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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)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE
PATENT LICENCE AGREEMENT
INVOLVING THE ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE;
AND
(2) SUBSCRIPTION OF NEW SHARES BY
THE SUBSCRIBER
UNDER SPECIFIC MANDATE**

THE PATENT LICENCE AGREEMENT

On 25 July 2025 (after trading hours), the Company and the Licensor entered into the Patent Licence Agreement, pursuant to which the Licensor has conditionally agreed to grant to the Company an exclusive non-transferable licence of the Licensed IP. In consideration of the grant of Licensed IP, the Company has conditionally agreed to allot and issue the Consideration Shares to the Licensor as a one-off non-refundable licence fee of HK\$40,200,000.

The Consideration Shares will be issued under the Consideration Shares Specific Mandate. The Patent Licence Agreement is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Consideration Shares and the passing of necessary resolution(s) by the Independent Shareholders at the EGM to approve the Patent Licence Agreement and the transactions contemplated thereunder. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

As one or more of the applicable percentage ratios in respect of the Patent Licence Agreement exceeds 5% but all of them are less than 25%, the transactions under the Patent Licence Agreement constitute a discloseable transaction for the Company and are therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Licensor is a company indirectly wholly owned by BAGI Group Limited which in turn is controlled by Mr. Chan. As Mr. Chan is the chairman of the Board, the chief executive officer of the Company, an executive Director and a Controlling Shareholder, he is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Patent Licence Agreement will constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements at the EGM under Chapter 14A of the Listing Rules.

THE SUBSCRIPTION AGREEMENT

On 25 July 2025, the Company also entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 46,512,000 Subscription Shares at the Subscription Price of HK\$0.43 per Subscription Share. The gross Subscription proceeds will be HK\$20,000,160.

The Subscription Shares will be allotted and issued under the Subscription Shares Specific Mandate, which is subject to the Independent Shareholders' approval at the EGM.

The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

GENERAL

The EGM will be convened to consider and, if thought fit, approve (i) the Patent Licence Agreement and the transactions contemplated thereunder (including the grant of the Consideration Shares Specific Mandate to the Directors for the allotment and issue of the Consideration Shares); and (ii) the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Subscription Shares Specific Mandate to the Directors for the allotment and issue of the Subscription Shares). Mr. Chan, being one of the Controlling Shareholders, and his associates, including his spouse, namely Ms. Man, as well as Dr. Tsoi Kam Biu, Alvin and his associates (if holding any Shares or otherwise controlling any voting rights), shall abstain from voting on the proposed resolution(s) to approve (i) the Patent Licence Agreement and the transactions contemplated thereunder; and (ii) the Subscription Agreement and the transactions contemplated thereunder at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Patent Licence Agreement and the transactions contemplated thereunder. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details of (i) the Patent Licence Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee and a letter of advice from the Independent Financial Adviser in respect of the transactions contemplated under the Patent Licence Agreement; (iii) the Subscription Agreement and the transactions contemplated thereunder, together with the notice of the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules, which is expected to be despatched by the Company within 15 business days after the date of this announcement (i.e. on or before 15 August 2025).

Completion of the Patent Licence Agreement and of the Subscription Agreement is subject to the satisfaction of the respective conditions precedent set forth in each of the agreements, with the two agreements being inter-conditional with one another. As the Patent Licence Agreement and the Subscription Agreement may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that the Company has executed the Patent Licence Agreement and the Subscription Agreement on 25 July 2025.

THE PATENT LICENCE AGREEMENT

The principal terms of the Patent Licence Agreement are set out below:

Date

25 July 2025 (after trading hours)

Parties

- (i) the Licensor; and
- (ii) the Company (as licensee)

Subject matter

Subject to the terms and conditions under the Patent Licence Agreement, the Licensor shall grant an exclusive non-transferable licence of the Licensed IP to the Company, pursuant to which the Company shall be entitled to research, design, develop, manufacture, or have manufactured, use and sell or otherwise supply the products manufactured by the Company using the Licensed IP on a worldwide basis.

The terms of the Patent Licence Agreement shall commence on the date of the Licence Agreement Completion and shall remain in effect until the expiration or abandonment of all of the Patents, unless earlier terminated in accordance with the provisions of the Patent Licence Agreement.

