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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)**

## **PROPOSED CAPITAL REDUCTION AND SUBDIVISION OF UNISSUED SHARES**

The Company proposes to implement the Capital Reduction and the Subdivision involving the reduction of the par value of each issued Ordinary Share from US\$0.1 to US\$0.001 by cancelling the paid up share capital to the extent of US\$0.099 per issued Ordinary Share. Each of the authorised but unissued Ordinary Shares with par value of US\$0.1 each shall be subdivided into 100 authorised but unissued New Ordinary Shares with par value of US\$0.001 each, so that following such reduction and subdivision, each issued Ordinary Share with a par value of US\$0.001 in the share capital of the Company shall become one New Ordinary Share and each of the authorised but unissued Ordinary Shares with par value of US\$0.1 each shall become 100 authorised but unissued New Ordinary Shares with par value of US\$0.001 each. The credit arising from the Capital Reduction and the Subdivision will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction and the Subdivision, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to the distributable reserve account of the Company which may be utilised by the Directors as a distributable reserve.

As at the date of this announcement, 395,897,275 Ordinary Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 395,897,275 issued Ordinary Shares will be reduced from US\$0.1 to US\$0.001 per issued Ordinary Share by cancelling the paid up share capital to the extent of US\$0.099 per issued Ordinary Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of US\$0.001 each, the Company's existing issued share capital of US\$39,589,727.500 will be reduced by US\$39,193,830.225 to US\$395,897.275.

Capital Reduction and the Subdivision are conditional upon fulfillment of the conditions contained in the section headed “Conditions of Capital Reduction and the Subdivision” in this announcement.

A circular containing, among other matters, details of the Capital Reduction and the Subdivision, together with a notice of EGM and the related proxy form, will be issued on or before 5 November 2024.

**As the Capital Reduction and the Subdivision is subject to the satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reduction and the Subdivision”, the Capital Reduction and the Subdivision may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **PROPOSED CAPITAL REDUCTION OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES**

As at the date of this announcement, the authorised share capital of the Company is US\$5,000,000,000 divided into 50,000,000,000 Ordinary Shares, of which 395,897,275 Ordinary Shares have been issued and are fully paid or credited as fully paid and 49,604,102,725 Ordinary Shares remain unissued. The Board proposes Capital Reduction and the Subdivision to be implemented in the following manner:

- (i) the par value of each of the issued Ordinary Shares be reduced from US\$0.1 to US\$0.001 per issued Ordinary Share by cancelling the paid up share capital to the extent of US\$0.099 per issued Ordinary Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of US\$0.001 each;
- (ii) immediately following the Capital Reduction becoming effective, each of the authorised but unissued Ordinary Shares with par value of US\$0.1 each be subdivided into 100 authorised but unissued New Ordinary Shares with par value of US\$0.001 each. Immediately following the Capital Reduction and the Subdivision becoming effective, the authorised share capital of the Company shall be US\$5,000,000,000 divided into 5,000,000,000,000 New Ordinary Shares by the creation of such number of additional authorised but unissued New Ordinary Shares as shall be sufficient to maintain the authorised share capital of the Company to US\$5,000,000,000 divided into 5,000,000,000,000 New Ordinary Shares;

- (iii) the credit arising from the Capital Reduction be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction and the Subdivision in a manner as permitted by all applicable laws and the Memorandum and Articles of Association and as the Board considers appropriate, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the Memorandum and Articles of Association and as the Board considers appropriate; and
- (iv) each of the New Ordinary Shares immediately following the Capital Reduction and the Subdivision becoming effective shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the Memorandum and Articles of Association.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reduction and the Subdivision become effective, the share capital structure of the Company will be as follows:

