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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)

**DISCLOSEABLE TRANSACTIONS
SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS**

SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS

During the year ended 31 December 2017 and up to the date of this announcement, the Company had subscribed for and redeemed the wealth management products from time to time, summary of which is set out as follows:

The ICBC subscriptions

During the period from 26 January 2013 to 17 July 2018, the Company had subscribed for ICBC wealth management products with a maximum balance during the said period of RMB180 million. As at the date of this announcement, the balance of ICBC subscriptions is RMB180 million.

The ABC subscriptions

During the period from 31 December 2013 to 17 July 2018, the Company had subscribed for an ABC wealth management product with a maximum balance during the said period of RMB48 million. As at the date of this announcement, the balance of ABC subscriptions is RMB28 million.

The CCB subscriptions

During the period from 21 December 2015 to 17 July 2018, the Company had subscribed for CCB wealth management products with a maximum balance during the said period of RMB185 million. As at the date of this announcement, the balance of CCB subscriptions is RMB185 million.

The BOC subscriptions

During the period from 30 September 2016 to 17 July 2018, the Company had subscribed for an BOC wealth management product with a maximum balance during the said period of RMB60 million. As at the date of this announcement, the balance of BOC subscriptions is RMB60 million.

The PSBC subscriptions

During the period from 12 July 2017 to 17 July 2018, the Company had subscribed for PSBC wealth management products with a maximum balance during the said period of RMB90 million. As at the date of this announcement, the balance of PSBC subscriptions is RMB Nil.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of each of the ICBC subscriptions, the ABC subscriptions, the CCB subscriptions, the BOC subscriptions and the PSBC subscriptions, on an aggregated basis pursuant to Rule 19.22 of the GEM Listing Rules, exceed 5% but are less than 25%, the ICBC subscriptions, the ABC subscriptions, the CCB subscriptions, the BOC subscriptions and the PSBC subscriptions constitute discloseable transactions under Chapter 19 of the GEM Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Company confirms that the notification and announcement in respect of the subscriptions as required under Chapter 19 of the GEM Listing Rules had been delayed due to its inadvertent oversight. The failure to make timely disclosure was due to a misunderstanding by the management of the Company of the application of the relevant GEM Listing Rules as the applicable percentage ratios for each transaction under the subscriptions calculated on a standalone basis were less than 5%. Accordingly, the Company did not previously consider that each of the ICBC subscriptions, the ABC subscriptions, the CCB subscriptions, the BOC subscriptions and the PSBC subscriptions, when respectively calculated in aggregation, would constitute notifiable transactions under the Listing Rules and hence had omitted to timely comply with the GEM Listing Rules in respect of the subscriptions as disclosed above.

INTRODUCTION

During the year ended 31 December 2017 and up to the date of this announcement, the Company had subscribed for and redeemed the wealth management products from time to time, summary of which is set out as follows:

(1) The ICBC subscriptions

During the period from 26 January 2013 to 17 July 2018, the Company had subscribed for ICBC wealth management products with a maximum balance during the said period of RMB180 million. As at the date of this announcement, the balance of the ICBC subscriptions is RMB180 million.

Further details regarding the terms of ICBC wealth management products are as follows:

(i) *ICBC Wealth Management – Win-win No. 3 principal guaranteed wealth management product (工銀理財共贏3號保本型理財產品保本型)*

Type of return:	Principal guaranteed with floating return
Term of investment:	No fixed term
Expected annualized return rate:	3.2-4.12%
Risk level of product (internal risk rating by the bank):	Minimal
Right of early termination or redemption:	Early termination by ICBC is allowed subject to changes in the market while the Company is not entitled to early termination
Balance as at the date of this announcement:	RMB20 million

(ii) *ICBC principal guaranteed “Free e” corporate account extension wealth management product (工商銀行保本「隨心E」法人拓戶理財產品)*

Type of return:	Principal guaranteed with floating return
Term of investment:	No fixed term
Expected annualized return rate:	3.6-4.1%
Risk level of product (internal risk rating by the bank):	Minimal
Right of early termination or redemption:	ICBC is entitled to early termination of this product with 7 days’ announcement
Balance as at the date of this announcement:	RMB160 million

(iii) *“Ri Sheng Yue Heng” return ascending corporate RMB wealth management product (日升月恒收益遞增型法人人民幣理財產品)*

Type of return:	Non-principal guaranteed with floating return
Term of investment:	No fixed term
Expected annualized return rate:	3.3%
Risk level of product (internal risk rating by the bank):	Minimal
Right of early termination or redemption:	ICBC is entitled to early termination of this product with 3 days’ announcement
Balance as at the date of this announcement:	RMB Nil

(iv) ICBC “e-Moneylink” wealth management product with no fixed term for corporate with net value (工行「e靈通」淨值型法人無固定期限理財產品)

Type of return:	Non-principal guaranteed with floating return
Term of investment:	No fixed term
Expected annualized return rate:	3%
Risk level of product (internal risk rating by the bank):	Minimal
Right of early termination or redemption:	ICBC is entitled to early termination of this product with 3 days’ announcement
Balance as at the date of this announcement:	RMB Nil

On 12 June 2014, the Company purchased the ICBC wealth management products with a principal amount of RMB20 million. Pursuant to Rule 19.22 of the GEM Listing Rules, as at least one of the applicable percentage ratios of such purchase, when aggregated with the outstanding balance of the investment and wealth management products, exceeded 5% but was less than 25%, such aggregated purchase constituted a discloseable transaction which was subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

(2) The ABC subscriptions

During the period from 31 December 2013 to 17 July 2018, the Company had subscribed for an ABC wealth management product with a maximum balance during the said period of RMB48 million. As at the date of this announcement, the balance of the ABC subscriptions is RMB28 million.