The Company shall have the right to sub-license the Licensed IP to one or more of the Company's Subsidiaries for the purpose as set out in the Patent Licence Agreement, and on terms and conditions to be agreed by the Company and its relevant Subsidiary(ies).

But the Company shall have no right to further grant sub-licenses to any parties (apart from the Company's Subsidiaries) of any of the rights granted to the Company under the Patent Licence Agreement, to use or apply the Licensed IP together with any persons (apart from the Company's Subsidiaries) whatsoever in any circumstances, unless with the prior written consent of the Licensor.

There was no prior acquisition cost for the Licensed IP because the Licensed IP was developed by the Licensor and The University of Hong Kong which owns and controls the entire share capital of Versitech.

Licence fee

A one-off non-refundable licence fee of HK\$40,200,000, which shall be fully settled by the Company by the allotment and issue, credited as fully paid, of 93,488,372 Consideration Shares to the Licensor under the Consideration Shares Specific Mandate at the Issue Price of HK\$0.43 per Consideration Share at the Licence Agreement Completion.

The amount of licence fee, and the form of paying the fee, were arrived at after arm's length negotiations between the parties to the Patent Licence Agreement on normal commercial terms. The Company has also taken into account the following:

- (i) the factors and circumstances set out in the section headed "Reasons for and benefits of the Patent Licence Agreement and issue of the Consideration Shares" in this announcement; and
- (ii) the value of the Licensed IP (being HK\$40,200,000) appraised by a valuer which is an Independent Third Party. The valuation report will be set out in the circular in respect of the EGM.

Consideration Shares

At the Licence Agreement Completion, the Consideration Shares shall be allotted and issued, free from encumbrances, pursuant to the Consideration Shares Specific Mandate, credited as fully paid, and shall rank pari passu in all respects among themselves and with the Shares in issue on the date of the Licence Agreement Completion. The allotment and issue of the Consideration Shares under the Consideration Shares Specific Mandate are subject to, among other conditions precedent set out below, the approval of the Independent Shareholders at the EGM.

An aggregate of 93,488,372 Consideration Shares to be issued to the Licensor will represent approximately 23.61% of the issued share capital of the Company as at the date of this announcement and approximately 17.45% of the issued share capital of the Company as enlarged by the allotment and issue of both the Consideration Shares and the Subscription Shares.

The total nominal value of the Consideration Shares will be US\$93,488.37.

The Issue Price of HK\$0.43 per Consideration Share, which represents:

- (1) a discount of approximately 5.5% to the closing price of HK\$0.455 per Share as quoted on the Stock Exchange on 24 July 2025, being the last trading day immediately preceding the date of the Patent Licence Agreement;
- (2) a discount of approximately 5.5% to the average closing price of HK\$0.455 per Share as quoted on the Stock Exchange for the 5 trading days immediately preceding the date of the Patent Licence Agreement;
- (3) a discount of approximately 7.9% to the average closing price of HK\$0.467 per Share as quoted on the Stock Exchange for the 20 trading days immediately preceding the date of the Patent Licence Agreement; and
- (4) a premium approximately 53% to the audited consolidated net asset value of approximately HK\$0.281 per Share as at 31 December 2024, calculated based on the audited consolidated net asset value of the Group attributable to owners of the Company of HK\$111,198,000 as at 31 December 2024 divided by the total number of the Shares in issue as at the date of this announcement.

The Issue Price was arrived at after arm's length negotiations among the parties to the Patent Licence Agreement after taking into account, among others, the prevailing market price of the Shares, the financial performance of the Group and the current market conditions.

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

Conditions precedent

The Licence Agreement Completion shall be subject to the fulfilment or, where applicable, waiver of the following conditions:

- (1) the transactions under the Patent Licence Agreement, including but not limited to, the allotment and issue of the Consideration Shares having been approved by the Independent Shareholders at the EGM to be held in accordance with the requirements of the Listing Rules;
- (2) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares, which may only be subject to conditions as are customarily stipulated by the Stock Exchange for listing of shares, and such approval not having been revoked;
- (3) all conditions precedent for the Subscription Completion having been satisfied or waived (where applicable);
- (4) each of the representations, warranties and/or undertakings contained in or referred to or as set out in the Patent Licence Agreement remaining to be true, accurate and not misleading in all respects; and
- (5) all necessary consents from any relevant governmental or regulatory authorities or other relevant third parties in connection with the entering into and performance of the terms of the Patent Licence Agreement and the transactions contemplated thereunder having been obtained.