	<b>As of the date of this announcement</b>	<b>Immediately after the Capital Reduction and the Subdivision becoming effective</b>
Par value	US\$0.1 per Ordinary Share	US\$0.001 per New Ordinary Share
Amount of the authorised share capital	US\$5,000,000,000	US\$5,000,000,000
Number of authorised shares	50,000,000,000 Ordinary Shares	5,000,000,000,000 New Ordinary Shares
Amount of the issued share capital	US\$39,589,727.500	US\$395,897.275
Number of issued shares	395,897,275 Ordinary Shares	395,897,275 New Ordinary Shares

The size of each board lot of the New Ordinary Shares will remain the same as that of the Ordinary Shares, being 500 New Ordinary Shares per board lot. The New Ordinary Shares will rank *pari passu* in all respects with each other.

As at the date of this announcement, 395,897,275 Ordinary Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 395,897,275 issued Ordinary Shares will be reduced from US\$0.1 to US\$0.001 per issued Ordinary Share by cancelling the paid up share capital to the extent of US\$0.099 per issued Ordinary Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of US\$0.001 each, the Company's existing issued share capital of US\$39,589,727.500 will be reduced by US\$39,193,830.225 to US\$395,897.275.

## **REASONS FOR AND EFFECTS OF CAPITAL REDUCTION AND THE SUBDIVISION**

The proposed Capital Reduction and the Subdivision will enable the par value of the Shares to be reduced from US\$0.1 to US\$0.001 each. The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction and the Subdivision in a manner as permitted by all applicable laws and the Memorandum and Articles of Association and as the Board considers appropriate, thereby reducing the accumulated losses of the Company. Such credit will be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the Board in any manner as the Board may deem fit and as may be permitted under the applicable laws.

Since the Shares were trading below par value recently, the Board considers that the Capital Reduction and the Subdivision will enable the nominal or par value of the Shares to be reduced from US\$0.1 to US\$0.001 each for the purpose of further enhancing flexibility to the Company to issue new shares in the future, given that the Company is not permitted, without order of the Court, to issue new shares below their nominal or par value. It is important for Shareholders to note that, at this stage, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will issue New Ordinary Shares, even if Capital Reduction and the Subdivision take effect.

As such, the Directors are of the view that Capital Reduction and the Subdivision are in the best interests of the Company and its Shareholders as a whole.

Save for applying the credit arising from the Capital Reduction towards offsetting the accumulated losses of the Company and the expenses to be incurred in relation to Capital Reduction and the Subdivision, the Directors consider that the Capital Reduction and the Subdivision will have no material effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company.

## **CONDITIONS OF THE CAPITAL REDUCTION AND THE SUBDIVISION**

The Capital Reduction and the Subdivision are conditional on the following conditions being fulfilled:

- (i) the Shareholders' approval by way of special resolution at the EGM to be convened and held to consider and, if thought fit, approve, among other things, the Capital Reduction and the Subdivision;
- (ii) an order being made by the Court confirming the Capital Reduction;
- (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (iv) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and
- (v) the Listing Committee granting the listing of, and permission to deal in, the New Ordinary Shares arising from the Capital Reduction and the Subdivision.

The Capital Reduction and the Subdivision will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction and the Subdivision at the EGM by way of special resolution, the legal advisors to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed.

As at the date of this announcement, none of the above conditions have been fulfilled.

## **LISTING AND DEALINGS**

An application will be made to the Listing Committee for the listing of, and permission to deal in, the New Ordinary Shares arising from the Capital Reduction and the Subdivision.

The New Ordinary Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Ordinary Shares on the Stock Exchange as well as compliance with the stock admission requirements of the HKSCC, the New Ordinary Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Ordinary Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## **EXCHANGE OF CERTIFICATES FOR NEW ORDINARY SHARES**

As the Court hearing date(s) has yet to be fixed, the effective date of the Capital Reduction and the Subdivision is not ascertainable at present. Should the Capital Reduction and the Subdivision become effective, Shareholders may submit existing certificates in green colour for the Ordinary Shares to the registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for exchange, at the expense of the Company, from the effective date of the Capital Reduction and the Subdivision, for certificates for the New Ordinary Shares. Details of such exchange of share certificates will be announced as soon as the effective date of the Capital Reduction and the Subdivision is ascertained.

