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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)

MAJOR TRANSACTION PROPOSED THIRD AMENDMENTS TO THE TERMS AND CONDITIONS OF THE CONVERTIBLE BONDS

THE THIRD AMENDMENT DEED

The Board announces that on 28 April 2023 (after trading hours), the Company and Innovative entered into the Third Amendment Deed whereby the Company and Innovative have conditionally agreed to, among other matters, further amend certain terms and conditions of the Convertible Bonds to, *inter alia*, extend the maturity date, the interest payment dates and the payment of additional Interest of the Convertible Bonds.

The taking effect of the Proposed Third Amendments will be subject to the fulfillment of the Conditions Precedent. Save for the Proposed Third Amendments, all other terms of the Convertible Bonds remain unchanged.

THE DEED OF WAIVER

On 28 April 2023 (after the trading hours), the Company and Innovative also entered into the Deed of Waiver whereby the Company granted to Innovative a waiver in respect of obligations of Innovative to redeem the principal amount of the Convertible Bonds and pay the outstanding Interest when due to the extent necessary and solely to effect the Proposed Third Amendments.

The Deed of Waiver also stipulated that if any of the Conditions Precedent has not been fulfilled by the Long Stop Date, the Third Amendment Deed shall automatically terminate on such date and Innovative shall pay to the Company within 30 Business Days from the Long Stop Date the principal amount of the Convertible Bonds, all the outstanding Interest and the additional Interest accrued from the Long Stop Date to the actual payment date.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Third Amendment Deed is more than 25%, the transaction contemplated under the Third Amendment Deed constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. The Proposed Third Amendments are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further information on the Proposed Third Amendments as a major transaction and a notice of the SGM will be dispatched to the Shareholders as soon as practicable on or before 12 June 2023, in accordance with the requirements set out in the Listing Rules.

WARNING NOTICE

Shareholders and potential investors should note that the Third Amendment Deed is conditional upon fulfillment of all the Conditions Precedent. The transactions contemplated under the Third Amendment Deed may or may not be materialized. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

BACKGROUND

Reference is made to the 2014 Announcements and the circular of the Company dated 27 June 2014 (the "**2014 Circular**") in relation to, among other matters, the disposal (the "**Disposal**") of 51% shareholding interest in Smart Ascent Limited by the Group to Innovative. Upon completion of the Disposal on 28 July 2014, as part of the consideration to the Disposal, Innovative issued the Convertible Bonds to the Company with principal amount of HK\$715,000,000 due on 28 July 2021 with Interest at 3.5% per annum.

Please refer to the 2014 Announcements and the 2014 Circular for the details of the Convertible Bonds.

As at the date of this announcement, the Bondholder is the Company, the principal amount of the Convertible Bonds is HK\$715,000,000, and Innovative has paid the Interest during the period from 28 July 2014 to 27 July 2018 to the Company.

THE FIRST AMENDMENTS

Reference is made to the 2019 Announcements and the circular of the Company dated 16 September 2019 ("**2019 Circular**") regarding the First Amendments to the Convertible Bonds. On 26 July 2019, the Company and Innovative entered into the First Amendment Deed, pursuant to which the Parties amended certain terms and conditions of the Convertible Bonds to, *inter alia*, extend the interest payment dates of the Convertible Bonds and include the payment of the additional Interest in the amount of HK\$11,261,250 (the "**Additional Interest I**") for such extension.

Please refer to the 2019 Announcements and 2019 Circular for the details of the First Amendments.

THE SECOND AMENDMENTS

Reference is also made to the 2021 Announcements and the circular of the Company dated 14 July 2021 (“**2021 Circular**”) regarding the Second Amendments to the Convertible Bonds. On 12 May 2021, the Parties entered into the Second Amendment Deed, pursuant to which the Parties further amended certain terms and conditions of the Convertible Bonds to, *inter alia*, (i) extend the maturity date of the Convertible Bonds; (ii) extend the interest payment dates for those outstanding Interest to 28 July 2023; and (iii) include the additional Interest in the amount of HK\$29,654,625 (the “**Additional Interest II**”) for such extension.

Please refer to the 2021 Announcements and 2021 Circular for the details of the Second Amendments.

