON A GENERAL OFFER, A COMPROMISE OR ARRANGEMENT**

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, *mutatis mutandis*; and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time before the close of such offer (or any revised offer). Subject to the above, an option (to the extent not already exercised) will lapse automatically on the date on which such offer (or, as the case may be, revised offer) closes.

### **(17) RIGHTS ON WINDING UP**

In the event of an effective resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time prior to the date on which such resolution is passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the New Scheme and shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his option, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the Shares in issue on the day prior to the date of such resolution.

### **(18) ADJUSTMENTS TO THE SUBSCRIPTION PRICE**

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the New Scheme and the option so far as unexercised or the option price, provided that (a) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (b) no adjustment shall be made the effect of which would be to enable a Share to be allotted and issued at less than its nominal value. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules; and (c) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment.

## APPENDIX III PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

Any adjustment so made shall be in compliance with the Listing Rules and such applicable guidance set out in the Frequently Asked Question No. 072/2020 on adjustments of the exercise price of share options published by the Stock Exchange on 6 November 2020 (and its attachment).

### ***The method of adjusting the number of share options:***

*In the event of capitalisation issue or share subdivision*

$$Q = Q_0 \times (1 + n)$$

Where: “Q<sub>0</sub>” represents the number of share options before the adjustment;  
“n” represents the ratio per share of capitalisation issue or share subdivision;  
“Q” represents the number of share options after the adjustment.

*In the event of rights issue*

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where: “Q<sub>0</sub>” represents the number of share options before the adjustment;  
“P<sub>1</sub>” represents the closing price as at the record date;  
“P<sub>2</sub>” represents the subscription price for the rights issue;  
“n” represents the ratio of allotment;  
“Q” represents the number of share options after the adjustment.

*In the event of consolidation of shares or reduction of capital*

$$Q = Q_0 \times n$$

Where: “Q<sub>0</sub>” represents the number of share options before the adjustment;  
“n” represents the ratio of consolidation or reduction of capital;  
“Q” represents the number of share options after the adjustment.

### ***The method of adjusting the subscription price:***

*In the event of capitalisation issue or share subdivision*

$$P = P_0 \div (1 + n)$$

Where: “P<sub>0</sub>” represents the subscription price before the adjustment;  
“n” represents the ratio per share of capitalisation issue or share subdivision;  
“P” represents the subscription price after the adjustment.

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*In the event of rights issue*

$$P = P_0 \times (P_1 + P_2 \times n) \div (P_1 \times (1 + n))$$

Where:    “P<sub>0</sub>” represents the subscription price before the adjustment;

          “P<sub>1</sub>” represents the closing price as at the record date;

          “P<sub>2</sub>” represents the subscription price for rights issue;

          “n” represents the ratio of allotment;

          “P” represents the subscription price after the adjustment.

*In the event of consolidation of shares or reduction of capital*

$$P = P_0 \div n$$

Where:    “P<sub>0</sub>” represents the subscription price before the adjustment;

          “n” represents the ratio of consolidation or reduction of capital;

          “P” represents the subscription price after the adjustment.

The above methods of adjustments shall be subject to any future guidance and/or interpretation of the Listing Rules issued by the Stock Exchange from time to time.

### **(19) CANCELLATION OF OPTIONS**

Any cancellation of options granted but not exercised must be subject to the consent of the relevant grantee and approved by the Directors, and no options will be granted in place of the cancelled options unless there are available unissued options (excluding the cancelled options) within the limit of the New Scheme as set out in paragraph (3) above headed “Maximum number of Shares available for subscription”.

### **(20) TERMINATION OF THE NEW SCHEME**

The Company may by resolution at general meeting at any time terminate the operation of the New Scheme and in such event no further options shall be offered but in all other respects the provisions of the New Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Scheme.

### **(21) RIGHTS ARE PERSONAL TO THE GRANTEE**

An option is personal to the grantee and shall not be transferable or assignable. The grantee shall not sell, transfer, mortgage, encumber or in any way create any interest in any option granted. Any breach of the foregoing will entitle the Company to cancel any outstanding option or any part thereof granted to the grantee in breach without incurring any liability on the part of the Company.

**(22) LAPSE OF OPTION**

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the period referred to in paragraph (6); and
- (b) the expiry of the periods or dates referred to in paragraphs (12), (13), (14), (15), (16) and (17).