All existing certificates of the Shares will continue to be evidence of title to such Shares and be valid for delivery, trading and settlement purpose.

## **EXPECTED TIMETABLE**

Set out below is the expected timetable for the implementation of the Capital Reduction and Subdivision. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to Capital Reduction and the Subdivision and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates.

Date of issue of circular with notice of the EGM . . . . . Tuesday, 5 November 2024

Latest time for lodging share transfer in order to  
qualify for attending and voting at the EGM . . . . . 4:30 p.m. on  
Thursday, 21 November 2024

Closure of register of members for determining the  
entitlement to attend and vote at the EGM . . . . . Friday, 22 November 2024-  
Wednesday, 27 November 2024

Latest time for lodging forms of proxy for the EGM . . . . . 11:00 a.m. on  
Monday, 25 November 2024

Record date for attendance and voting at the EGM . . . . . Wednesday, 27 November 2024

Date and time of the EGM . . . . . 11:00 a.m. on  
Wednesday, 27 November 2024

Announcement of voting results of the EGM . . . . . Wednesday, 27 November 2024

**The following events are conditional on the fulfilment of the conditions for the  
implementation of the Capital Reduction and Sub-division and therefore the dates are  
tentative:**

Expected time of Capital Reduction and  
the Subdivision being effective. . . . . before 9:00 a.m. on  
Monday, 27 January 2025

Commencement of dealing in the New Ordinary Shares. . . . . 9:00 a.m. on  
Monday, 27 January 2025

First day of free exchange of existing share certificates for  
new shares certificates for the New Ordinary Shares . . . . . 9:00 a.m. on  
Monday, 27 January 2025

Last day for free exchange of existing share certificates for  
new share certificates for the New Ordinary Share. . . . . 4:00 p.m. on  
Thursday, 27 February 2025

## GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, Capital Reduction and the Subdivision. A circular containing, among other things, further details of Capital Reduction and the Subdivision, together with a notice convening the EGM and the related proxy form, will be issued by the Company on or before 5 November 2024.

As no Shareholders have a material interest in Capital Reduction and the Subdivision, no Shareholders will be required to abstain from voting on the resolutions to approve Capital Reduction and the Subdivision.

**As the Capital Reduction and the Subdivision is subject to the satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reduction and the Subdivision”, the Capital Reduction and the Subdivision may or may not become effective. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for business of dealing in securities
“Capital Reduction”	the proposed reduction of the issued share capital of the Company by reducing the par value of each issued Ordinary Share from US\$0.1 to US\$0.001 by cancelling the paid up share capital to the extent of US\$0.099 per issued Ordinary Share



“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Companies Act”	the Companies Act, Cap. 22 (As Revised), of the Cayman Islands as consolidated and revised
“Company”	PuraPharm Corporation Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board (Stock Code: 1498)
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, Capital Reduction and the Subdivision
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries (from time to time)
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange
“Memorandum and Articles of Association”	the memorandum and articles of association of the Company, as amended from time to time
“New Ordinary Share(s)”	ordinary share(s) with par value of US\$0.001 each in the share capital of the Company immediately following Capital Reduction and the Subdivision becoming effective
“Ordinary Share(s)”	ordinary share(s) with par value of US\$0.1 each in the share capital of the Company prior to Capital Reduction and the Subdivision becoming effective
“Share(s)”	the ordinary share(s) in the share capital of the Company from time to time
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivision”	the proposed sub-division of each authorised but unissued Ordinary Share into 100 authorised but unissued New Ordinary Shares
“US\$”	United States dollar(s), the official currency of the U.S.

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

Hong Kong, 1 November 2024

*As at the date of this announcement, the Board comprises 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.*