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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 six months ended 30 June 2022 (“**2022 Interim Period**”) and other information currently available to the Board, it is expected that the Group will record a net loss of not more than HK\$42 million for the 2022 Interim Period, as compared to the consolidated net profit of approximately HK\$12.0 million recorded for the corresponding period ended 30 June 2021.

Based on the information currently available, the Board believes that the expected net loss in 2022 Interim Period is mainly attributable to the slowdown of concentrated Chinese medicine granules (“**CCMG**”) business in China, as a result of (1) the temporary shortage of the number of prescribed national standards and provincial standards for CCMG which has hindered the use of CCMG in prescriptions by hospitals and clinics, resulting in an impact on sales during the 2022 Interim Period; (2) the stocking up on CCMG products by some hospitals before the new policy was implemented in November 2021, which has reduced demand temporarily after the implementation of the new policy; and (3) with the cost of CCMG produced under the prescribed national standards higher than before, the market still undergoing adjustment to adopt to the new higher pricing. The net loss is also partly

attributable to the one-off and non-cash impairment losses of the biological assets related to the Group's plantation segment because of a reduction in expected future output of raw Chinese herbs.

The Company is still in the process of finalising the interim results of the Group for the 2022 Interim Period. 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 the 2022 Interim Period, 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 interim results of the Group for the 2022 Interim Period may be different from the information disclosed in this announcement. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the 2022 Interim Period, which are expected to be published by the end of August 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 and executive Director

Hong Kong, 12 August 2022

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