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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 TRANSACTION AND MAJOR TRANSACTIONS SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

The Company subscribed for certain wealth management products during the period between 17 January 2018 and 29 December 2020, a summary of which are set out as follows:

ICBC Wealth Management Product

- ICBC “Free E” Product subscribed by the Company on various dates between 8 March 2018 and 17 January 2020 on a rollover basis with subscriptions in the principal amount ranging from RMB1,000,000 to RMB50,000,000;
- ICBC “Ri Sheng Yue Heng” Product subscribed by the Company on various dates between 29 August 2018 and 29 December 2020 on a rollover basis with subscriptions in the principal amount ranging from RMB5,000,000 to RMB40,000,000;
- ICBC “Tian Li Bao” Product subscribed by the Company on 24 June 2020 in the principal amount of RMB40,000,000;
- ICBC “Ru Yi Ren Sheng” Product subscribed by the Company on 19 July 2019 in the principal amount of RMB40,000,000; and
- ICBC “E-Channel” Product subscribed by the Company on 17 January 2018 and 6 March 2018 in principal amount of RMB10,000,000 each.

BOC Wealth Management Product

- BOC “An Qi Kai Fang” Product subscribed by the Company on various dates between 7 February 2018 and 14 January 2020 on a rollover basis with subscriptions in the principal amount ranging from RMB10,000,000 to RMB70,000,000; and
- BOC “Ri Ji Yue Lei” Product subscribed by the Company on 30 August 2018 and 26 September 2018 in principal amount of RMB40,000,000 and RMB20,000,000 respectively.

ABC Wealth Management Product

- ABC “Ben Li Feng” Product subscribed by the Company on various dates between 9 October 2018 and 26 June 2019 on a rollover basis with subscriptions in the principal amount ranging from RMB20,000,000 to RMB40,000,000; and
- ABC “Jin Ya Shi” Product subscribed by the Company on various dates between 26 September 2018 and 21 April 2020 on a rollover basis with subscriptions in the principal amount ranging from RMB20,000,000 to RMB40,000,000; and
- ABC “Ben Li Feng Tian Tian Li” Product subscribed by the Company on 31 March 2020 and 30 April 2020 in principal amount of RMB20,000,000 and RMB40,000,000 respectively.

CCB Wealth Management Product

- CCB “Ri Xin Yue Yi” Product subscribed by the Company on various dates between 29 August 2018 and 3 April 2020 on a rollover basis with subscriptions in the principal amount ranging from RMB10,000,000 to RMB35,000,000; and
- CCB “Qian Yuan” Product subscribed by the Company on various dates between 1 February 2018 and 3 July 2018 on a rollover basis with subscriptions in the principal amount ranging from RMB10,000,000 to RMB35,000,000.

PSBC Wealth Management Product

- PSBC Product subscribed by the Company on various dates between 25 January 2018 and 28 October 2020 in the principal amount ranging from RMB15,000,000 to RMB70,000,000.

Jilin Bank Wealth Management Product

- Jilin Bank Product subscribed by the Company on 24 December 2019 in the principal amount of RMB30,000,000.

IMPLICATIONS UNDER THE GEM LISTING RULES

In respect of the wealth management products which have been subscribed for with the same financial institution, the transactions related thereto will be aggregated and treated as if they were one transaction with that financial institution for the purpose of computing the relevant percentage ratios pursuant to Rule 19.22 of the GEM Listing Rules.

As one of the applicable percentage ratios in respect of the maximum amount of aggregated subscription amount in respect of the ICBC Transactions, the BOC Transactions, the ABC Transactions and the CCB Transactions are more than 25% but less than 100%, the ICBC Transactions, the BOC Transactions, the ABC Transactions and the CCB Transactions constituted a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As one of the applicable percentage ratios in respect of the PSBC Transactions and the Jilin Bank Transaction exceeds 5% but are less than 25%, the PSBC Transactions and the Jilin Bank Transaction constituted a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The EGM will be convened to consider and, if thought fit, approve and rectify the Major Subscriptions. The Company expects a circular containing, among other things, (i) further details of the Major Subscriptions; and (ii) the other information of the Group is expected to be despatched to the Shareholders on or before 16 June 2021.

