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**PuraPharm**

**PURAPHARM CORPORATION LIMITED**

**培力農本方有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1498)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**

**華通證券國際**

– Waton Securities International Limited –

**Waton Securities International Limited**

### **THE PLACING**

On 28 March 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to allot and issue, and the Placing Agent has conditionally agreed to place, on a best effort basis, up to 50,000,000 new Shares to not less than six Placees at the Placing Price of HK\$0.78 per Placing Share. The Placees and (where appropriate) their respective ultimate beneficial owner(s) shall be Independent Third Parties. The Placing Shares will be issued under the General Mandate.

The Placing Shares represent (i) approximately 12.6% of the existing issued share capital of the Company, and (ii) approximately 11.2% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

**Shareholders and potential investors should note that the Placing is subject to the fulfilment of the condition under the Placing Agreement as set out in the section headed “Condition of the Placing” and the Placing Agreement may be terminated by the Placing Agent at any time up to 8:00 a.m. on the date of Completion. As the Placing may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **THE PLACING AGREEMENT**

On 28 March 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent.

### **Date**

28 March 2024 (after trading hours)

### **Issuer**

The Company

### **Placing Agent**

Watson Securities International Limited

The Placing Agent has conditionally agreed to place, on a best effort basis, up to 50,000,000 new Shares to not less than six Placées at the Placing Price of HK\$0.78 per Placing Share. The Placing Agent will receive a placing commission of 3% of the aggregate amount equal to the Placing Price multiplied by the Placing Shares successfully placed by the Placing Agent. Having considered the recent market sentiment, size and terms of the Placing, the Directors are of the view that the placing commission of 3% for the Placing is fair and reasonable.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Placing Agent and the ultimate beneficial owners of its substantial shareholders are Independent Third Parties.

## **Placees**

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees who and whose ultimate beneficial owners (where appropriate) shall be Independent Third Parties. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after the Placing.

## **Placing Shares**

The Placing Shares represent:

- (i) approximately 12.6% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 11.2% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, assuming that all Placing Shares are fully placed.

Based on the closing price of the Shares of HK\$0.83 per Share on 28 March 2024, being the date of the Placing Agreement, the Placing Shares have a market value of HK\$41.5 million. The Placing Shares have an aggregate nominal value of US\$5 million (or equivalent to HK\$39 million at the exchange rate of US\$1.00 to HK\$7.80).

The Placing Shares will rank, upon issue, *pari passu* in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Placing Price**

The Placing Price of HK\$0.78 per Placing Share represents:

- (i) a discount of 6.02% to the closing price of HK\$0.83 per Share as quoted on the Stock Exchange on 28 March 2024, being the date of the Placing Agreement; and
- (ii) a discount of approximately 2.99% to the average closing price of approximately HK\$0.804 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other matters, the prevailing market price of the Shares and recent market condition. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

### **Placing Period**

From 28 March 2024 to 15 April 2024

### **Condition of the Placing**

Completion is conditional upon:

- (i) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares on or before the Long Stop Date;
- (ii) the General Mandate being valid and sufficient for the Company to allot and issue the Placing Shares; and
- (iii) the Company having obtained all necessary approvals for allotting and issuing the Placing Shares.

The above conditions precedent are not capable of being waived. In the event that the any condition to the Placing is not fulfilled by 4:00 p.m. on the Long Stop Date, the Placing will not proceed and the Placing Agreement, along with all rights and obligations of the Placing Agent and the Company under the Placing Agreement will cease and terminate.

### **Application for the listing of the Placing Shares**

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **Completion**

Completion shall take place on the third (3rd) Business Day after the fulfilment of the above conditions, which shall be a date no later than 18 April 2024 (or on such other date as the Company and the Placing Agent may agree).

## **General Mandate**

The Placing Shares will be issued under the General Mandate, pursuant to which the Company is authorised to allot and issue up to 79,179,455 Shares. As at the date of this announcement, no Shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

The 50,000,000 Placing Shares constitute 63.1% of the General Mandate and, upon completion of the Placing, 29,179,455 Shares (or approximately 36.9%) of the General Mandate will remain unutilised.

## **Termination of Placing Agreement**

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of Completion.

Upon termination of the Placing Agreement pursuant to the above provision, all liabilities of the parties to the Placing Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholdings in the Company as at the date of this announcement and immediately after the Completion are set out as follows:

| Shareholders   | As at the date of<br>this announcement |                   | Immediately<br>after the Completion |                   |
|--|--|-------------------|-------------------------------------|-------------------|
|  | <i>Number<br/>of Shares</i>            | <i>%</i>          | <i>Number<br/>of Shares</i>         | <i>%</i>          |
| Mr. Abraham Chan, Ms. Viola Man and<br>their controlled corporations ( <i>Note 1</i> ) | 227,119,147                            | 57.37%            | 227,119,147                         | 50.94%            |
| Ho Kwok Wah, George ( <i>Note 2</i> )  | 20,000                                 | 0.01%             | 20,000                              | 0.01%             |
| Leung Lim Kin, Simon ( <i>Note 3</i> )   | 20,000                                 | 0.01%             | 20,000                              | 0.01%             |
| Tsui Lap Chee ( <i>Note 4</i> )  | 20,000                                 | 0.01%             | 20,000                              | 0.01%             |
| Placees  | –                                      | –                 | 50,000,000                          | 11.21%            |
| Other public Shareholders  | <u>168,718,128</u>                     | <u>42.60%</u>     | <u>168,718,128</u>                  | <u>37.82%</u>     |
| <br>Total  | <br><u>395,897,275</u>                 | <br><u>100.00</u> | <br><u>445,897,275</u>              | <br><u>100.00</u> |

