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吉林省輝南長龍生化藥業股份有限公司

Jilin Province Huinan Changlong Bio-pharmacy Company Limited

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8049)

**ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

**CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG
LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of Jilin Province Huinan Changlong Bio-pharmacy Company Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to Jilin Province Huinan Changlong Bio-pharmacy Company Limited and its subsidiary (“the Group”). The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

UNAUDITED CONSOLIDATED RESULTS

For the reasons explained below under “Review of Unaudited Annual Results”, the auditing process for the annual results of Jilin Province Huinan Changlong Bio-pharmacy Company Limited (“the Company”) and its subsidiaries (collectively, the “Group”) has not been completed. In the meantime, the board of directors (the “Board”) of the Company is pleased to announce the unaudited consolidated financial statements of the Group for the year ended 31 December 2021 as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Year ended 31 December	
		2021 (Unaudited) RMB’000	2020 (Audited) RMB’000
Turnover	4	705,456	622,250
Cost of sales		(125,451)	(91,512)
Gross profit		580,005	530,738
Other revenue	4	50,501	47,953
Other gains		–	417
Distribution and selling costs		(360,717)	(258,808)
Administrative expenses		(93,288)	(169,546)
Profit from operations	6	176,501	150,754
Finance costs		(344)	(713)
Profit before taxation		176,157	150,041
Taxation	7	(33,990)	(23,483)
Profit attributable to equity holders of the Company		142,167	126,558
Earnings per share			
– Basic	8	25.38 cents	22.59 cents
Dividends	9	35,016	19,609

Note: Calculation of the earnings per share in 2020 and 2021 was based on 560,250,000 shares and 560,250,000 shares respectively.

UNAUDITED CONSOLIDATED BALANCE SHEET

		31 December 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
	Notes		
Assets and liabilities			
Non-current assets			
Bearer biological assets	10	15,080	14,905
Property, plant and equipment	11	198,594	169,969
Right-of-use assets	12	36,619	37,408
Construction in progress	13	147,857	124,305
Intangible assets	14	32	–
Goodwill		6,254	–
Financial assets measured at amortised cost		776,494	648,519
Deferred tax assets		1,510	1,510
Total non-current assets		1,182,440	996,616
Current assets			
Inventories	15	86,313	55,000
Trade receivables	16	230,252	206,374
Contract assets		21,790	45,755
Other receivables, deposits and prepayments		289,267	257,823
Financial assets measured at amortised cost		30,424	156,501
Financial assets at fair value through profit or loss		175,417	60,417
Cash and cash equivalents		55,294	26,017
Total current assets		888,757	807,887
Current liabilities			
Trade payables	17	51,335	42,628
Contract liabilities		15,222	7,564
Other payables, deposits received and accruals		404,837	287,842
Deferred income		1,583	989
Income tax payable		32,446	26,642
Other tax payables		33,835	25,892
Loans from government authority		400	400
Dividend payable		32,136	23,478
Total current liabilities		571,794	415,435

	31 December 2021 (Unaudited) <i>RMB'000</i>	31 December 2020 (Audited) <i>RMB'000</i>
<i>Notes</i>		
Net current assets	<u>316,963</u>	<u>392,452</u>
Total assets less current liabilities	<u>1,499,403</u>	<u>1,389,068</u>
Non-current liabilities		
Other payable	953	–
Deferred income	41,954	43,193
Deferred tax liabilities	3,863	393
	<u>46,770</u>	<u>43,586</u>
Net assets	<u><u>1,452,633</u></u>	<u><u>1,345,482</u></u>
Equity:		
Share capital	18 56,025	56,025
Reserves	1,396,608	1,289,457
Total equity	<u><u>1,452,633</u></u>	<u><u>1,345,482</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	PRC statutory funds				Total <i>RMB'000</i>
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	
At 1 January 2020 (Audited)	56,025	51,098	33,242	1,098,168	1,238,533
Profit for the year	–	–	–	126,558	126,558
Dividends paid	–	–	–	(19,609)	(19,609)
At 31 December 2020 (Audited)	56,025	51,098	33,242	1,205,117	1,345,482
Profit for the year	–	–	–	142,167	142,167
Dividends paid	–	–	–	(35,016)	(35,016)
Balance as at 31 December 2021 (unaudited)	56,025	51,098	33,242	1,312,268	1,452,633

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS:

1. ORGANISATION AND OPERATIONS

The Company was established as a state-owned enterprise in the People's Republic of China (the "PRC") in 1989. On 29 December 1995, under the relevant provisions of the Company Law of the PRC, the Company was re-organized from a state-owned enterprise to a limited liability company. On 16 August 1996, with the approval of the Economic Restructuring Commission of Jilin Province, the Company was further converted into a joint stock limited company. On 20 April 1999, the Company made a bonus issue from capitalisation of retained profits at the proportion of one bonus share for every two existing shares. The Company's H shares were listed on the GEM of the Stock Exchange of Hong Kong Limited on 24 May 2001.