INADVERTENT BREACHES OF RULES 19.34, 19.38, 19.40 AND 19.41 OF THE GEM LISTING RULES

The breaches of the GEM Listing Rules were mainly due to inadvertent oversight and failure to convert Renminbi into Hong Kong dollars when calculating the relevant size test. For most of the breaches in 2019 and 2020, the breaches of the GEM Listing Rules was due to misunderstanding by the management of the Company of the Measures, that the Guaranteed Products should be considered as cash and cash equivalents and the subscription of the Guaranteed Products would not constitute "transactions" for the purposes of Chapter 19 of the GEM Listing Rules. As a result, the Company had not complied with the applicable requirements under Chapter 19 of the GEM Listing Rules in a timely manner.

REMEDIAL MEASURES

The Company deeply regrets its non-compliances with Rules 19.34, 19.38, 19.40 and 19.41 of the GEM Listing Rules but would like to stress that such non-compliances were inadvertent and the Company had no intention to withhold any information relating to the Subscriptions from disclosure. To prevent the reoccurrence of the current instance of non-compliance, the Company intends to adopt certain measures as further particularised in the section headed "Remedial Measures" of this announcement.

SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS

The Company subscribed for certain wealth management products between 17 January 2018 and 29 December 2020 and the key terms of the wealth management products are set out as follows:

1. ICBC “Free E” Product – 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)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
1. 8 March 2018	1. RMB20,000,000	1. 198 days	Principal	1. 4.10%	Minimal	ICBC is entitled to early termination of this product with 7 days' announcement
2. 28 March 2018	2. RMB20,000,000	2. 202 days	guaranteed	2. 4.10%		
3. 3 April 2018	3. RMB20,000,000	3. 253 days	with floating	3. 4.10%		
4. 26 April 2018	4. RMB20,000,000	4. 184 days	return	4. 3.80%		
5. 27 April 2018	5. RMB1,000,000	5. 32 days		5. 4.60%		
6. 30 April 2018	6. RMB10,000,000	6. 35 days	For subscriptions	6. 4.60%		
7. 21 May 2018	7. RMB50,000,000	7. 189 days	number 5,	7. 3.80%		
8. 29 May 2018	8. RMB30,000,000	8. 188 days	6 and 17,	8. 3.80%		
9. 28 November 2018	9. RMB30,000,000	9. 97 days	the type of	9. 3.35%		
10. 29 November 2018	10. RMB30,000,000	10. 188 days	return is non-	10. 3.45%		
11. 4 January 2019	11. RMB10,000,000	11. 186 days	principal	11. 3.45%		
12. 14 January 2019	12. RMB30,000,000	12. 183 days	guaranteed	12. 3.45%		
13. 15 January 2019	13. RMB15,000,000	13. 182 days	with floating	13. 3.45%		
14. 14 March 2019	14. RMB40,000,000	14. 28 days	return	14. 3.10%		
15. 11 April 2019	15. RMB30,000,000	15. 187 days		15. 3.45%		
16. 6 June 2019	16. RMB30,000,000	16. 185 days		16. 3.50%		
17. 17 September 2019	17. RMB20,000,000	17. 154 days		17. 3.80%		
18. 16 October 2019	18. RMB20,000,000	18. 182 days		18. 3.50%		
19. 20 November 2019	19. RMB30,000,000	19. 182 days		19. 3.40%		
20. 25 November 2019	20. RMB50,000,000	20. 191 days		20. 3.40%		
21. 7 January 2020	21. RMB40,000,000	21. 183 days		21. 3.15%		
22. 17 January 2020	22. RMB30,000,000	22. 186 days		22. 3.15%		

2. ICBC “Ri Sheng Yue Heng” Product – ICBC “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)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
1. 29 August 2018	1. RMB40,000,000	1. 90 days	Non-principal guaranteed with floating return	1. 3.30%	Minimal	ICBC is entitled to early termination of this product with 3 days' announcement
2. 22 November 2018	2. RMB20,000,000	2. 90 days		2. 3.30%		
3. 7 December 2018	3. RMB30,000,000	3. 90 days		3. 3.30%		
4. 7 March 2019	4. RMB30,000,000	4. No fixed term		4. 3.30%		
5. 14 March 2019	5. RMB10,000,000	5. 222 days		5. 3.30%		
6. 21 October 2019	6. RMB20,000,000	6. No fixed term		6. 3.30%		
7. 21 October 2019	7. RMB10,000,000	7. No fixed term		7. 3.30%		
8. 25 September 2020	8. RMB5,000,000	8. No fixed term		8. 3.30%		
9. 2 November 2020	9. RMB20,000,000	9. No fixed term		9. 2.9%		
10. 29 December 2020	10. RMB20,000,000	10. No fixed term		10. 3.3%		

