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PuraPharm

PURAPHARM CORPORATION LIMITED

培力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1498)

**VOLUNTARY ANNOUNCEMENT
ACQUISITION OF SODX CO., LTD.**

The Board is pleased to announce that on 14 August 2017, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Share Purchase Agreements with the Sellers, pursuant to which the Purchaser has agreed to acquire, and the Sellers have agreed to sell, the Sale Shares for a total consideration of JPY244.0 million (equivalent to approximately HK\$17.1 million). Upon completion of the Acquisition, the Purchaser will hold all the issued and outstanding shares in the Target Company, and the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is below 5%, the entering into of the Share Purchase Agreements with the Sellers does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis for the information of the shareholders and potential investors of the Company.

THE SHARE PURCHASE AGREEMENTS

Date : 14 August 2017

The parties : (i) PuraPharm Japan Corporation as the Purchaser; and
(ii) AOL Corporation Co., Ltd., Takumi Nakamura, Yoko Nakamura, Motohiro Nakamura, Yuki Nishida, Masafumi Nakamura and Palbic Co., Ltd. as the Sellers.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the Sellers and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be acquired

Pursuant to the Share Purchase Agreements, the Purchaser agreed to acquire, and the Sellers agreed to sell, the Sale Shares, representing all the issued and outstanding shares in the Target Company.

The following table sets forth the shareholding of the Target Company as at the date of this announcement:

Shareholder	<i>Number of shares</i>	<i>%</i>
AOL Corporation Co., Ltd.	100	25.00%
Takumi Nakamura	102	25.50%
Yoko Nakamura	28	7.00%
Motohiro Nakamura	23	5.75%
Yuki Nishida	24	6.00%
Masafumi Nakamura	23	5.75%
Palbic Co., Ltd.	<u>100</u>	<u>25.00%</u>
	<u><u>400</u></u>	<u><u>100.00%</u></u>

Consideration

The total consideration payable by the Purchaser for the Acquisition is JPY244.0 million (equivalent to approximately HK\$17.1 million). The consideration for the Acquisition will be satisfied by the Purchaser in cash and shall be funded by internal resources of the Group.

The consideration was determined by the parties to the Share Purchase Agreements after arm's length negotiations with reference to the financial conditions and prospect of the Target Company. Based on the foregoing, the Directors are of the view that the consideration for the Acquisition is fair and reasonable.

Resignation of directors of the Target Company

Each of Takumi Nakamura, Yoko Nakamura, Motohiro Nakamura, Yuki Nishida shall resign as a director and/or statutory auditor of the Target Company on the Closing Date.

The shareholders of the Target Company shall hold an extraordinary meeting on the day immediately before the Closing Date to approve the payment of the retirement benefit of JPY80 million (equivalent to approximately HK\$5.6 million), JPY40 million (equivalent to approximately HK\$2.8 million) and JPY10 million (equivalent to approximately HK\$0.7 million) by the Target Company to Takumi Nakamura, Yoko Nakamura and Yuki Nishida, respectively, which shall be made within 10 days after such meeting.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in Japan and is principally engaged in manufacturing and sales of health food in Japan.

Upon completion of the Acquisition, the Purchaser will hold all the issued and outstanding shares in the Target Company, and the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Group believes that it is more cost and time efficient to develop its health food business through the Acquisition. The Target Company would act as pilot factory to transfer latest technology know-how from Japan to further improve product quality and production efficiency. The pilot factory will also act as the Group's new product development centre for further business expansion.

Based on the foregoing, the Board is of the view that the terms of the Share Purchase Agreements are on normal commercial terms, fair and reasonable, and in the best interest of the Company and its shareholders as a whole.

GENERAL

As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is below 5%, the entering into of the Share Purchase Agreements with the Sellers does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and this announcement is made by the Company on a voluntary basis for the information of the shareholders and potential investors of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares from the Sellers by the Purchaser pursuant to the terms of the Share Purchase Agreements
“Closing Date”	28 August 2017, the date on which completion of the Acquisition shall take place pursuant to the terms of the Share Purchase Agreements
“Company”	PuraPharm Corporation Limited, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties independent of and not connected with the Company or any of its connected persons
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	PuraPharm Japan Corporation, a company incorporated in Japan with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale Shares”	400 common shares in the Target Company, representing the entire issued and outstanding shares of the Target Company as at the date of the Share Purchase Agreements
“Sellers”	collectively, AOL Corporation Co., Ltd., Takumi Nakamura, Yoko Nakamura, Motohiro Nakamura, Yuki Nishida, Masafumi Nakamura and Palbic Co., Ltd.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Share Purchase Agreements”	collectively, (i) the share purchase agreement dated 14 August 2017 entered into by and between the Purchaser and AOL Corporation Co., Ltd.; and (ii) the share purchase agreement dated 14 August 2017 entered into by and among the Purchaser, Takumi Nakamura, Yoko Nakamura, Motohiro Nakamura, Yuki Nishida, Masafumi Nakamura and Palbic Co., Ltd. in relation to the Acquisition
“Target Company”	SODX Co., Ltd., a company incorporated in Japan
“%”	per cent.

For illustration purposes, amounts in JPY in this announcement have been translated into HK\$ at JPY1:HK\$0.07.

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

Hong Kong, 14 August 2017

As at the date of this announcement, the executive directors of the Company are Mr. Chan Yu Ling, Abraham, Dr. Tsoi Kam Biu, Alvin, Mr. Chan Lung Sang and Ms. Man Yee Wai, Viola; the non-executive director of the Company is Mr. Chan Kin Man, Eddie; and the independent non-executive directors of the Company are Dr. Chan Kin Keung, Eugene, Mr. Ho Kwok Wah, George, Dr. Leung Lim Kin, Simon and Prof. Tsui Lap Chee.