Further details regarding the terms of the ABC wealth management product are as follows:

(i) *“Ben Li Feng • 360 days” RMB wealth management product (「本利豐 • 360天」人民幣理財產品)*

Type of return:	Principal guaranteed with floating return
Term of investment:	360 days
Expected annualized return rate:	2.9-3.75%
Risk level of product (internal risk rating by the bank):	Low
Right of early termination or redemption:	ABC is entitled to early termination of this product with 2 days' announcement
Balance as at the date of this announcement:	RMB28 million

On 21 February 2017, the Company purchased the ABC wealth management product with a principal amount of RMB20 million. Pursuant to Rule 19.22 of the GEM Listing Rules, as at least one of the applicable percentage ratios of such purchase, when aggregated with the outstanding balance of the investment and wealth management product, exceeded 5% but was less than 25%, such aggregated purchase constituted a discloseable transaction which was subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

(3) The CCB subscriptions

During the period from 21 December 2015 to 17 July 2018, the Company had subscribed for CCB wealth management products with a maximum balance during the said period of RMB185 million. As at the date of this announcement, the balance of the CCB subscriptions is RMB185 million.

Further details regarding the terms of CCB wealth management products are as follows:

(i) *“Gan Yuan Zhong Xiang” principal guaranteed RMB wealth management product* (「乾元眾享」保本型人民幣理財產品)

Type of return:	Principal guaranteed with floating return
Term of investment:	No fixed term
Expected annualized return rate:	3.5-4.2%
Risk level of product (internal risk rating by the bank):	Risk-free or minimal risk
Right of early termination or redemption:	CCB is entitled to early termination of this product with 2 days’ announcement
Balance as at the date of this announcement:	RMB185 million

(ii) *“Qian Yuan – Ri Xin Yue Yi” open-ended portfolio product* (乾元一日鑫月溢開放組合產品)

Type of return:	Non-principal guaranteed with floating return
Term of investment:	No fixed term
Expected annualized return rate:	3.5-3.7%
Risk level of product (internal risk rating by the bank):	Moderate
Right of early termination or redemption:	CCB is entitled to early termination of this product with 2 days’ announcement
Balance as at the date of this announcement:	RMB Nil

On 7 April 2016, the Company purchased the CCB wealth management products with a principal amount of RMB40 million. Pursuant to Rule 19.22 of the GEM Listing Rules, as at least one of the applicable percentage ratios of such purchase, when aggregated with the outstanding balance of the investment and wealth management products, exceeded 5% but was less than 25%, such aggregated purchase constituted a discloseable transaction which was subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

(4) The BOC subscriptions

During the period from 30 September 2016 to 17 July 2018, the Company had subscribed for an BOC wealth management product with a maximum balance during the said period of RMB60 million. As at the date of this announcement, the balance of the BOC subscriptions is RMB60 million.

Further details regarding the terms of the BOC wealth management product are as follows:

(i) *RMB “An Qi Kai Fang” wealth management product (人民幣「按期開放」理財產品)*

Type of return:	Return guaranteed
Term of investment:	No fixed term
Expected annualized return rate:	3-4.4%
Risk level of product (internal risk rating by the bank):	Low
Right of early termination or redemption:	Early termination by BOC is allowed subject to changes in the market while the Company is not entitled to early termination
Balance as at the date of this announcement:	RMB60 million

On 11 January 2017, the Company purchased the BOC wealth management product with a principal amount of RMB60 million. Pursuant to Rule 19.22 of the GEM Listing Rules, as at least one of the applicable percentage ratios of such purchase, when aggregated with the outstanding balance of the investment and wealth management product, exceeded 5% but was less than 25%, such aggregated purchase constituted a discloseable transaction which was subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

(5) The PSBC subscriptions

During the period from 12 July 2017 to 17 July 2018, the Company had subscribed for PSBC wealth management products with a maximum balance during the said period of RMB90 million. As at the date of this announcement, the balance of the PSBC subscriptions is RMB Nil.