3. ICBC “Tian Li Bao” Product – ICBC “Tian Li Bao” wealth management product (「添利寶」理財產品)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
24 June 2020	RMB40,000,000	No fixed term	Non-principal guaranteed with floating return	2.40%	Minimal	ICBC is entitled to early termination of this product with 3 day's announcement

4. ICBC “Ru Yi Ren Sheng” Product – ICBC “Ru Yi Ren Sheng V” wealth management product (「如意人生V」理財產品)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
19 July 2019	RMB40,000,000	168 days	Non-principal guaranteed with floating return	3.85%	Minimal	ICBC is entitled to early termination of this product with 3 day’s announcement

5. ICBC “E-Channel” Product – ICBC “E-Channel” wealth management product (「E靈通」理財產品)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
1. 17 January 2018 2. 6 March 2018	1. RMB10,000,000 2. RMB10,000,000	Fixed term	Non-principal guaranteed with floating return	1. 3.00% 2. 3.00%	Minimal	ICBC is entitled to early termination of this product with 3 day’s announcement

6. BOC RMB “An Qi Kai Fang” Product – RMB “An Qi Kai Fang” wealth management product (人民幣「按期開放」理財產品)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
1. 7 February 2018	1. RMB50,000,000	1. 370 days	Return	1. 4.40%	Low	Early termination by BOC is allowed subject to change in market while the Company is not entitled to early termination
2. 24 December 2018	2. RMB10,000,000	2. 91 days	guaranteed	2. 3.30%		
3. 4 January 2019	3. RMB50,000,000	3. 275 days		3. 3.90%		
4. 13 February 2019	4. RMB50,000,000	4. 183 days		4. 3.90%		
5. 20 February 2019	5. RMB50,000,000	5. 184 days		5. 4.00%		
6. 12 July 2019	6. RMB50,000,000	6. 91 days		6. 3.80%		
7. 16 August 2019	7. RMB50,000,000	7. 91 days		7. 3.80%		
8. 26 August 2019	8. RMB50,000,000	8. 91 days		8. 3.80%		
9. 11 October 2019	9. RMB70,000,000	9. 91 days		9. 3.55%		
10. 12 October 2019	10. RMB50,000,000	10. 90 days		10. 3.55%		
11. 18 November 2019	11. RMB50,000,000	11. 63 days		11. 2.95%		
12. 5 December 2019	12. RMB50,000,000	12. 90 days		12. 3.50%		
13. 14 January 2020	13. RMB60,000,000	13. 91 days		13. 3.15%		

7. BOC “Ri Ji Yue Lei” Product – BOC “Ri Ji Yue Lei” wealth management product (「日積月累」理財產品)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
1. 30 August 2018	1. RMB40,000,000	1. 365 days	Non-principal	1. 3.10%	Moderate	Early termination by BOC is allowed subject to change in market while the Company is not entitled to early termination
2. 26 September 2018	2. RMB20,000,000	2. 365 days	guaranteed	2. 3.10%		

8. ABC “Ben Li Feng” Product – “Ben Li Feng • 360 days” RMB wealth management product (「本利豐 • 360天」人民幣理財產品)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
1. 9 October 2018	1. RMB20,000,000	1. 34 days	Principal guaranteed with floating return	1. 3.00%	Low	ABC is entitled to early termination of this product with 2 days' announcement
2. 16 October 2018	2. RMB20,000,000	2. 34 days		2. 3.00%		
3. 23 October 2018	3. RMB30,000,000	3. 34 days		3. 3.00%		
4. 28 November 2018	4. RMB30,000,000	4. 90 days		4. 3.15%		
5. 24 December 2018	5. RMB20,000,000	5. 181 days		5. 3.25%		
6. 8 January 2019	6. RMB30,000,000	6. 181 days		6. 3.25%		
7. 1 April 2019	7. RMB20,000,000	7. 360 days		7. 3.65%		
8. 24 April 2019	8. RMB40,000,000	8. 360 days		8. 3.65%		
9. 26 June 2019	9. RMB20,000,000	9. 360 days		9. 3.65%		