THE PROPOSED THIRD AMENDMENTS

The Board announces that on 28 April 2023 (after trading hours), the Parties entered into the Third Amendment Deed in respect of the Proposed Third Amendments, pursuant to which, subject to the fulfillment of the Conditions Precedent, the Parties conditionally agreed to further amend the following terms and conditions of the Convertible Bonds:

- (a) the maturity date of the Convertible Bonds shall be extended for further 2 years and thus the Maturity Date will be the date falling on the eleventh (11th) anniversary of the date of issue of the Convertible Bonds;
- (b) the interest rate and interest payment date of the outstanding Interest and the additional Interest of the Convertible Bonds as amended in the First Amendments and the Second Amendments shall be further amended. Accordingly, the Interest payable by Innovative to the Company shall include:
 - (i) the total outstanding annual Interest for the period from 28 July 2018 to 27 July 2025 in the amount of HK\$189,475,000 which is calculated on the principal amount of HK\$715,000,000 in accordance with the interest rate and payment schedule as stated below:

Interest Period	Interest Rate	Payment due dates
28 July 2018 to 27 July 2019	3.5% per annum on the principal amount of the Convertible Bonds	28 July 2025
28 July 2019 to 27 July 2020	3.5% per annum on the principal amount of the Convertible Bonds	28 July 2025
28 July 2020 to 27 July 2021	3.5% per annum on the principal amount of the Convertible Bonds	28 July 2025

Interest Period	Interest Rate	Payment due dates
28 July 2021 to 27 July 2022	3.5% per annum on the principal amount of the Convertible Bonds	28 July 2025
28 July 2022 to 27 July 2023	3.5% per annum on the principal amount of the Convertible Bonds	28 July 2025
28 July 2023 to 27 July 2024	4.5% per annum on the principal amount of the Convertible Bonds	28 July 2025
28 July 2024 to 27 July 2025	4.5% per annum on the principal amount of the Convertible Bonds	28 July 2025

- (ii) the Additional Interest I in the amount of HK\$11,261,250 the payment date of which will be extended and due on 28 July 2025 (The Additional Interest I was due on 28 July 2021 as per the First Amendments and was further extended to be due on 28 July 2023 as per the Second Amendments);
- (iii) the Additional Interest II in the amount of HK\$29,654,625 the payment date of which will be extended and due on 28 July 2025 (The Additional Interest II will be due on 28 July 2023 as per the Second Amendments);
- (iv) a sum of additional Interest in the amount of HK\$4,826,250 (“**Additional Interest III**”) to be payable and due on 28 July 2025 being the additional Interest for one-year extension for payment of Interest for the period from 28 July 2023 to 27 July 2024 (The Additional Interest III representing 15% per annum on the annual interest payment under the Convertible Bonds for the period from 28 July 2023 to 27 July 2024); and
- (v) a sum of additional Interest in the amount of HK\$49,812,263 (“**Additional Interest IV**”) to be payable and due on 28 July 2025 (representing 15% per annum on the aggregate amount of outstanding Interest for the period from 28 July 2018 to 27 July 2023 multiplied by 2).

The Company and Innovative acknowledged and confirmed that (i) the total outstanding Interest due from Innovative to the Company for the period from 28 July 2018 to 27 July 2023 is HK\$166,040,875; and (ii) after the taking effect of the Proposed Third Amendments, the total outstanding Interest due from Innovative to the Company for the period from 28 July 2018 to 27 July 2025 will be HK\$285,029,388.

Save as the Proposed Third Amendments as disclosed above, the principal terms of the Convertible Bonds remain unchanged.

Conditions Precedent to the Proposed Third Amendments

The Proposed Third Amendments shall be conditional upon and subject to the following Conditions Precedent:

- (a) the approval having been obtained from the Stock Exchange in respect of the Proposed Third Amendments;
- (b) all necessary consents and approvals required to be obtained on the part of the Company and Innovative in respect of the Proposed Third Amendments having been obtained and remained in full force and effect;
- (c) the passing of the necessary resolution(s) by the shareholders of each of the Company and Innovative to approve the Third Amendment Deed and the transactions contemplated thereunder; and
- (d) (if necessary) the Company having passed a written resolution of the Bondholder to approve the Third Amendment Deed and the transactions contemplated thereunder.

