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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF ACCOUNTS RECEIVABLES

THE DISPOSAL AGREEMENT

The Board hereby announces that on 10 June 2025, the Seller, an indirect wholly owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Seller, agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivables at a consideration of HK\$15,000,000.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Disposal Agreement are more than 5%; but less than 25%, therefore, the Disposal Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements.

INTRODUCTION

On 10 June 2025, the Seller, an indirect wholly owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Seller, agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivables at a consideration of HK\$15,000,000.

THE DISPOSAL AGREEMENT

The principal terms of the Disposal Agreement are set out as follows.

Date: 10 June 2025

Parties: (1) Intrabase Financial Services Limited, as purchaser
(2) Nong's Company Limited, as seller

Assets to be disposed of

Pursuant to the Disposal Agreement and an offer for sale notice duly executed by the Seller to Purchaser over the Accounts Receivables, the Seller agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivables at the consideration of HK\$15,000,000. The book value of the Accounts Receivables was approximately HK\$15,594,000. The Accounts Receivables was the accounts receivables due from the Debtor. According to the books of the Seller, the Accounts Receivables would be due and payable by 30 June 2025 by the Debtor. When the Purchaser collects the Accounts Receivables up to HK\$15,000,000 from the Debtor on the due date, any excess on top of HK\$15,000,000 will be paid back to the Seller. Alternatively, if the Purchaser receive less than HK\$15,000,000 on the due date, the Seller shall make up the shortfall. The obligation of the Seller under the Disposal Agreement shall be guaranteed by the Company.

Consideration and payment terms

The consideration to be paid by the Purchaser to acquire the Accounts Receivables was HK\$15,000,000. The Purchaser shall pay the Seller the consideration in cash for the Accounts Receivables within four business days after an offer for sale notice duly executed and delivered by the Seller to Purchaser over the Accounts Receivables. The Seller shall also pay the Purchaser a fee of approximately HK\$150,000, representing the cost of funding the acquisition of the Accounts Receivables by the Purchaser.

Basis of determination of the consideration

The consideration was determined on arm's length negotiations between the Seller and the Purchaser based on (i) the book value of the Accounts Receivables; (ii) the number of days between the date of disposal and the expected date of payment by the Debtor; (iii) the prevailing interest rate; and (iv) the credit worthiness of the Debtor.

Completion of the disposal

Completion of disposal of the Accounts Receivables contemplated under the offer for sale notice duly executed by the Seller to Purchaser over the Accounts Receivables delivered under the Disposal Agreement shall take place within four business days after the said offer for sale notice being delivered to Purchaser.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

After the completion of the transaction under the Disposal Agreement, the Board expects that the Company will not record any gain or loss on the disposal but will record a cost of approximately HK\$150,000, representing the cost of monetising the Accounts Receivables, based on the factors mentioned in the paragraph headed "Basis of determination of the consideration" above.

The Company intends to use the proceeds from disposal of the Accounts Receivables as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group entered into the Disposal Agreement with the intention of improving the cash flow of the Group, managing the Group's supply chain assets portfolio and providing funds for the Group's business and operation. The sale of receivables is a common way for corporations to more efficiently manage the working capital cycle.

Given that the Disposal Agreement was conducted under normal commercial terms, after arm's length negotiation, the Directors are of the view that the terms of the Disposal Agreement are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

INFORMATION ABOUT THE COMPANY, THE GROUP AND THE SELLER

The Company is a company incorporated in the Cayman Islands with limited liability. The principal activity of the Company is investment holding. The Group principally engages in the research and development, production and sale of concentrated Chinese medicine granule (CCMG) products and Chinese healthcare products, plantation and trading of raw Chinese herbs, and the manufacture and sale of traditional Chinese medicine (TCM) decoction pieces as well as the rendering of Chinese medical diagnostic services.

Nong's Company Limited, an indirect wholly owned subsidiary of the Company whose principal business is trading of modernised Chinese medicines.

INFORMATION ABOUT THE PURCHASER

The Purchaser, Intrabase Financial Services Limited, is a company incorporated in Hong Kong with limited liability and principally engaged in financial services. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, including information disclosed in the Company Registry, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Disposal Agreement are more than 5%; but less than 25%, therefore, the Disposal Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements.

DEFINITIONS

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

“Accounts Receivables”	the Accounts Receivables in the amount of approximately HK\$15,594,000 to be disposed of pursuant to the Disposal Agreement
“Board”	the board of Directors
“Company”	PuraPharm Corporation Limited, incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange (stock code: 1498)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Debtor”	a distributor of the Group’s products in Hong Kong, which is a company incorporated in Hong Kong
“Director(s)”	the director(s) of the Company

“Disposal Agreement”	The sale and purchase agreement between the Seller as seller and the Purchaser as purchaser dated 10 June 2025, pursuant to which the Seller agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivables, together with an offer for sale notice duly executed by the Seller to Purchaser over the Accounts Receivables
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Intrabase Financial Services Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party

“Seller”	Nong’s Company Limited, an indirect wholly-owned subsidiaries of the Company, which is incorporated in Hong Kong
“Share(s)”	ordinary share(s) having a par value of USD\$0.001 each in the capital of the Company
“Shareholders”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	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

Hong Kong, 10 June 2025

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.