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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)**

## **PROFIT WARNING**

This announcement is made by PuraPharm Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) 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 information currently available to the Board, including the unaudited consolidated management accounts of the Group for the six months ended 30 June 2019, it is expected that the Group’s revenue for the six months ended 30 June 2019 will record decrease of approximately 15%, and record a substantial net loss for the six months ended 30 June 2019 whereas the unaudited consolidated net profit recorded in the last corresponding period was HK\$13.3 million.

Such change from profit to loss is mainly attributable to:

1. Decrease in the sales of the Group’s China Concentrated Chinese Medicine Granules (“**CCMG**”) segment and Plantation segment, attributable to the following factors:
  - (a) The drop in sales of the Group’s China CCMG segment was attributable to the decrease in sales quantity, especially the distributorship sales. The sales of the Group’s China CCMG segment through distributorship was relatively high in the last correspondence period, which was benefited from a temporary growth resulting from the revamped sales strategy of the Group in 2017. In addition, during the six months period ended 30 June 2019, the Group has restructured its sales team in China for CCMG segment, and this led to a slowdown of the business development during the transitional period.

Furthermore, the Group continued to devote more marketing resources to maintain the competitiveness of the Group in China market. As a result, the profit contributed from the Group's China CCMG segment decreased during the six months ended 30 June 2019; and

(b) The drop in sales of the Group's Plantation segment was attributable to the types of Chinese herbs products sold by the Group during the six months period ended 30 June 2019 is different to last correspondence period, which has different market demand.

2. HK\$6.9 million Government grant was received in the last corresponding period, in Guizhou, PRC to reward the Group's investments in poverty area. No such Government grant was received during the six months period ended 30 June 2019.

The Company is still in the process of finalising the interim results of the Group for the six months ended 30 June 2019. 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 interim results of the Group for the six months ended 30 June 2019 may be different from what is disclosed in this announcement. Shareholders of the Company and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2019, which is expected to be published by the end of August 2019 in accordance with the Listing Rules.

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

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

Hong Kong, 19 July 2019

*As at the date of this announcement, the executive directors of the Company are Mr. Chan Yu Ling, Abraham, Dr. Tsoi Kam Bui, Alvin, Mr. Chan Kin Man, Eddie, and Ms. Man Yee Wai, Viola; 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.*