The Proposed Third Amendments shall take effect on the next Business Day when all the Conditions Precedent are fulfilled (the “**Third Amendments Effective Date**”). None of the Conditions Precedent can be waived. If the Conditions Precedent have not been fulfilled on or before 28 June 2023 (or such other date as the Company and Innovative may agree) (the “**Long Stop Date**”), the Third Amendment Deed shall automatically lapse and be of no further effect and the Company and Innovative shall be released from all obligations under the Third Amendment Deed.

THE DEED OF WAIVER

On 28 April 2023, the Company and Innovative also entered into the Deed of Waiver whereby the Company during the period from and including the date of the Third Amendment Deed to the Third Amendments Effective Date or the date the Third Amendment Deed is terminated (whichever is earlier) (i) granted to Innovative a waiver in respect of the following obligations when due to the extent necessary and solely to effect the Proposed Third Amendments:

- (a) to redeem 100% of the principal amount of the Convertible Bonds (the “**Outstanding Principal Payment**”) amounting to HK\$715,000,000 on 28 July 2023 (the maturity date under the Second Amendments);
- (b) to pay the outstanding annual Interest for the period from 28 July 2018 to 27 July 2023 amounting to HK\$125,125,000 on 28 July 2023 (“**Outstanding Annual Interest Payment**”); and

(c) to pay the additional Interest in the aggregate amount of HK\$40,915,875 on 28 July 2023 (i.e. the sum of Additional Interest I and Additional Interest II, collectively, the “**Outstanding Additional Interest Payment**”),

and (ii) not to take any steps to enforce or make demand for the Outstanding Principal Payment, Outstanding Annual Interest Payment and Outstanding Additional Interest Payment.

It is also stipulated in the Deed of Waiver that if any of the Conditions Precedent has not been fulfilled on the Long Stop Date, the Third Amendment Deed shall automatically terminate and will have no further effect on the Company and Innovative, and in such event, Innovative shall within 30 Business Days from the Long Stop Date to

(i) pay to the Company the Outstanding Principal Payment;

(ii) pay to the Company the Outstanding Annual Interest Payment;

(iii) pay to the Company the Outstanding Additional Interest Payment; and

(iv) pay to the Company the additional Interest calculated at 15% per annum on HK\$881,040,875 (being the aggregate amount of Outstanding Principal Payment (HK\$715,000,000) and the total Interest due from Innovative to the Company for the period from 28 July 2018 to 27 July 2023 (HK\$166,040,875)), accrued from 28 July 2023 to the actual date of payment (both days inclusive) on the basis of a 365-day year.

REASONS FOR AND BENEFITS OF THE PROPOSED THIRD AMENDMENTS

The Outstanding Principal Payment, the Outstanding Annual Interest Payment and the Outstanding Additional Interest Payment, unless they are extended, will be due on 28 July 2023.

As at the date of this announcement, all of the Convertible Bonds with an aggregate principal amount of HK\$715,000,000 held by the Company is still outstanding. Given the current share prices of Innovative, the Company has no present intention of converting the Convertible Bonds into the shares of Innovative as it considers that the holding of Convertible Bonds to maturity shall provide more monetary benefits to the Company. Innovative has approached the Company to request for further extension of the maturity date of the Convertible Bonds (after the Second Amendments) for a further two-year period to the Maturity Date, in order to enable it to postpone a substantial cash outflow and allowing it more time to arrange for financial resources to meet its payment obligations for any aforesaid payments.

The further 2-year extension of the maturity of the Convertible Bonds, the extension of the payment of all outstanding Interest, the determination of annual interest rate for the 2-year extended period and the payment of additional Interest on the outstanding interest payment, are all arrived at after arm's length negotiation between the Company and Innovative. The Directors consider that the prolonged COVID-19 pandemic in the past three years was a global disruption across trade and finance and caused widespread impacts on business operations to varying degrees, that Innovative experienced difficulty in

improving its financial performance, and obtaining new debt with favorable terms or procuring equity financing under the volatile market condition. Given the aforesaid, and the view that the increase of the annual interest rate for the 2-year extension, the Additional Interest III and Additional Interest IV all of which are the return resulting from the request of Innovative of the extension of time, will bring benefit and generate more income to the Company as the additional Interest generated from the Proposed Third Amendments shall exceed the interest income from placing bank deposits in commercial banks in Hong Kong. Having considered the above factors and the Proposed Third Amendments will not affect the business operations of the Group and having taken into account of the Group's cash position, the cash flows and working capital requirements of business operations for the coming three years, the Directors are of the view that the Proposed Third Amendments and the granting of the waiver to Innovative pursuant to the terms of Deed of Waiver are both on normal commercial terms and are fair and reasonable and in the interests of the Company and Shareholders as a whole.