*Notes:*

1. Ms. Viola Man is the spouse of Mr. Abraham Chan. Mr. Abraham Chan and Ms. Viola Man beneficially own the entire issued share capital of Joint Partners Investment Limited (“**Joint Partners**”), which in turn wholly owns the issued capital of PuraPharm Corporation Limited (“**PuraPharm Corp**”), a limited liability company incorporated in the British Virgin Islands on 5 May 1998. PuraPharm Corp owns 77,349,750 Shares. By virtue of the SFO, Mr. Abraham Chan and Ms. Viola Man are deemed to be interested in the Shares held by PuraPharm Corp. Mr. Abraham Chan wholly owns the issued share capital of Fullgold Development Limited (“**Fullgold Development**”), which in turn owns 81,929,000 Shares. By virtue of the SFO, Mr. Abraham Chan is deemed to be interested in the Shares held by Fullgold Development. Mr. Abraham Chan beneficially owns the entire issued share capital of Gold Sparkle Limited (“**Gold Sparkle**”), which in turn owns 19,576,080 Shares. By virtue of the SFO, Mr. Abraham Chan is deemed to be interested in the Shares held by Gold Sparkle.
2. Mr. Ho Kwok Wah, George is an independent non-executive Director (“**INED**”).
3. Dr. Leung Lim Kin, Simon is an INED.
4. Prof Tsui Lap Chee is an INED.

## **CAPITAL-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Company is an investment holding company. The Group is principally engaged in the research, development, production and sale of concentrated Chinese medicine granule (CCMG) products and Chinese healthcare products, plantation and trading of raw Chinese herbs, and manufacturing and sales of traditional Chinese medicine (TCM) decoction pieces (中藥飲片), as well as rendering of Chinese medical diagnostic services.

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide additional working capital to meet its ongoing development and its existing operations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company.

The gross proceeds and the net proceeds (the “**Net Proceeds**”) (after deducting the placing fee and other related expenses incurred in the Placing) from the Placing are expected to be HK\$37.7 million and approximately HK\$39.0 million, respectively. The net subscription price per Placing Share after deducting commission and other expenses is approximately HK\$0.754.

It is expected that the entire amount of the Net Proceeds of approximately HK\$37.7 million will be used by the Company as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable, on normal and commercial terms and the Placing is in the interest of the Company and the Shareholders as a whole.

**Shareholders and potential investors should note that the Placing is subject to the fulfilment of the condition under the Placing Agreement as set out in the section headed “Condition of the Placing” and the Placing Agreement may be terminated by the Placing Agent at any time up to 8:00 a.m. on the date of Completion. As the Placing may or may not proceed to Completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

|                             |   |
|-----------------------------|---|
| “Board”                     | the board of Directors;   |
| “Business Day(s)”           | a day (other than Saturday) on which banks are open in Hong Kong for general banking business;  |
| “Company”                   | PuraPharm Corporation Limited, an exempted company incorporated in the Cayman Islands, the Share of which are listed on the Stock Exchange (stock code: 1498);  |
| “Completion”                | completion of the Placing;  |
| “Director(s)”               | the director(s) of the Company;   |
| “General Mandate”           | the general mandate granted to the Board pursuant to the ordinary resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 30 May 2023 to allot, issue and deal with Shares up to 20% of the then number of issued share capital of the Company (being 79,179,455 Shares) as at the date of passing such resolution, which was 395,897,275 Shares; |
| “Group”                     | the Company and its subsidiaries;   |
| “Hong Kong”                 | the Hong Kong Special Administrative Region of the People’s Republic of China;  |
| “HK\$”                      | Hong Kong dollars, the lawful currency of Hong Kong;  |
| “Independent Third Parties” | third parties who are independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules);  |



|                     |   |
|---------------------|---|
| “Listing Rules”     | the Rules Governing the Listing of Securities on the Stock Exchange;  |
| “Long Stop Date”    | 18 April 2024, or such other date as the parties hereto may agree in writing;   |
| “Placee(s)”         | any individual, institutional or other professional investor procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement;  |
| “Placing”           | the placing of 50,000,000 Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement;  |
| “Placing Agent”     | Watson Securities International Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO to carry out Type 1 (Dealing in Securities), Type 4 (Advising on Securities), Type 5 (Advising on Futures Contracts) and Type 9 (Asset Management) regulated activities; |
| “Placing Agreement” | the conditional placing agreement entered into between the Company and the Placing Agent dated 28 March 2024 in relation to the Placing;  |
| “Placing Price”     | HK\$0.78 per Placing Share;   |
| “Placing Shares”    | 50,000,000 new Shares to be placed pursuant to the Placing Agreement;   |
| “SFO”               | the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;  |
| “Share(s)”          | ordinary share(s) with nominal value of US\$0.1 each in the share capital of the Company;   |

|                              |   |
|------------------------------|---|
| “Shareholder(s)”             | holder(s) of Share(s);                                  |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited;                |
| “substantial shareholder(s)” | has the meaning ascribed to it under the Listing Rules; |
| “%”                          | per cent.   |

By order of the Board  
**PuraPharm Corporation Limited**  
**Chan Yu Ling, Abraham**  
*Chairman and Executive Director*

Hong Kong, 28 March 2024

*As at the date of this announcement, the executive Directors of the Company are Mr. Chan Yu Ling, Abraham and Ms. Man Yee Wai, Viola; the non-executive Director of the Company is Mr. Leung Stephen Kwok Keung; and the independent non-executive Directors of the Company are Mr. Ho Kwok Wah, George, Dr. Leung Lim Kin, Simon and Prof. Tsui Lap Chee.*