The Group is principally engaged in the manufacture and distribution of biochemical medicines in the PRC under the brandnames of Changlong and Shendi.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The unaudited consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of financial instruments which have been measured at fair value.

The accounting policies adopted in preparing the unaudited consolidated financial statements for the period under review are consistent with those followed in the Company's 2020 annual report.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2021 are as follows:

Amendments to HKFRS16	<i>Covid-19-Related Rent Concessions Amendments</i>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>

The adoption of the above new and revised HKFRSs has had no significant financial effect on the unaudited consolidated financial statements of the Group.

4. TURNOVER AND REVENUE

The Group's turnover comprises the invoiced value of merchandise sold net of value – added tax and after allowances for returns and discounts.

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Turnover		
Sales of medicine	705,456	622,250
Other revenue		
Other income	50,501	47,953
Total revenue for the year	755,957	670,203

5. SEGMENT INFORMATION

The Group has only one business segment which is in the manufacture and distribution of Chinese medicines and pharmaceutical products in the PRC. For the year ended 31 December 2021, turnover of the Group is generated entirely from sales in the PRC and all identifiable assets of the Group are located in the PRC. Accordingly, no business or geographical segmental analysis is prepared for the year.

6. PROFIT FROM OPERATIONS

The Group's profit from operations is arrived at after charging:

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Depreciation of property, plant and equipment	28,083	21,230
Depreciation of right-of-use assets	789	932
Cost of inventories sold (excluding additional provision for, and write off of obsolete and slow-moving inventories)	117,485	85,498
Research and development cost	20,578	33,197

7. TAXATION

Taxation in the unaudited consolidated income statement represents:

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
PRC income tax	33,990	23,483

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate was 15% (2020: 15%).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2021 and 2020 is based on the unaudited profit attributable to shareholders of approximately RMB142,167,000 and audited profit attributable to shareholders of RMB126,558,000 respectively and on the weighted average of 560,250,000 and 560,250,000 in issue during the two years respectively.

There is no diluted earnings per share because there were no dilutive potential shares in existence during the relevant periods.

9. DIVIDENDS

The Company declared special dividends of RMB3.5 and RMB2.75 cents per share on 28 April 2021 and 5 August 2021 and paid on 30 August 2021 and 18 November 2021 respectively (2020: declared a special dividend of RMB3.5 cents per share on 15 May 2020 and paid on 20 August 2020).

No final dividend has been proposed or paid by the Company in respect of the year ended 31 December 2021 and 2020.

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Special dividends of RMB6.25 cents per share	35,016	19,609

10. BEARER BIOLOGICAL ASSETS

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Ginseng	15,080	14,905

11. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment of the Group were:

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Net book value, beginning of year	169,969	145,242
Additions and Disposals and Transfer from construction in progress	52,764	37,846
Depreciation and Written back on disposals	(24,139)	(13,119)
Net book value, end of year	198,594	169,969

12. RIGHT-OF-USE ASSETS

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Net book value, beginning of year	37,408	38,340
Depreciation	(789)	(932)
	<u>36,619</u>	<u>37,408</u>
Net book value, end of year	<u><u>36,619</u></u>	<u><u>37,408</u></u>

The Group's right-of-use assets represent medium-term PRC land use rights.

13. CONSTRUCTION IN PROGRESS

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Net book value, beginning of year	124,305	74,061
Additions	23,552	59,012
Transfer to property, plant and equipment	–	(8,768)
	<u>147,857</u>	<u>124,305</u>
Net book value, end of year	<u><u>147,857</u></u>	<u><u>124,305</u></u>

14. INTANGIBLE ASSETS

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Cost:		
At 1 January	68,135	68,135
Additions and Disposal	32	–
	<u>68,167</u>	<u>68,135</u>
At 31 December 2021 and 2020	<u>68,167</u>	68,135
Accumulated amortization and impairment loss:		
At 1 January	68,135	68,135
Impairment for the year	–	–
	<u>–</u>	<u>–</u>
At 31 December 2021 and 2020	<u>68,135</u>	68,135
Net book value:		
At 31 December 2021 and 2020	<u><u>32</u></u>	<u><u>–</u></u>

Purchased know-how and prescription were all acquired by cash from independent third parties.

15. INVENTORIES

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Inventories comprise:		
At cost:		
Raw materials	24,182	33,627
Work in progress	36,263	12,863
Finished goods	26,723	8,630
	<u>87,168</u>	<u>55,120</u>
Less: provision for obsolete and slow-moving inventories	<u>(855)</u>	<u>(120)</u>
	<u>86,313</u>	<u>55,000</u>

As at 31 December 2021, inventories amounting to approximately RMB86,313,000 (2020: RMB55,000,000) were carried at net realizable value.