9. ABC “Jin Ya Shi” Product – “Jin Ya Shi • An Xin Kuai Xian” RMB wealth management product (「金鑰匙 • 安心快線」人民幣理財產品)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
1. 26 September 2018	1. RMB20,000,000	No fixed term	Non-principal guaranteed with floating return	1. 3.00%	Moderate low	ABC is entitled to early termination of this product with 2 days' announcement
2. 5 November 2018	2. RMB30,000,000			2. 3.00%		
3. 21 November 2018	3. RMB20,000,000			3. 3.00%		
4. 1 March 2019	4. RMB30,000,000			4. 3.00%		
5. 12 April 2019	5. RMB20,000,000			5. 3.00%		
6. 15 April 2019	6. RMB20,000,000			6. 3.00%		
7. 30 March 2020	7. RMB20,000,000			7. 2.70%		
8. 21 April 2020	8. RMB40,000,000			8. 2.70%		

10. ABC “Ben Li Feng Tian Tian Li” Product – “Ben Li Feng Tian Tian Li” wealth management product (「本利豐天天利」理財產品)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
1. 31 March 2020	1. RMB20,000,000	No fixed term	Principal guaranteed with floating return	1. 2.20%	Low	ABC is entitled to early termination of this product with 2 days' announcement
2. 30 April 2020	2. RMB40,000,000			2. 2.00%		

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

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
1. 29 August 2018	1. RMB20,000,000	No fixed term	Non-principal guaranteed with floating return	1. 3.90%	Moderate	CCB is entitled to early termination of this product with 2 days' announcement
2. 28 January 2019	2. RMB20,000,000			2. 2.8%		
3. 26 March 2019	3. RMB10,000,000			3. 2.80%		
4. 23 April 2019	4. RMB35,000,000			4. 3.70%		
5. 27 May 2019	5. RMB20,000,000			5. 3.00%		
6. 2 July 2019	6. RMB30,000,000			6. 3.70%		
7. 3 April 2020	7. RMB20,000,000			7. 3.50%		

12. CCB “Qian Yuan” Product – CCB “Qian Yuan Zhong Xiang” wealth management product (「乾元眾享」理財產品)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
1. 1 February 2018	1. RMB20,000,000	1. 357 days	Principal guaranteed with floating return	1. 4.00%	Risk-free or minimal risk	CCB is entitled to early termination of product with 2 days' announcement
2. 8 March 2018	2. RMB10,000,000	2. 273 days		2. 4.00%		
3. 25 April 2018	3. RMB35,000,000	3. 362 days		3. 3.90%		
4. 25 May 2018	4. RMB20,000,000	4. 364 days		4. 3.90%		
5. 13 June 2018	5. RMB30,000,000	5. 188 days		5. 3.90%		
6. 3 July 2018	6. RMB30,000,000	6. 280 days		6. 3.80%		
		7. 365 days		7. 3.90%		
				8. 3.90%		

13. PSBC Product – PSBC “Cai Fu Xin Xin Xiang Rong” RMB wealth management product (中國郵政儲蓄銀行財富鑫鑫向榮人民幣理財產品)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
1. 25 January 2018	1. RMB30,000,000	1. 35 days	Non-principal guaranteed with floating return	1. 4.50%	Cautions	PSBC is entitled to early termination of this product with 3 days' announcement
2. 31 August 2018	2. RMB40,000,000	2. 90 days		2. 4.30%		
3. 2 October 2018	3. RMB30,000,000	3. 90 days		3. 4.50%		
4. 9 October 2018	4. RMB40,000,000	4. 90 days		4. 4.30%		
5. 10 January 2019	5. RMB30,000,000	5. No fixed term		5. 4.10%		
6. 10 January 2019	6. RMB70,000,000	6. No fixed term		6. 4.10%		
7. 30 October 2019	7. RMB30,000,000	7. 360 days		7. 3.80%		
8. 3 July 2020	8. RMB20,000,000	8. No fixed term		8. 3.00%		
9. 28 October 2020	9. RMB15,000,000	9. No fixed term		9. 3.00%		

14. Jilin Bank Product – Jilin Bank “Ji Ri Zeng Li” wealth management product (「吉日增利」理財產品)

Date of subscription	Principal subscription amount	Term of investment	Type of return	Expected annualized return rate	Risk level of product (internal risk rating by the bank)	Right of early termination or redemption
24 December 2019	RMB30,000,000	265 days	Principal guaranteed with fixed return	4.0%	Minimal	Jilin Bank is entitled to early termination of this product with 2 days announcement

