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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)

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

SUBSCRIPTION OF CONVERTIBLE BONDS

On 26 February 2026 (after trading hours), the Company entered into the CB Subscription Agreement with the CB Subscriber, pursuant to which the CB Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds with the principal amount of HK\$20,000,000 convertible into Conversion Shares at the Conversion Price of HK\$0.49 per Conversion Share.

The Conversion Shares will be issued and allotted under the General Mandate.

The CB Subscription is conditional upon, among others, the Stock Exchange granting the listing of, and the permission to deal in, the Conversion Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds.

No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

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

CB SUBSCRIPTION AGREEMENT

On 26 February 2026 (after trading hours), the Company entered into the CB Subscription Agreement with the CB Subscriber, pursuant to which the CB Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, the Convertible Bonds with the principal amount of HK\$20,000,000 convertible into Conversion Shares at the Conversion Price of HK\$0.49 per Conversion Share. Details of the CB Subscription Agreement and the terms of the Convertible Bonds are described below:

CB Subscription Agreement

Date: 26 February 2026

Parties:

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

The CB Subscriber

The CB Subscriber is an exempted company incorporated in the Cayman Islands with limited liability and is principally engaged in investment fund business. The ultimate beneficial owner of the CB Subscriber is Mr. Bi Wei. Mr. Bi Wei is the founder of Protoss Capital Limited. Before that he worked at Pine River Capital Management Limited in Hong Kong. Before joining Pine River Capital Management Limited, he worked at UBS and Barclays, in Hong Kong and Singapore. Mr. Bi Wei obtained a Master's degree of Electronic Engineering from University of Pennsylvania and a Bachelor's degree of Electronic Engineering from Tsinghua University. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the CB Subscriber and its ultimate beneficial owner are Independent Third Parties.

Under the CB Subscription Agreement, the CB Subscriber shall have the right to assign its rights under the CB Subscription Agreement to its affiliate who shall also be Independent Third Party.

Conversion Price

The Conversion Price of HK\$0.49 per Conversion Share represents:

- (i) a premium of approximately 46.27% to the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on 26 February 2026, being the date of the CB Subscription Agreement; and
- (ii) a premium of approximately 47.59% to the average of the closing prices of HK\$0.332 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding to the date of the CB Subscription Agreement.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.486 per Conversion Share.

The Conversion Price was arrived at after arm's length negotiations between the Company and the CB Subscriber, taking into account, among others, the recent trading performance of the Shares. The Directors consider that the Conversion Price and the terms of the CB Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The consideration for the Convertible Bonds shall be settled by the CB Subscriber in cash upon completion of the CB Subscription Agreement.

Principal terms of the Convertible Bonds

Issuer: The Company

Aggregate Principal amount: HK\$20,000,000

Interest rate: 6% per annum and the interest accrued shall be payable on each anniversary of the initial issue date of the Convertible Bonds (the "**Initial Issue Date**")

Maturity date: the calendar day falling on the second anniversary date of the Initial Issue Date which, in respect of the outstanding Convertible Bonds, may be extended by the Bondholder (but not the Company) to the third anniversary date of the Initial Issue Date by the Bondholder giving a written notice to the Company not later than three Business Days prior to the second anniversary date of the Initial Issue Date.

The Company does not have any early redemption right and the amount payable by the Company upon redemption of the Convertible Bonds at maturity shall be 100% of the outstanding principal amount of the Convertible Bonds plus outstanding interest accrued thereon.

Conversion:

The holder of the Convertible Bonds will have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at any time and from time to time, from the date of issue of the Convertible Bonds.

Pursuant to the terms of the Convertible Bonds, the Company is not obliged to adjust the Conversion Price or issue Shares in satisfaction of the conversion rights attached to the Convertible Bonds in breach of the Company's obligations under the Listing Rules (including but not limited to the minimum public float requirement of the Listing Rules) or in breach of the Takeovers Code. Accordingly, the conversion of the Convertible Bonds is subject to the conditions that the conversion will not result in any breach of the minimum public float requirements under Rule 8.08(1)(a) the Listing Rules or the Takeovers Code.