16. TRADE RECEIVABLES

Trade receivables are stated at cost less loss allowance. Loss allowance is made based upon the directors' knowledge of the customers, the creditworthiness and settlement history, and the aging of the outstanding trade receivables.

The following is an aged analysis of trade receivables, net of loss allowance, at the balance sheet dates:

	31 December 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Current	89,503	77,055
31–90 days	50,295	48,771
91–180 days	55,224	40,521
More than 180 days	35,230	40,027
	<u>230,252</u>	<u>206,374</u>

The directors consider the carrying amount of trade receivables approximates their fair value.

17. TRADE PAYABLES

The following is an aged analysis of trade payables at the balance sheet dates:

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Current	12,013	13,535
31–90 days	11,856	4,404
More than 90 days	27,466	24,689
	<u>51,335</u>	<u>42,628</u>

Trade payables principally comprise amounts outstanding for trade purchases. The directors consider that the carrying amount of trade payables approximates their fair value.

18. SHARE CAPITAL

	2021 (Unaudited)		2020 (Audited)	
	<i>Number of shares</i>	<i>RMB'000</i>	<i>Number of shares</i>	<i>RMB'000</i>
Domestic shares of RMB0.10 each	387,750,000	38,775	387,750,000	38,775
H shares of RMB0.10 each	172,500,000	17,250	172,500,000	17,250
	<u>560,250,000</u>	<u>56,025</u>	<u>560,250,000</u>	<u>56,025</u>

19. CAPITAL COMMITMENTS

As at 31 December 2021, the Group had capital commitments contracted for but not provided in respect of the following:

	2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
Acquisition of intangible assets	1,750	1,750
Acquisition of property, plant and equipment	1,042	3,554
	<u>2,792</u>	<u>5,304</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

For the year ended 31 December 2021, the Group recorded a turnover of approximately RMB705,456,000, representing an increase of 13.4% from RMB622,250,000 in 2020. Profit attributable to shareholders for the year ended 31 December 2021 was RMB142,167,000, representing an increase of RMB15,609,000 from RMB126,558,000 in 2020.

The gross profit margin for the year ended 31 December 2021 was approximately 82.2% representing a 3.1% decrease as compared to that of 85.3% for the year 2020. The Board believes that there were no significant fluctuation for the production and material cost.

The selling expense as a percentage of turnover was 51% in 2021. This represented an increase from 42% when compared to last year. General and administrative expenses decreased from RMB169,546,000 for 2020 to RMB93,288,000 for 2021.

BUSINESS REVIEW

Production Facilities

During the year, the Company conducted a multi-disciplinary study of market demand and reconstructed the biochemical extraction workshop for the resumption of production of key varieties, which is expected to be put into production in 2022.

This year, the Company built a new R&D and testing center with complete facilities and advanced testing equipment for new product development and product quality control, which was officially put into operation in September 2021.

During the year, the Company completed the production license additions for Small Volume Injection Workshop II, Small Volume Injection Workshop III, Oral Liquid Workshop and API Workshop II. The Company's product catalogue continues to be enriched and the construction of the workshops and the development of varieties will continue to enhance the Company's research and development capability and market competitiveness.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a sound financial position during this year. For the year ended 31 December 2021, the Group's primary source of funds was cash from the operating activities. As at 31 December 2021, the Group had cash and bank balances and consolidated net asset value of approximately RMB55,294,000 and RMB1,452,633,000 respectively.

For the year ended 31 December 2021, the Group mainly generated revenue and incurred costs in Hong Kong dollars and Renminbi. The Directors consider the impact on foreign exchange exposure of the Group is minimal.

As at 31 December 2021, the Group had no material contingent liabilities.

GEARING RATIO

As at 31 December 2021, the Group had short-term bank borrowings of RMB Nil (2020: RMB Nil) and a gearing ratio of approximately 0%. The calculation of the gearing ratio was based on the short-term bank loans and shareholders' equity as at 31 December 2021.

CAPITAL COMMITMENTS

Details of the capital commitments of the Company as at 31 December 2021 are set out in note 19 to the financial statements.

CAPITAL STRUCTURE

During the year ended 31 December 2021, there was no change in the Company's share capital. As at 31 December 2021, the Group's operations were financed mainly by shareholders' equity. The Group will continue to adopt its treasury policy of placing the Group's cash and cash equivalents in interest bearing deposits, and to fund the operation with internal resources.

FUTURE PROSPECTS

Looking ahead, we will rise to the challenge and seize the opportunity to continue to adhere to the business philosophy of "Technology, Innovation, Virtue, and Benefit", with the quality of drugs as the core, marketing as the guide, technological innovation as the backing, and academic leadership as the means, and make it the unremitting effort and pursuit of "Changlong People" to follow the path of globalization and contribute to the health of the world's people. To create a new Changlong that is rapidly taking off and moving towards a century-long enterprise.