REASONS AND BENEFITS FOR THE SUBSCRIPTIONS OF THE WEALTH MANAGEMENT PRODUCTS

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 had monitored and managed the Subscriptions closely and effectively. As at the date of this announcement, the Group did not experience any loss on the wealth management products. Further, the Subscriptions were funded by the surplus cash of the Group and were redeemable on demand or otherwise highly liquid, therefore they had not affected the working capital or the operation of the Group. As such, the Directors are of the view that the Subscriptions were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT 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).

ABC, BOC, CCB, ICBC, PSBC and Jilin Bank are licensed banks established under the laws of the PRC, which are 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, ABC, BOC, CCB, ICBC, PSBC and Jilin Bank and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE GEM LISTING RULES

In respect of the wealth management products which have been subscribed for with the same financial institution, the transactions related thereto will be aggregated and treated as if they were one transaction with that financial institution for the purpose of computing the relevant percentage ratios pursuant to Rule 19.22 of the GEM Listing Rules.

As one of the applicable percentage ratios in respect of maximum amount of aggregated subscription amount in respect of the ICBC Transactions, the BOC Transactions, the ABC Transactions and the CCB Transactions are more than 25% but less than 100%, the ICBC Transactions, the BOC Transactions, the ABC Transactions and the CCB Transactions constituted a major transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As one of the applicable percentage ratios in respect of PSBC Transactions and the Jilin Bank Transaction exceeds 5% but are less than 25%, the PSBC Transactions and the Jilin Bank Transaction constituted a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The EGM will be convened to consider and, if thought fit, to approve and ratify the Major Subscriptions. The Company expects a circular containing, among other things, (i) further details of the Major Subscriptions; and (ii) the other information of the Group is expected to be despatched to the Shareholders on or before 16 June 2021.

INADVERTENT BREACHES OF RULES 19.34, 19.38, 19.40 AND 19.41 OF THE GEM LISTING RULES

The breaches of the GEM Listing Rules were mainly due to inadvertent oversight and failure to convert Renminbi into Hong Kong dollars when calculating the relevant size test.

For most of the breaches in 2019 and 2020, the breaches of the GEM Listing Rules were due to misunderstanding by the management of the Company of the Measures issued by the CBIRC in September 2018. Article 75 of the Measures stated that "wealth management products with guaranteed return and floating guaranteed return shall be regulated in accordance with the requirements of structured deposits or other deposits." The Company became aware of the Measures in around February 2019. With reference to the Measures, the Company had mistaken that the Guaranteed Products should be considered as cash and cash equivalents and the subscription of such products would not constitute a "transaction" within the meaning of Chapter 19 of the GEM Listing Rules and therefore did not make relevant disclosure. The Company genuinely believed that given such change due to the Measures, the GEM Listing Rules should accordingly be interpreted as such and therefore deliberately treated subscription of Guaranteed Products differently from those of wealth management

products without a guaranteed return with the intention to comply with the GEM Listing Rules in view of the Measures. The Company admitted that this was a mistake on the part of the Company but was done with good intentions and not out of recklessness or disregard of the GEM Listing Rules requirements.

REMEDIAL MEASURES

The Company deeply regrets its non-compliances with Rules 19.34, 19.38, 19.40 and 19.41 of the GEM Listing Rules but would like to stress that such non-compliances were inadvertent and the Company had no intention to withhold any information relating to the Subscriptions from disclosure.

Upon becoming aware of non-compliances, the Company has promptly informed the relevant employees responsible for compliance the correct classification of the Guaranteed Products and reminded the relevant employees to report the subscription/repayment of wealth management products to the internal audit and control department to ensure the relevant transaction complies with relevant disclosure requirements under the GEM Listing Rules. The relevant employees responsible for investment in wealth management products and compliance with the GEM Listing Rules are now fully aware of the relevant classification and the requirements under the GEM Listing Rules.

The Company is in the course of preparing a policy manual in respect of the calculation of size test ratios on investment in wealth management products which intends to provide a more detailed guidelines to the employees of the Company. The Company will provide the policy manual to its legal adviser for review before circulating to its directors, senior management and responsible employees.