In the event that the above conditions precedent have not been fulfilled (or otherwise waived) on or before the Long Stop Date for the Licence Agreement, (i) the Patent Licence Agreement shall lapse and become null and void; and (ii) neither the Company nor the Licensor shall have any obligations save for liabilities for any antecedent breaches in connection with the Patent Licence Agreement.

None of the above conditions precedent is capable of being waived by the Company or the Licensor. As at the date of this announcement, none of the above conditions precedent has been fulfilled.

Licence Agreement Completion

Subject to the above-mentioned conditions precedent having been satisfied, the Licence Agreement Completion will take place on a Business Day on or before the Long Stop Date for the Licence Agreement as agreed by the Licensor and the Company, and such completion date shall also be the date of the Subscription Completion.

As the Licence Agreement Completion is subject to the satisfaction of the conditions precedent in the Patent Licence Agreement, the transactions contemplated under the Patent Licence Agreement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Early termination

If the Company and/or its sub-licensee(s) brings a formal legal action against the Licensor and/or Versitech to challenge the validity, patentability, enforceability and/or non-infringement of any of the Licensed IP or assists another party in bringing such a patent challenge against the Licensor and/or Versitech, then the Licensor may terminate the licence granted therein and/or require the Company to terminate its sub-licence(s) granted to the Company's sub-licensee(s) immediately.

The Patent Licence Agreement may be terminated prior to its expiration by mutual agreement between the Company and the Licensor.

Reasons for and benefits of the Patent Licence Agreement and issue of the Consideration Shares

The Company, founded in 1998, is a Hong Kong-based market leader in modernising and internationalising TCM. It specialises in research, development, production, and sales of CCMG products under its brand “Nong’s®”. The Group also operates one of the largest TCM clinic chain in Hong Kong. With innovative insights and advanced technologies, it develops over-the-counter healthcare products, including Oncozac® and Immuzac®.

The Patents were jointly developed between the Licensor and The University of Hong Kong and co-owned by Versitech and the Licensor. Versitech is the commercialisation arm of The University of Hong Kong and its entire issued shares capital is owned by the university. Under the Patent Co-ownership Agreement, the Licensor shall have the exclusive right to grant licenses with respect to the Patents.

The BN101E Project, applying the Patents, focuses on developing an anti-inflammatory botanical drug for treating rheumatoid arthritis (RA), leveraging compounds derived from North American plants historically used for inflammation and arthritis. Pre-clinical studies, including collagen antibody-induced arthritis mouse models, have demonstrated its ability to reduce inflammation, disease severity, cartilage destruction, and inflammatory cell infiltration in joints. The BN101E project has achieved significant milestones, including securing patents for its extraction protocol, obtaining approval for Phase II clinical trials in Canada, and submitting a Pre-Investigational new drug application to the Food and Drug Administration of the U.S. It is positioned as a disease-modifying anti-rheumatic drug alternative to methotrexate with potentially fewer immunosuppressive side effects. Such achievements in RA drug development paves that way for the BN101E Project to extend its research on drugs for other autoimmune diseases.

The medication developed by using the Patents, is not limited to use in traditional Chinese medicine and may also be applicable in conventional Western medical practice.

Obtaining the licence in respect of the Licensed IP (including the intellectual property rights in the BN101E Project) will represent an important strategic business expansion for the Group to support its long-term vision of modernising traditional medicine through scientific validation and technological advancement. The Company expects that such move will drive sustainable revenue growth, establish a foothold in the high-value Western pharmaceutical market, broaden market reach, and deliver enhanced value to shareholders through increased competitiveness and global expansion. When developed, the licensed products will be indigenously developed local branded drugs and will foster Hong Kong as a leading hub in branded drug and Chinese medicine development.

The Patent Licence Agreement also enhances the Group's research and development capabilities and leverage on the screening technologies and botanical drug expertise of the BN101E Project.

The payment of the licence fee for the Licensed IP by way of issue of the Consideration Shares to the Licensor will not create any cashflow burden to the Group.