INFORMATION OF INNOVATIVE

Innovative is an investment holding company and its subsidiaries are principally engaged in the trading of beauty products and equipment, and research, development and commercialization of the oral insulin product.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of this announcement, Innovative does not hold any Share of the Company; (ii) each of Dr. Xie Yi, Mr. Cheng Yong and Dr. Lou Yi, being executive Director, holds less than 1% of the share capital of Innovative, and (iii) Dr. Mao Yumin, being a director of certain subsidiaries of the Company, is a substantial shareholder of Innovative holding approximately 22.60% of the share capital of Innovative and he also holds approximately 7.94% of the Shares of the Company. Save as disclosed above, Innovative and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

INFORMATION OF THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in the development, manufacture and sales of pharmaceutical products in the PRC, the marketing and distribution of pharmaceutical products to customers in the PRC, and the business of commercial exploitation and development of genome-related technology.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Third Amendment Deed is more than 25%, the transaction contemplated under the Third Amendment Deed constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. The Proposed Third Amendments are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further information on the Proposed Third Amendments as a major transaction and a notice of the SGM will be dispatched to the Shareholders as soon as practicable on or before 12 June 2023, in accordance with the requirements set out in the Listing Rules.

WARNING NOTICE

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DEFINITIONS

“2014 Announcements”	the joint announcements of the Company and Innovative dated 18 March 2014 and 28 July 2014
“2019 Announcements”	the announcements of the Company dated 26 July 2019 and 28 October 2019 regarding to the First Amendments
“2021 Announcements”	the announcements of the Company dated 12 May 2021 and 16 August 2021 regarding to the Second Amendments
“Board”	the board of Directors
“Bondholder”	the existing holder of the Convertible Bonds, being the Company as at the date of the announcement
“Business Day(s)”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Company”	Extrawell Pharmaceutical Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 858)
“Conditions Precedent”	conditions precedent to the Proposed Third Amendments as set forth in the Third Amendment Deed
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$715,000,000 due in 2021 issued by Innovative to the Company on 28 July 2014 with the Interest of 3.5% per annum for a conversion period of 7 years from the date of issue, details of which are set out in the 2014 Announcements

“Deed of Waiver”	the deed of waiver dated 28 April 2023 executed by the Parties
“Director(s)”	the director(s) of the Company
“First Amendments”	the amendments made to the terms and conditions of the Convertible Bonds as set forth in the First Amendment Deed
“First Amendment Deed”	the deed of amendments dated 26 July 2019 executed by the Parties in relation to the amendments on the Convertible Bonds
“Group”	the Company and its subsidiaries
“Innovative”	Innovative Pharmaceutical Biotech Limited (formerly known as United Gene High-Tech Group Limited), a limited liability company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 399)
“Interest”	interest of the Convertible Bonds
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the maturity date of the Convertible Bonds under the Proposed Third Amendments, being the date falling on the eleventh (11th) anniversary of the date of issue of the Convertible Bonds
“Parties”	parties to the First Amendment Deed, the Second Amendment Deed, the Third Amendment Deed and the Deed of Waiver, being the Company and Innovative
“PRC”	the People’s Republic of China
“Proposed Third Amendments”	the proposed amendments to be made to the terms and conditions of the Convertible Bonds as set forth in the Third Amendment Deed
“Second Amendments”	the amendments made to the terms and conditions of the Convertible Bonds as set forth in the Second Amendment Deed
“Second Amendment Deed”	the deed of amendments dated 12 May 2021 executed by the Parties in relation to the further amendments on the Convertible Bonds
“SGM”	a special general meeting to be held and convened by the Company to consider and, if thought fit, to approve the Proposed Third Amendments
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company

“Shareholders”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Amendment Deed”	the deed of amendments dated 28 April 2023 executed by the Parties in relation to the Proposed Third Amendments

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

Hong Kong, 28 April 2023

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

* *For identification purpose only*