Conversion price:

The Conversion Price is initially HK\$0.49 per Share, subject to adjustment for, among other matters, subdivision, consolidation or reclassification of Shares, capitalization of profits or reserves, capital distribution, rights issue of Shares or options over Shares, issue of further Shares or securities and other events analogous to the above events.

**Adjustment to the
conversion price:**

Conversion Price will be subject to adjustment in certain events, including: consolidation, subdivision or reclassification, capitalisation of profits or reserves, capital distribution, rights issues of Shares or options over Shares (at less than 95% of the Current Market Price (as defined in the terms and conditions of the Convertible Bonds) per Share on the last trading day preceding the date of the announcement of the terms of such issue or grant), issues of further Shares or securities (at less than 95% of the Current Market Price per Share on the last trading day preceding the date of the announcement of the terms of such issue or grant) or rights issues of other securities. However, no adjustment shall be made if the issue price per Share for such rights, options, warrants, or Shares is higher than the prevailing Conversion Price on the date of the announcement of the relevant issue.

If, following an adjustment to the Conversion Price, (i) the total number of Shares required to be issued pursuant to any conversion notice (together with, where applicable, the number of Shares already issued under the General Mandate prior to the Company's receipt of the conversion notice) would exceed the limit on the allotment and issue of Shares in the General Mandate and (ii) the issue of such excessive amount of Shares is not otherwise validly authorised or resolved by appropriate corporate actions of the Company, then the Company shall:

- (a) issue and deliver the number of Shares up to the maximum possible extent which would not exceed the limit on the allotment and issue of Shares in the General Mandate;
- (b) use its best endeavours to obtain the requisite Board and Shareholder authorisations (including but not limited to obtaining a specific mandate from Shareholders) to allot and issue the relevant number of Shares that would be issuable upon exercise of the conversion rights in respect of the Convertible Bonds at the adjusted Conversion Price (having taken into account of the Shares already issued and delivered as mentioned in (a) above); and

- (c) if, after all the Shares have been issued pursuant to (a) and (b) above, the total number of Shares that are issued is still insufficient to satisfy all the Shares that are required to be issued pursuant to the conversion notice (the “**Outstanding Conversion Notice**”) and the balance of Shares not being issued being the “**Outstanding Shares**”), immediately pay to the Bondholder(s) an amount which is equal to the product of the following formula in HKD:

Total number of Outstanding Shares x the closing price of the Shares on the date of the Outstanding Conversion Notice.

Voting:

The holder(s) of the Convertible Bonds will not be entitled to attend or vote at any general meeting of the Company by reason only of it being the holder of the Convertible Bonds.

Transfer:

With the prior written notification to the Company, the Convertible Bonds may be transferable provided that transfer or assignment of the Convertible Bonds to any connected person of the Company shall be subject to, among others, compliance with the Listing Rules.

Based on the initial Conversion Price of HK\$0.49 per Conversion Share, a maximum number of up to 40,816,326 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent: (i) approximately 7.62% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.08% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full.

The Conversion Shares will be allotted and issued under the General Mandate.

The maximum aggregate nominal value of the Conversion Shares is US\$40,816.326.

Rights of the Conversion Shares

The Conversion Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

General Mandate

No Shareholders' approval is required for the allotment and issue of the Conversion Shares that may fall to be issued upon the conversion of the Convertible Bonds. The Conversion Shares that may fall to be issued upon the conversion of the Convertible Bonds will be issued under the General Mandate.

Upon exercise in full of the conversion right attaching to the Convertible Bonds at the Conversion Price of HK\$0.49, 40,816,326 Conversion Shares shall be allotted and issued under the General Mandate, subject to the limit of up to 20% of the aggregate number of Shares in issue on the date of the AGM, which is equivalent to 79,179,455 Shares. As of the date of this announcement, none of the General Mandate has been utilized.

Excluding the maximum number of Conversion Shares (based on the Conversion Price of HK\$0.49), the Company will have remaining mandate to issue up to 38,363,129 Shares under the General Mandate.