Having considered the above, the Directors (not including members of the Independent Board Committee whose views will be set out in the letter from the Independent Board Committee in the circular for the EGM) are of the view that the Patent Licence Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Licensor and that the terms of the Patent Licence Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

THE SUBSCRIPTION AGREEMENT

Date

25 July 2025

Parties

- (i) The Company as issuer; and
- (ii) The Subscriber.

The Subscriber

The Subscriber is a sub fund of Providence Strategic Discovery OFC, which is an open-ended fund incorporated in Hong Kong. The investment manager of the Subscriber is Providence Capital Group Limited, a licensed corporation in Hong Kong to carry out Type 9 (asset management) activities under the SFO. The ultimate beneficial owner of Providence Capital Group Limited is Mr. Dong Zimeng.

The Subscriber may designate one of its wholly-owned Subsidiaries to subscribe for the Subscription Shares under the Subscription Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Subscriber (or if designated, its wholly-owned Subsidiary) and its ultimate beneficial owner(s) (if applicable) are Independent Third Parties.

Number of Subscription Shares

An aggregate of 46,512,000 Subscription Shares, which represents approximately 11.75% of the issued share capital of the Company as at the date of this announcement and approximately 8.68% of the issued share capital of the Company as enlarged by the allotment and issue of both the Consideration Share and the Subscription Shares.

The nominal value of the Subscription Shares will be US\$46,512.

Subscription Price

The Subscription Price of HK\$0.43 per Subscription Share, which represents:

- (1) a discount of approximately 5.5% to the closing price of HK\$0.455 per Share as quoted on the Stock Exchange on 24 July 2025, being the last trading day immediately preceding the date of the Subscription Agreement; and

- (2) a discount of approximately 5.5% to the average of the closing prices of HK\$0.455 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately preceding the date of the Subscription Agreement.

The gross Subscription proceeds will be HK\$20,000,160.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$0.4257 per Subscription Share. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account, among others, the recent trading performance of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Rights of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of the Subscription Completion.

Subscription Shares Specific Mandate

The Subscription Shares will be allotted and issued pursuant to the Subscription Shares Specific Mandate to be sought from the Independent Shareholders at the EGM.

Use of the Subscription proceeds

The Company undertakes to the Subscriber to use the Subscription proceeds on the commercialisation of the intellectual property rights under the Patent Licence Agreement.

Conditions precedent

The Subscription is conditional upon:

- (1) the transactions under the Subscription Agreement, including but not limited to, the allotment and issue of the Subscription Shares, having been approved by the Independent Shareholders at the EGM;

- (2) the granting of approval by the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares which may only be subject to conditions as are customarily stipulated by the Stock Exchange for the listing of shares, and such approval not having been revoked;
- (3) In respect of the Subscription Agreement and the transactions contemplated thereunder, all necessary approvals and consents by government and regulatory authorities having been obtained, and all relevant regulatory requirements (including but not limited to those under the Listing Rules and all relevant regulatory requirements in Hong Kong) having been complied with and satisfied;
- (4) all conditions precedent for the Licence Agreement Completion having been satisfied or waived (where applicable);
- (5) no material adverse change or prospective material adverse change in the Group's business, operations, financial conditions or prospects has occurred since the date of the Subscription Agreement;
- (6) the warranties given by the Company under the Subscription Agreement having remained true and accurate in all material respects;
- (7) the warranties given by the Subscriber under the Subscription Agreement having remained true and accurate in all material respects; and
- (8) the Subscriber having been satisfied with the results of the due diligence investigation on the business, assets, liabilities and financial position of the Group and having notified the Company of the same.

The Company and the Subscriber shall use their respective best endeavours to procure the fulfilment of the above conditions precedent (so far as it is within its power and practicable to do so) as soon as practicable and in any event at or before the Long Stop Date for the Subscription.

The Subscriber may at any time waive in writing condition (5), condition (6) and/or condition (8) above and such waiver may be made subject to such terms and conditions as may be determined by the Subscriber. The Company may at any time waive in writing condition (7) above. None of the other conditions precedent is capable of being waived by the Company or the Subscriber.

