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PuraPharm

PURAPHARM CORPORATION LIMITED
培力農本方有限公司

(Formerly known as 培力控股有限公司 in Chinese)
(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)(a) 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 (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 (“**FY2021**”) and other information currently available to the Board, it is expected that the Group will record a net loss of not more than HK\$140 million for the year ended 31 December 2021, as compared to the audited consolidated net profit of approximately HK\$31.7 million recorded for the year ended 31 December 2020 (“**FY2020**”).

Based on the information currently available, the Board believes that the expected net loss in FY2021 is mainly attributable to the following one-off and non-cash fair value and impairment losses:

- (i) due to the reduction of expected future output of raw Chinese herbs as a result of the lower level of soil fertility and sunlight as well as the changes in management personnel in the plantation business, the Group is expected to record a fair value loss on biological assets related to its plantation segment of not more than HK\$53.0 million during FY2021; and

- (ii) as a result of the change in business plan and strategy in the plantation business, changes in management personnel of the plantation business and the aforementioned fair value loss of the Group's biological assets, an impairment loss of goodwill of approximately HK\$67.3 million in respect of the Group's plantation segment is expected to be recorded.

In addition to the abovementioned one-off and non-cash fair value and impairment losses, the expected net loss in FY2021 is also attributable to the significant decrease in non-recurring government grants received by the Group as other income in FY2021 as compared to that of FY2020.

The Board would like to emphasise that the aforementioned fair value and impairment losses are one-off and non-cash in nature and would have no cash impact and no impact on the Group's business and production operations. The Group's net loss for FY2021 before the provision of the aforementioned one-off and non-cash fair value and impairment losses is expected to be less than HK\$20 million. In particular, the impairment of goodwill of the plantation segment was undertaken out of prudence by the Board and would not affect the business operations and production of the plantation segment of the Group.

The Company is still in the process of finalising the annual results of the Group for FY2021. 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 for FY2021, which are yet to be finalised and have not been reviewed or audited by the Company's auditor or reviewed by the audit committee of the Company and are subject to adjustments. The actual annual results of the Group for FY2021 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 FY2021, which is expected to be published by late March 2022 in accordance with the Listing Rules.

Shareholders 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, 25 February 2022

As at the date of this announcement, the executive Directors are Mr. Chan Yu Ling, Abraham, Ms. Man Yee Wai, Viola and Dr. Norimoto Hisayoshi; the non-executive Directors are Mr. Chow, Stanley and Mr. Cheong Shin Keong; and the independent non-executive Directors are Mr. Ho Kwok Wah, George, Dr. Leung Lim Kin, Simon and Prof. Tsui Lap Chee.