Further details regarding the terms of PSBC wealth management products are as follows:

(i) *PSBC Wisdom • Sheng Ying* (中國郵政儲蓄銀行郵銀財智 • 盛盈)

Type of return:	Principal guaranteed with floating return
Term of investment:	180/195 days
Expected annualized return rate:	4.2/4.5%
Risk level of product (internal risk rating by the bank):	Return with cautious risk
Right of early termination or redemption:	PSBC is entitled to early termination of this product with 2 days' announcement
Balance as at the date of this announcement:	RMB Nil

(ii) *PSBC “Cai Fu Yue Yue Sheng” RMB wealth management product* (中國郵政儲蓄銀行財富月月升人民幣理財產品)

Type of return:	Non-principal guaranteed with floating return
Term of investment:	No fixed term
Expected annualized return rate:	4.2/4.5%
Risk level of product (internal risk rating by the bank):	Conservative
Right of early termination or redemption:	PSBC is entitled to early termination of this product with 2 days' announcement
Balance as at the date of this announcement:	RMB Nil

On 27 July 2017, the Company purchased the PSBC wealth management products with a principal amount of RMB30 million. Pursuant to Rule 19.22 of the GEM Listing Rules, as at least one of the applicable percentage ratios of such purchase, when aggregated with the outstanding balance of the investment and wealth management products, exceeded 5% but was less than 25%, such aggregated purchase constituted a discloseable transaction which was subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

INFORMATION ON THE PARTIES

The Company is principally engaged in the manufacture and distribution of Chinese medicines and pharmaceutical products in the PRC under the brand names of Changlong (長龍) and Qing Tong (清通). Each of ICBC, ABC, CCB, BOC and PSBC is a licensed bank established under the laws of the PRC, which is principally engaged in the provision of corporate and personal banking and other financial services in the PRC. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of ICBC, ABC, CCB, BOC and PSBC and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

The subscriptions were carried out by the Company for treasury management purpose in order to maximize the utilization of its surplus cash received from its business operations, with a view to achieving balanced yields whilst maintaining high liquidity and a low level of risks. Taking into account of, among others, the low level of risks and the expected rates of return, the Company considers that the subscriptions will provide the Group with better returns than the returns on deposits generally offered by commercial banks and increase the Company's overall earnings in the long run. The Company will monitor and manage the subscriptions more closely and effectively.

As at the date of this announcement, the Group did not experience any losses on the wealth management products. Further, the subscriptions were funded by the surplus cash of the Group and are redeemable on demand or highly liquid, therefore they would not affect the working capital or the operation of the Group. As such, the Directors are of the view that the subscriptions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of each of the ICBC subscriptions, the ABC subscriptions, the CCB subscriptions, the BOC subscriptions and the PSBC subscriptions, on an aggregated basis pursuant to Rule 19.22 of the GEM Listing Rules, exceed 5% but are less than 25%, the ICBC subscriptions, the ABC subscriptions, the CCB subscriptions, the BOC subscriptions and the PSBC subscriptions constitute discloseable transactions under Chapter 19 of the GEM Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Company confirms that the notification and announcement in respect of the subscriptions as required under Chapter 19 of the GEM Listing Rules had been delayed due to its inadvertent oversight. The failure to make timely disclosure was due to a misunderstanding by the management of the Company of the application of the relevant GEM Listing Rules as the applicable percentage ratios for each transaction under the subscriptions calculated on a standalone basis were less than 5%. Accordingly, the Company did not previously consider that each of the ICBC subscriptions, the ABC subscriptions, the CCB subscriptions, the BOC subscriptions and the PSBC subscriptions, when respectively calculated in aggregation, would constitute notifiable transactions under the Listing Rules and hence had omitted to timely comply with the GEM Listing Rules in respect of the subscriptions as disclosed above.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the GEM Listing Rules but the Company would like to emphasise that the non-compliance of GEM Listing Rules was unintentional. The Company has adopted several management procedures in respect of its investments on wealth management products, primarily consist of (i) the collection of updated information from frequent turnover; (ii) close monitoring, periodic review and report by the capital management department of the Company; and (iii) the multi-level decision-making process, which enables the Company to effectively manage the risks relating to its wealth management product portfolio. To prevent similar non-compliance from occurring in the future, the Company has further taken the following measures and actions:

- (i) the legal department and internal audit and control department shall work with the capital management department of the Company to continue overseeing and monitoring the Company's on-going compliance with the GEM Listing Rules;
- (ii) the Company should conduct an internal training course for its directors, senior management and the responsible staff to explain the relevant GEM Listing Rules requirements and the reporting procedures for notifiable transactions under the GEM Listing Rules, and to emphasise the importance of identifying such transactions prior to execution; and

(iii) the Company should, as and when appropriate and necessary, seek external legal or other professional advice to ensure the required action would be taken in relation to any proposed transactions or events in the future. Going forward, the Company will continue to comply with the management procedures of its investments on wealth management products and make such disclosure in a timely manner to ensure compliance with the GEM Listing Rules.

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

Tonghua, Jilin Province, the PRC

17 July 2018

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 Yong Cai, Gao Qi Pin and Tian Jie.

This announcement, for which the directors of Jilin Province Huinan Changlong Bio-pharmacy Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange for the purpose of giving information with regard to Jilin Province Huinan Changlong Bio-pharmacy Company Limited. 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.

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