If the conditions precedent have not been fulfilled or waived by the Subscriber or the Company (as the case may be) on or before the Long Stop Date for the Subscription, the Subscription Agreement shall lapse, whereupon all rights and obligations of the Company and the Subscriber shall cease to have effect except in respect of any accrued rights and obligations of the parties thereto and shall be without prejudice to the continued application of certain clauses of the Subscription Agreement such as confidentiality, announcement, notices, expenses and governing law and jurisdiction.

As at the date of this announcement, none of the above conditions precedent has been fulfilled or waived (where applicable).

The Subscription Agreement and the Patent Licence Agreement are inter-conditional upon one another.

Subscription Completion

Subject to the above-mentioned conditions precedent having been satisfied or waived (where applicable), the Subscription Completion will take place on a Business Day on or before the Long Stop Date for the Subscription as agreed by the Company and the Subscriber, or at such other time as may be agreed by the Company and the Subscriber. The date of the Subscription Completion shall also be the date of the Licence Agreement Completion.

As the Subscription Completion is subject to the satisfaction of the conditions precedent in the Subscription Agreement, the transactions contemplated under the Subscription Agreement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Undertakings

The Company undertakes to the Subscriber that (i) from 30 June 2025 until and including the date of the Subscription Completion, the Company shall not issue, grant or agree to issue or grant any Shares, other securities, or options over or rights to acquire, convert into or redeem any Shares or other securities, except (a) the issue of Shares upon due exercise of options granted as at the date hereof under the Company's share option scheme adopted on 12 June 2015 (b) the issue of new Shares pursuant to the Patent Licence Agreement or (c) as the Subscriber may otherwise agree; and (ii) for a period of one year following the date of the Subscription Completion, the Company shall not issue, grant or agree to issue or grant any Shares, other securities, or options over or rights to acquire, convert into or redeem any Shares or other securities, at a price lower than the Subscription Price except (a) the issue of Shares upon due exercise of options granted as at the date hereof under the Company's share option scheme adopted on 12 June 2015 or (b) the Subscriber may otherwise agree.

Under the Subscription Agreement, the Company shall appoint up to one person nominated by the Subscriber and accepted by the Company's Nomination Committee as non-executive Director on a day not later than the date of the Subscription Completion.

Application for listing

The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Reasons for and benefits of the Subscription Agreement

Upon the Licence Agreement Completion, the Company intends to initiate the research and development of products incorporating the Licensed IP. To commence the initial phase of this initiative, the Company requires funding. The proceeds from the Subscription will provide the necessary financial resources to expedite this first stage of the commercialisation of the Licensed IP.

The Subscriber's participation signifies confidence in the Company's long-term strategic direction and the commercial viability of the Licensed IP, while also enabling the Company to broaden its shareholder base.

The Patent Licence Agreement and the Subscription Agreement are inter-conditional, and the completion of the two agreements will be conducted on the same Business Day. From the Company's standpoint, the availability of funds upon the commencement of the Patent Licence Agreement is critical to initiate the first phase of commercialisation. Conversely, the Subscriber has committed to investing in the Company only upon the Company obtaining the licence under the Patent Licence Agreement.

The Directors (including the independent non-executive Directors) are of the view that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the issue and allotment of the Consideration Shares and the Subscription Shares (assuming that there is no other change in the issued share capital of the Company from the date of this announcement to the Licence Agreement Completion and the Subscription Completion):

| | As at the date of this announcement | | Immediately after the issue and allotment of the Consideration Shares and the Subscription Shares ⁽⁶⁾ | |
|---|--|--------------------------|--|--------------------------|
| | <i>No. of Shares</i> | <i>Approximate %</i> | <i>No. of Shares</i> | <i>Approximate %</i> |
| Mr. Chan and his associates | | | | |
| Mr. Chan | 40,008,267 | 10.11% | 40,008,267 | 7.47% |
| PuraPharm Corporation Limited ⁽¹⁾⁽²⁾ | 76,349,750 | 19.29% | 76,349,750 | 14.25% |
| Fullgold Development Limited | 81,929,000 | 20.69% | 81,929,000 | 15.29% |
| Gold Sparkle Limited ⁽⁴⁾ | 19,576,080 | 4.94% | 19,576,080 | 3.65% |
| Ms. Man ⁽³⁾ | 8,226,050 | 2.08% | 8,226,050 | 1.54% |
| Sub-Total | 226,089,147 | 57.11% | 226,089,147 | 42.19% |
| The Licensor | – | – | 93,488,372 | 17.45% |
| The Subscriber | – | – | 46,512,000 | 8.68% |
| Shares held under the Share Award Scheme | 844,335 | 0.21% | 844,335 | 0.16% |
| Other Shareholders | 168,963,793 | 42.68% | 168,963,793 | 31.53% |
| Total | <u>395,897,275</u> | <u>100.0%</u> | <u>535,897,647</u> | <u>100.0%</u> |

