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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 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 review of the unaudited consolidated management accounts of the Group for the financial year ended 31 December 2020 (“**FY2020**”) and other information currently available to the Board, it is expected that the Group’s will record a net profit of approximately HK\$30 million for FY2020, as compared with the net loss of HK\$227.3 million for financial year ended 31 December 2019 (“**FY2019**”).

The increase in net profit is mainly attributable to, (i) no significant impairment loss recognised in FY2020 as compared to FY2019; and (ii) the significant increase in non-recurring Government subsidies (the “**Government Subsidies**”) received by the Group as other income in FY2020 compared to FY2019. The Government Subsidies were mainly consisted of the sum received from the relevant authorities of the People’s Republic of China (the “**PRC**”) to reward the Group’s industrial investment in Guizhou province, finance costs subsidies, tax refund and grants for certain research and development projects.

Due to the adverse impact brought by the widespread outbreak of the COVID-19 pandemic in the PRC and Hong Kong since early 2020, which negatively affected consumer sentiment and the demand for Chinese medicine services, the Group is expected to record an operating loss if excluding the non-recurring Government Subsidies, but such operating loss during the FY2020 will be materially less than FY2019, due to stringent control on the operating costs undertaken during FY2020.

The Company is still in the process of finalising the annual results of the Group for FY2020. 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 reviewed by the audit committee of the Company and are subject to adjustment. The actual annual results of the Group for FY2020 may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the annual results announcement of the Company for FY2020, which is expected to be published by the late March 2021 in accordance with the Listing Rules.

Shareholders and potential investors are advised not to place undue reliance on the aforesaid information and 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, 21 February, 2021

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. Cheong Shin Keong, Ms. Man Yee Wai, Viola and Dr. Norimoto Hisayoshi; the non-executive directors of the Company are Mr. Chow, Stanley and 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.