Conditions of the CB Subscription

The CB Subscription is conditional upon:

- (i) the granting of approval by the Stock Exchange for the listing of, and the permission to deal in, the Conversion 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;
- (ii) in respect of the CB 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, the Takeovers Codes and all relevant regulatory requirements in Hong Kong and/or Cayman Islands) having been complied with and satisfied;
- (iii) 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 CB Subscription Agreement;
- (iv) the warranties given by the Company under the CB Subscription Agreement having remained true and accurate in all material respects; and
- (v) the warranties given by the relevant CB Subscriber under the CB Subscription Agreement having remained true and accurate in all material respects.

The conditions set out in (i) and (ii) above are incapable of being waived. The relevant CB Subscriber may at any time in writing to the Company waive conditions (iii) and (iv) above. The Company may at any time in writing to the CB Subscriber to waive condition (v). In the event that any of the above conditions cannot be fulfilled on or before 31 March 2026 (the “**Long Stop Date**”) or such other date as may be agreed between the parties to the CB Subscription Agreement, the CB Subscription Agreement shall cease and terminate and neither the Company nor the CB Subscriber shall have any obligations and liabilities under the CB Subscription Agreement.

Completion of the CB Subscription

Completion of the CB Subscription will take place on a Business Day on or before the Long Stop Date after the conditions of the CB Subscription are fulfilled (or such other date as may be agreed between the parties).

As at the date of this announcement, the Company has no treasury shares and no intention to transfer treasury shares upon the CB Subscriber exercise of the conversion rights attached to the Convertible Bonds.

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

Application for Listing

No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

REASONS FOR THE CB SUBSCRIPTION AGREEMENT AND USE OF PROCEEDS

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 Concentrated Chinese Medicine Granules (“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 CB Subscription is undertaken to optimize the Company's capital structure by enabling it to raise funds without causing immediate dilution of existing shareholders' equity interests. The coupon rate of 6% is regarded as fair and reasonable when compared with prevailing market lending rates, thereby ensuring cost efficiency. In addition, the CB Subscription enhances the Group's financial flexibility by providing additional liquidity to meet short-term obligations and to support the ongoing development of the CCMG business.

The gross proceeds and net proceeds of the CB Subscription are approximately HK\$20,000,000 and HK\$19,850,000 respectively. The Directors intend to apply the net proceeds from the CB Subscription as follows: (i) approximately HK\$10 million will be allocated to general working capital, including procurement of raw herbs, staff costs, and rental expenses; (ii) approximately HK\$5 million will be applied towards repayment of existing bank loans, with the objective of lowering the Group's gearing ratio and reducing finance costs; and (iii) the remaining proceeds will be dedicated to expansion of the Group's existing business, specifically for upgrading production facilities and supporting research and development of new CCMG products.

The Directors consider that (i) the Conversion Price represents a premium to the recent price of the Share; (ii) the interest payable by the Company to the Bondholder is comparable to prevailing market rates at which the Company could otherwise obtain debt financing; (iii) the CB Subscription Agreement is entered into on normal commercial terms following arm's length negotiations between the Company and the CB Subscriber; and (iv) the terms of the CB Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

CHANGES OF SHAREHOLDING STRUCTURE

Based on the initial Conversion Price of HK\$0.49, 40,816,326 Conversion Shares will be allotted and issued upon exercise in full of the conversion right attaching to the Convertible Bonds, representing (i) approximately 7.62% of the existing issued share capital of the Company as of the date of this announcement; and (ii) approximately 7.08% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price.

Set out below is the shareholding structure of the Company (i) as of the date of this announcement; and (ii) immediately after the full conversion of Convertible Bonds at the initial Conversion Price of HK\$0.49, assuming that there is no change in the existing shareholding of the Company and no adjustment to the initial Conversion Price of HK\$0.49:

	As at the date of this announcement ⁽⁵⁾		Immediately after the full conversion of the Convertible Bonds at the initial Conversion Price	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Chan and his associates				
Mr. Chan	40,108,267	7.48%	40,108,267	6.95%
PuraPharm Corporation Limited ⁽¹⁾⁽²⁾	76,349,750	14.25%	76,349,750	13.24%
Fullgold Development Limited ⁽⁶⁾	81,929,000	15.29%	81,929,000	14.21%
Gold Sparkle Limited ⁽⁴⁾	19,576,080	3.65%	19,576,080	3.39%
Ms. Man ⁽³⁾	8,226,050	1.54%	8,226,050	1.43%
BAGI Research Limited ⁽⁷⁾	93,488,372	17.45%	93,488,372	16.21%
Sub-Total	319,677,519	59.66%	319,677,519	55.43%
Director and participants under the Share Award Scheme of the Company				
Dr. Tsoi Kam Biu, Alvin (executive Director)	2,527,000	0.47%	2,527,000	0.44%
Dr. Leung Lim Kin, Simon (independent non-executive Director)	18,000	0.003%	18,000	0.003%
Shares held under the Share Award Scheme of the Company	844,335	0.16%	844,335	0.15%
Public Shareholder				
CB Subscriber	–	–	40,816,326	7.08%
Other Public Shareholders	212,830,793	39.71%	212,830,793	36.90%
Total	535,897,647	100%	576,713,973	100%

Notes:

- (1) Mr. Chan and Ms. Man beneficially own 50% and 50% of the issued share capital of Joint Partners Investments 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 Investments Limited. By virtue of the SFO, Joint Partners Investments 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 the date of this announcement, being 535,897,647 Shares.
- (6) Mr. Chan beneficially owns the entire issued share capital of Fullgold Development Limited (“**Fullgold**”), which in turn owns 81,929,000 Shares. By virtue of the SFO, Mr. Chan is deemed to be interested in the Shares held by Fullgold.
- (7) BAGI Research Limited is indirectly wholly owned by BAGI Group Limited which is in turn is controlled by Mr. Chan. By virtue of the SFO, Mr. Chan is deemed to be interested in the Shares held by BAGI Research Limited.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Save as disclosed in this announcement, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of the announcement.

Date of announcement/ circular	Event	Net proceeds	Intended use of net proceeds	Actual use of net proceeds as at the date of this announcement
25 July 2025 (date of announcement)	Subscription of new shares under the specific mandate of the Company	HK\$19.80 million	approximately HK\$17.55 million will be applied to clinical trials in Hong Kong and in Canada, and toxicology testing and investigational New Drug Submission in U.S.; and	To be utilized as intended
3 October 2025 (date of circular)			approximately HK\$2.25 million will be reserved as general working capital to accommodate unforeseen expenses or regulatory requirements	

DEFINITIONS

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

“AGM”	the annual general meeting of the Company convened and held on 27 May 2025 to approve, among other things, the grant of the General Mandate
“Board”	the board of Directors
“Bondholder”	a holder of any Convertible Bond
“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
“CB Subscriber”	Protoss Global Opportunities Fund
“CB Subscription”	the subscription of the Convertible Bonds to be issued by the Company to the CB Subscriber pursuant to the CB Subscription Agreement
“CB Subscription Agreement”	the conditional agreement dated 26 February 2026 and entered into between the Company and the CB Subscriber in respect of the CB Subscription

“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)
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Conversion Price”	initially HK\$0.49 per Conversion Share, subject to the adjustment mechanism under the Convertible Bonds
“Conversion Share”	the Shares to be issued by the Company upon exercise by the Bondholder of the conversion rights attached to the Convertible Bonds
“Convertible Bonds”	the unlisted convertible bonds with aggregate principal amount of HK\$20,000,000 to be subscribed by the CB Subscriber
“Directors”	directors of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue and deal with Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Chan”	Mr. Chan Yu Ling, Abraham, an executive Director
“Ms. Man”	Ms. Man Yee Wai, Viola, an executive Director
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 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)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“TCM”	traditional Chinese medicine

“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“US\$”	United States dollars, the lawful currency of the U.S.
“%”	per cent.

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

Hong Kong, 26 February 2026

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 are Mr. Leung Stephen Kwok Keung and Mr. Dong Zimeng; and the independent non-executive Directors are Dr. Hung Ting On, John, Dr. Leung Lim Kin, Simon and Prof. Tsui Lap Chee.