Notes

1. Mr. Chan and Ms. Man beneficially own 50% and 50% of the issued share capital of Joint Partners Investment Limited, which in turn wholly owns the entire issued share capital of PuraPharm Corporation Limited which is a company incorporated in the British Virgin Islands.
2. PuraPharm Corporation Limited is wholly owned by Joint Partners Investment Limited. By virtue of the SFO, Joint Partners Investment Limited is deemed to be interested in the Shares held by PuraPharm Corporation Limited.
3. Ms. Man is the spouse of Mr. Chan. By virtue of the SFO, Ms. Man is deemed to be interested in the Shares held by Mr. Chan.
4. Mr. Chan beneficially owns the entire issued share capital of Gold Sparkle Limited, which in turn owns 19,576,080 Shares. By virtue of the SFO, Mr. Chan is deemed to be interested in the Shares held by Gold Sparkle Limited.
5. All interests are calculated based on the total Shares in issue as at 30 June 2025, being 395,897,275.
6. The Patent Licence Agreement and the Subscription Agreement are inter-conditional, and the Licence Agreement Completion and the Subscription Completion will be conducted on the same Business Day.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

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

INFORMATION ON THE COMPANY, THE LICENSOR AND THE SUBSCRIBER

The Company

The Company is a company incorporated in the Cayman Islands with limited liability.

The principal activity of the Company is investment holding and its subsidiaries have been principally engaged in the research and development, production and sale of CCMG products and Chinese healthcare products, plantation and trading of raw Chinese herbs, and the manufacture and sale of TCM decoction pieces as well as the rendering of Chinese medical diagnostic services.

The Licensor

The Licensor is a company incorporated in Hong Kong with limited liability and is principally engaged in the research and development of the active components of herbs specifically for application in western medicine.

Licensor is an indirect wholly-owned subsidiary of BAGI Group Limited which, together with its subsidiaries (including the Licensor) (the “**BAGI group**”), is a clinical-stage bioscience group focused on the development of botanical drugs derived from medicinal fungi and plants with a long history of use in traditional medicine. Founded by Mr. Chan and Professor Allan Lau, the BAGI group utilises its proprietary Bio-Activity Guided Identification platform and collaborates with leading academic institutions such as the University of Hong Kong, The Chinese University of Hong Kong, and the University of Toronto. The BAGI group has built a robust pipeline of clinical drug candidates targeting rheumatoid arthritis, influenza, and cancer metastasis, supported by a portfolio of 45 granted patents. Its research emphasises evidence-based development, combining advanced molecular biology techniques with traditional knowledge to produce standardised, clinically validated therapeutics. Such botanical drugs offer multi-target mechanisms, proven safety profiles, and cost-effective production advantages, positioning the BAGI group to address significant unmet medical needs in both domestic and international markets.

The Subscriber

The Subscriber is a sub fund of Providence Strategic Discovery OFC, which is an open-ended fund incorporated in Hong Kong. The investment manager of the Subscriber is Providence Capital Group Limited, a licensed corporation in Hong Kong to carry out Type 9 (asset management) activities under the SFO. The ultimate beneficial owner of Providence Capital Group Limited is Mr. Dong Zimeng.

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

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Patent Licence Agreement exceeds 5% but all of them are less than 25%, the transactions under the Patent Licence Agreement constitute a discloseable transaction for the Company and are therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Licensor is a company indirectly wholly owned by BAGI Group Limited which in turn is controlled by Mr. Chan. As Mr. Chan is the chairman of the Board, the chief executive officer of the Company, an executive Director and a Controlling Shareholder, he is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Patent Licence Agreement will constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements at the EGM under Chapter 14A of the Listing Rules.