**(23) MISCELLANEOUS**

- (a) The New Scheme is conditional on the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of any options which may be granted up to 10% of the Shares in issue as at the date of the Annual General Meeting under the New Scheme.
- (b) The terms and conditions of the New Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders at general meeting.
- (c) Any alterations to the terms and conditions of the New Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders at general meeting, except where the alterations take effect automatically under the existing terms of the New Scheme.
- (d) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the New Scheme shall be approved by the Shareholders at general meeting.

**(24) PRESENT STATUS OF THE NEW SCHEME**

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted up to 10% of the Shares in issue as at the date of the Annual General Meeting under the New Scheme.

# NOTICE OF ANNUAL GENERAL MEETING



## EXTRAWELL PHARMACEUTICAL HOLDINGS LIMITED

精優藥業控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 00858)

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Extrawell Pharmaceutical Holdings Limited (the “**Company**”) will be held at Room 1, United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 30 August 2022 at 3:00 p.m. for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and consider the audited consolidated financial statements and the reports of the directors and the independent auditor of the Company for the year ended 31 March 2022.
2. To re-elect retiring directors and to authorise the board of directors of the Company to fix the directors’ remuneration.
3. To re-appoint the independent auditor and to authorise the board of directors of the Company to fix its remuneration.

### AS SPECIAL BUSINESS

To consider and, if thought fit, pass with or without modifications, the following resolutions as ordinary resolutions:

### ORDINARY RESOLUTIONS

4. **“THAT:**
  - (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with the unissued shares (each a “Share”) of HK\$0.01 each in the capital of the Company and to make or grant offers, agreements and options, including warrants or rights to subscribe for or to convert any securities into Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

\* For identification purpose only

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- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options, including warrants or rights to subscribe for or to convert any securities into Shares, which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or

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extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to buy back shares (each a “Share”) of HK\$0.01 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Act 1981 of Bermuda (the “Companies Act”) and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be bought back or agreed to be bought back by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act or any other applicable law of Bermuda to be held; or
  - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

6. **“THAT** conditional on the passing of resolutions numbered 4 and 5 above, the general mandate granted to the directors of the Company pursuant to resolution numbered 4 above be and it is hereby extended by the addition to the aggregate nominal amount of the shares of HK\$0.01 each in the capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company bought back or agreed to be bought back by the Company pursuant to or in accordance with the authority granted

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under resolution numbered 5 above, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution.”

7. **“THAT:**

- (a) subject to the grant by The Stock Exchange of Hong Kong Limited of the listing of, and permission to deal in, the shares (“Shares”) of the Company falling to be issued pursuant to the new share option scheme (“New Scheme”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the New Scheme be and are hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with Shares pursuant to the exercise of any options granted thereunder and pursuant to the terms and conditions thereof, and to do all such acts, matters and things as they may in their discretion consider necessary, expedient or desirable to give effect to and implement the New Scheme; and
- (b) the aggregate nominal amount of share capital to be allotted and issued pursuant to paragraph (a) above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from time to time adopted by the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing this resolution.”

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

Hong Kong, 29 July 2022

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of  
business in Hong Kong:*  
Suites 2206–08, 22/F  
Devon House, Taikoo Place  
979 King’s Road  
Quarry Bay  
Hong Kong

*Notes:*

1. A member of the Company entitled to attend and vote at the meeting above is entitled to appoint in written form one or, if he is the holder of two or more shares (“Shares”) of the Company, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

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2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the above meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such Shares shall alone be entitled to vote in respect thereof.
3. A form of proxy for use at the meeting is enclosed. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) at the Company's branch share registrar and transfer office in Hong Kong ("**Branch Registrar**"), Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (which will be relocated to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022) not less than 48 hours before the time fixed for holding the meeting (or any adjournment thereof).
4. For the purpose of determining members who are qualified for attending the above meeting, the register of members of the Company will be closed from 25 August 2022 to 30 August 2022 (both days inclusive), during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Branch Registrar at the above address by no later than 4:30 p.m. on 24 August 2022.
5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting (or any adjournment thereof) and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Due to COVID-19 and social distancing rules imposed by the Hong Kong Government, members are strongly encouraged to cast your votes by appointing the Chairman of the Meeting as your proxy to vote on the resolutions instead of appointing a proxy other than the Chairman of the Meeting or attending in person.

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