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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)

POSITIVE PROFIT ALERT

This announcement is made by PuraPharm Corporation Limited (the “**Company**“, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2018 and other information currently available to the Board, it is expected that the Group’s revenue for the year ended 31 December 2018 will record an increase of more than 20% as compared with the corresponding period of the previous year. The profit for the year ended 31 December 2018 will also record a substantial increase as compared with the corresponding period in 2017, the Group is expected to record a net profit of more than HK\$15 million for the year ended 31 December 2018.

The increase in revenue was mainly attributable to:

- (i) an increase in sales of the Group’s China Concentrated Chinese Medicine Granules (“**CCMG**”) segment resulted from the increase in sales quantity to the Group’s distributors. During the year ended 31 December 2018, the Group continued to devote more selling and distribution expenses to strengthen the promotion of the Group’s products and brands in China, as a result, more new customers were developed and the sales to the Group’s existing customers continued to grow.
- (ii) the results of the newly acquired subsidiaries in 2017 were fully consolidated in the Group’s result for the year ended 31 December 2018, whereas only a few months’ results since the completion of acquisitions were consolidated in the Group’s result for the corresponding period in 2017.

The increase in profit was primarily attributable to (i) an increase in fair value gain on the Group's biological assets as compared to the corresponding period in 2017 based on a valuation of the biological assets as of 31 December 2018, and (ii) an increase in the profit contribution from China CCMG segment as compared to the corresponding period in 2017, and (iii) profits contributed by the newly acquired subsidiaries in 2017.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2018. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available including the unaudited consolidated management accounts of the Group, which have not been reviewed or audited by the Company's auditor or the audit committee of the Company and are subject to adjustment. The actual annual results of the Group for the year ended 31 December 2018 may be different from what is disclosed in this announcement. Shareholders of the Company and potential investors are advised to read carefully the annual results announcement of the Company for the year ended 31 December 2018, which is expected to be published by the end of March 2019 in accordance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 7 March 2019

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 Kin Man, Eddie, and Ms. Man Yee Wai, Viola; the non-executive director of the Company is Mr. Chow Stanley; 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.