As at the date of this announcement, as the Licensor is a company indirectly wholly owned by Mr. Chan, Mr. Chan and Ms. Man, the spouse of Mr. Chan, are therefore deemed to have a material interest in the Patent Licence Agreement and the Subscription Agreement. Further, Dr. Tsoi Kam Biu, Alvin, a director of the Licensor and also an executive Director, is also deemed to have a material interest in the Patent Licence Agreement and the Subscription Agreement. Mr. Chan, Ms. Man and Dr. Tsoi have abstained from voting on the relevant Board resolution approving the transactions contemplated under the Patent Licence Agreement and the Subscription Agreement. Save for the above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Director has a material interest in the Patent Licence Agreement and the Subscription Agreement and will be required to abstain from voting on the relevant Board resolutions to approve these agreements.

EGM

The EGM will be convened for the Shareholders to consider, and if thought fit, approve the Patent Licence Agreement, the Subscription Agreement and the respective transactions contemplated thereunder.

In accordance with the Listing Rules, Mr. Chan and his associates, including his spouse, namely Ms. Man, as well as Dr. Tsoi Kam Biu, Alvin and his associates (if holding any Shares or otherwise controlling any voting rights), shall be required to abstain from voting on the proposed resolution(s) to approve the Patent Licence Agreement, the Subscription Agreement and the respective transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Patent Licence Agreement or the Subscription Agreement and will be required to abstain from voting on these agreements at the EGM.

GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the Patent Licence Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote on the relevant resolution to be proposed at the EGM, having taken into account the recommendations of the Independent Financial Adviser.

The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will seek the Independent Shareholders' approval of the Patent Licence Agreement, the Subscription Agreement and the respective transactions contemplated thereunder (including the issue of the Consideration Shares and Subscription Shares) at the EGM.

A circular containing, among other things, (i) details of the Patent Licence Agreement; (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the transactions contemplated under the Patent Licence Agreement; (iii) the letter of recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Patent Licence Agreement; (iv) details of the Subscription Agreement and the transactions contemplated thereunder; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 15 August 2025.

DEFINITIONS

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

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| “associate(s)” | has the same meaning as defined in the Listing Rules |
| “Board” | the board of the Directors |
| “BN101E Project” | a project, applying the Patents, focuses on developing an anti-inflammatory botanical drug for treating rheumatoid arthritis (RA), leveraging compounds derived from North American plants historically used for inflammation and arthritis |
| “Business Day” | a day (not being a Saturday, Sunday, public holiday in Hong Kong or any day on which a tropical cyclone warning no. 8 or above, a “black” rainstorm warning or “extreme conditions” announced by the Government of Hong Kong is in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) when banks generally are open in Hong Kong for the transaction of general banking business |

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| “CCMG” | concentrated Chinese medicine granules |
| “Company” | PuraPharm Corporation Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are traded on the main board of the Stock Exchange (stock code: 1498) |
| “Consideration Share(s)” | 93,488,372 new Shares to be allotted and issued by the Company to the Licensor as payment of the Consideration |
| “Consideration Shares Specific Mandate” | the specific mandate to be sought from the Independent Shareholders at the EGM to grant the authority to the Directors for the allotment and issue of Consideration Shares to the Licensor pursuant to the Patent Licence Agreement |
| “Controlling Shareholder” | has the same meaning as defined in the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “connected person(s)” | has the meaning ascribed to it in the Listing Rules |
| “connected transaction” | has the meaning ascribed to it in the Listing Rules |
| “EGM” | the extraordinary general meeting of the Company to be convened to consider, if thought fit, to approve (i) the Patent Licence Agreement, grant of Consideration Shares Specific Mandate and the transaction contemplated under the Patent Licence Agreement and (ii) the Subscription Agreement, grant of Subscription Shares Specific Mandate and the transaction contemplated under the Subscription Agreement |
| “Group” | the Company and its subsidiaries from time to time |