The Directors would like to take this opportunity to express their gratitude to the management and staff for their dedication and contribution to the Group, and to thank our fellow business partners and equity holders for their continuing support. The Directors will endeavor to explore every potential opportunity for business growth, creating a promising future and successful results in the years ahead.

DIRECTORS' INTERESTS IN SHARES

At 31 December 2021, the interests and short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in shares

Director	Type of interests	Capacity	Number of Domestic Shares	Percentage of Domestic Shares	Percentage of total registered Share Capital
Mr. Zhang Hong	Personal	Beneficial owner	101,937,000	26.29	18.19
Mr. Zhang Xiao Guang	Personal	Beneficial owner	42,315,000	10.91	7.55
Mr. Wu Guo Wen	Personal	Beneficial owner	900,000	0.232	0.161

Save as disclosed above, as at 31 December 2021, none of the Directors, supervisors and chief executives of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the headings “Directors’ interests in shares” above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director and chief executives or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors, supervisors and chief executives to acquire such rights in any other body corporate.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 December 2021, the following persons (other than the Directors, supervisors and chief executives of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in shares

Name of shareholder	Capacity/ Nature of interest	Number of Domestic Shares	Percentage of Domestic Shares	Percentage of total registered Share Capital
Huinan County SAB (Note)	Beneficial owner	81,975,000	21.14	14.63

Note: Apart from the equity interest in the Company, Huinan County SAB does not have any direct or indirect interest in the Company, including representation in the Board of Directors.

Save as disclosed above, as at 31 December 2021, the Directors were not aware of any other person (other than the Directors, supervisors and chief executives of the Company) who had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in H shares

Name of shareholder	Capacity	Number of H Shares	Percentage of H Shares	Percentage of total registered Share Capital
Chen Jingwei	Beneficial owner	29,520,000	17.11%	5.269%
Shen Qianzhen	Beneficial owner	13,996,000	8.11%	2.498%

COMPETING INTEREST

During the period under review, none of the Directors, the management shareholders, the significant shareholders or the substantial shareholders (as defined in the GEM Listing Rules) of the Company had any interest in a business, which competes or may compete with the business of the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 31 December 2021, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

BOARD PRACTICES AND PROCEDURES

During the period under review, the Company had not fully complied with the board practices and procedures as set out in Rules 5.34 of the GEM Listing Rules in respect of the Code on Corporate Governance Practices (the “CCGP”). The main deviations from the code provision set out in the CCGP were as follows:

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang Hong assumes the role of both the chairman and the chief executive officer of the Company. The Board is of the view that this has not compromised accountability and independent decision making for the following reasons:

- the Audit Committee composes exclusively of independent non-executive directors;
- the independent directors have free and direct access to the Company’s external auditors and independent professional advice when considered necessary.

Mr. Zhang Hong, the chairman, is a substantial shareholder of the Company and has considerable industry experience. He is motivated to contribute to the growth and profitability of the Group. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitate open dialogue between the Board and the management.

AUDIT COMMITTEE

The Company set up an audit committee (the “Committee”) on 24 May 2001 with written terms of reference in compliance with the requirements as set out in Rules 5.28 and 5.29 of the GEM Listing Rules. The audit committee comprise three independent non executive directors, namely Gao Qi Pin, Bai Jun Gui and Tian Jie, Gao Qi Pin is the Chairman of the audit committee. The primary duties of the Committee are to review and provide supervision over the financial reporting procedures and internal control system of the Group.

The committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the unaudited results of the Group for the year ended 31 December 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 962 employees (31 December 2020: 951 employees). Remuneration is determined by reference to market terms and the performance, qualifications and experience of individual employee. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contribution. Other benefits include contributions to retirement scheme and medical scheme.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company’s listed shares.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2021 has not been completed due to restrictions in force in Hong Kong and parts of China to combat the COVID-19 coronavirus outbreak. The unaudited annual results contained herein have not been agreed with the Company’s auditors. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS AND FURTHER ANNOUNCEMENTS(S)

It is expected that the Company will issue further announcement(s) in relation to the audited annual results for the Year as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein around end of April 2022 following completion of the audit process. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the audited process.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Jilin Province Huinan Changlong Bio-pharmacy Company Limited
Zhang Hong
Chairman

Jilin, the PRC
31 March 2022

As at the date of this announcement, the Board comprises six executive directors, being Zhang Hong, Zhang Xiao Guang, Zhao Bao Gang, Wu Guo Wen, Zhang Yi and Xu Xiang Fu and three independent non-executive directors, being Gao Qi Pin, Bai Jun Gui and Tian Jie.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for 7 days from the day of its posting.