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| “Hong Kong Dollars” or “HK\$” | Hong Kong Dollar, the lawful currency of Hong Kong |
| “Hong Kong” or “HK” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | the independent board committee of the Company comprising all the independent non-executive Directors, namely, Dr. Leung Lim Kin, Simon and Prof. Tsui Lap Chee, which has been established to make recommendations to the Independent Shareholders in respect of the Patent Licence Agreement (and the transactions contemplated thereunder) and the grant of Consideration Shares Specific Mandate |
| “Independent Financial Adviser” | an independent financial adviser, to be appointed by the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders in respect of the Patent Licence Agreement (and the transactions contemplated thereunder) and the grant of the Consideration Shares Specific Mandate |
| “Independent Shareholders” | the Shareholders who do not have any material interests in the transactions under the Subscription Agreement and/or the Patent Licence Agreement and who are not required to abstain under the Listing Rules from voting at the EGM for the resolution(s) approving the Patent Licence Agreement (and the transactions contemplated thereunder), the grant of Consideration Shares Specific Mandate and Subscription Shares Specific Mandate |

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| “Independent Third Party(ies)” | independent third party(ies), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is/are not connected with the Company and its connected persons |
| “Issue Price” | the issue price of HK\$0.43 per Consideration Share |
| “Licence Agreement Completion” | the commencement of the licence of the Licensed IP and the completion of the issue of the Consideration Shares pursuant to the Patent Licence Agreement |
| “Licensed IP” | the Patents as well as the data, documents and know-how in respect of or in connection with the Patents and BN101E Project |
| “Licensor” | BAGI Research Limited, a company with limited liability incorporated in Hong Kong which is indirectly wholly owned by BAGI Group Limited which in turn is controlled by Mr. Chan (a connected person of the Company) |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Long Stop Date for the Licence Agreement” | 31 October 2025 or such other date as the Company and the Licensor may agree in writing |
| “Long Stop Date for the Subscription” | 31 October 2025 or such other date as the Company and the Subscriber may agree in writing |
| “Mr. Chan” | Mr. Chan Yu Ling, Abraham, the chairman of the Board, the chief executive officer of the Company, an executive Director and a Controlling Shareholder and the spouse of Ms. Man |

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| “Ms. Man” | Ms. Man Yee Wai, Viola, an executive Director of the Company and the spouse of Mr. Chan |
| “Patents” | certain patents for two uses, namely, (i) treating inflammation and modulating immune responses and (ii) isolation of cimracemate A, registered in jurisdictions including China, the U.S., Canada, Australia, Japan, Europe and Hong Kong, including any continuations, continuations in part, extensions, reissues, divisions, and including any patents, supplementary protection certificates and similar rights that are based on or derive priority from the foregoing |
| “Patent Co-ownership Agreement” | the patent co-ownership and commercialisation agreement dated 7 July 2022 and entered into by Versitech, the Licensor and the holding companies of the Licensor which provides, among other things, the rights and obligations in respect of the Patents of the Licensor and Versitech as joint owners of the Patents |
| “Patent Licence Agreement” | the patent licence agreement dated 25 July 2025 and entered into by the Licensor and the Company |
| “SFO” | the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) |
| “Share(s)” | the ordinary share(s) of US\$0.001 each in the issued share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “Share Award Scheme” | the share award scheme adopted by the Company on 22 February 2016 |

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| “Subscriber” | Providence Discovery Fund, a sub fund of Providence Strategic Discovery OFC |
| “Subscription” | the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement |
| “Subscription Agreement” | the subscription agreement dated 25 July 2025 and entered into between the Company and the Subscriber in respect of the Subscription |
| “Subscription Completion” | the completion of the Subscription pursuant to the Subscription Agreement |
| “Subscription Price” | the subscription price of HK\$0.43 per Subscription Share |
| “Subscription Shares” | 46,512,000 new Shares to be subscribed by the Subscriber and issued by the Company at the Subscription Price pursuant to the Subscription Agreement |
| “Subscription Shares Specific Mandate” | the specific mandate to be sought from the Independent Shareholders at the EGM to grant the authority to the Directors for the allotment and issue of Subscription Shares to the Subscriber pursuant to the Subscription Agreement |
| “Subsidiary” | has the meaning ascribed to it in the Listing Rules |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “TCM” | traditional Chinese medicine |
| “U.S.” | United States of America |

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| “US\$” | United States dollars, the lawful currency of the U.S. |
| “Versitech” | Versitech Limited, a company incorporated in Hong Kong with limited liability |
| “%” | per cent. |

By order of the Board of
PuraPharm Corporation Limited
Chan Yu Ling, Abraham
Chairman

Hong Kong, 25 July 2025

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