The Company has engaged external legal adviser to advise on the relevant GEM Listing Rules requirements and provide training to its Directors, senior management and responsible employees to explain the relevant GEM Listing Rules requirements, the reporting procedure for notifiable transactions under the GEM Listing Rules, and to emphasise the importance of identifying such transactions prior to execution. The Company has conducted regular internal trainings to its Directors, senior management and responsible employees to provide any update on the requirements of the GEM Listing Rules and to refresh their understanding on the relevant requirements.

The Company's internal audit and control department and capital management department shall work more closely to oversee and monitor the Company's on-going compliance with the GEM Listing Rules. The Company should seek advice from its external legal or other professional advisers to confirm compliance requirements for any proposed transactions or events if it considers necessary.

Going forward, the Company will continue to comply with the management procedures of its investment on wealth management products and make such disclosure in a timely manner to ensure compliance with the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“ABC”	Agricultural Bank of China
“ABC “Ben Li Feng” Product”	ABC “Ben Li Feng • 360 days” RMB wealth management product
“ABC “Ben Li Feng Tian Tian Li” Product”	ABC “Ben Li Feng Tian Tian Li” wealth management product
“ABC “Jin Ya Shi” Product”	ABC “Jin Ya Shi • An Xin Kuai Xian” RMB wealth management product
“ABC Transactions”	the subscription of the wealth management products issued by ABC for the period from 26 September 2018 to 30 April 2020
“Board”	the board of Directors
“BOC”	Bank of China
“BOC Product”	BOC RMB “An Qi Kai Fang” wealth management product
“BOC “Ri Ji Yue Lei” Product”	BOC “Ri Ji Yue Lei” wealth management product
“BOC Transactions”	the subscription of the wealth management products issued by BOC for the period from 7 February 2018 to 14 January 2020
“CBIRC”	China Banking and Insurance Regulatory Commission
“CCB”	China Construction Bank
“CCB “Qian Yuan” Product”	CCB “Qian Yuan Zhong Xiang” wealth management product
“CCB “Ri Xin Yue Yi” Product”	CCB “Qian Yuan – Ri Xin Yue Yi” open-ended portfolio product
“CCB Transactions”	the subscription of the wealth management products of CCB for the period from 1 February 2018 to 3 April 2020

“Company”	Jilin Province Huinan Changlong Bio-pharmacy Company Limited, a joint stock limited company established in the PRC, the Shares of which are listed on the GEM of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held by the Company for the Shareholders to consider and, if thought fit, approve and rectify the Major Subscriptions
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guaranteed Products”	wealth management products with a guaranteed return, including, the ICBC “Free E” Product, the BOC Product, the Jilin Bank Product and the ABC “Ben Li Feng” Product
“ICBC”	Industrial and Commercial Bank of China
“ICBC “E-Channel” Product”	ICBC “E-Channel” wealth management product
“ICBC “Free E” Product”	ICBC principal guaranteed “Free e” corporate account extension wealth management product
“ICBC “Ri Sheng Yue Heng” Product”	ICBC “Ri Sheng Yue Heng” return ascending corporate RMB wealth management product
“ICBC “Ru Yi Ren Sheng” Product”	ICBC “Ru Yi Ren Sheng” wealth management product
“ICBC “Tian Li Bao” Product”	ICBC “Tian Li Bao” wealth management product
“ICBC Transactions”	the subscription of the wealth management products issued by ICBC for the period from 17 January 2018 to 29 December 2020
“Jilin Bank”	Bank of Jilin
“Jilin Bank Product”	Jilin Bank “Ji Ri Zeng Li” wealth management product

“Jilin Bank Transaction”	the subscription of the Jilin Bank Product in the principal amount of RMB30,000,000 on 24 December 2019
“Major Subscriptions”	the ICBC Transactions, the BOC Transactions, the ABC Transactions and the CCB Transactions
“Measures”	Measures for the Supervision and Administration of the Wealth Management Business of Commercial Bank issued by the CBIRC on 26 September 2018
“PRC”	People’s Republic of China, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Administrative Region of the PRC and Taiwan
“PSBC”	Postal Saving Bank of China
“PSBC Product”	PSBC “Cai Fu Xin Xin Xiang Rong” RMB wealth management product
“PSBC Transactions”	the subscription of the PSBC Product issued by PSBC for the period from 25 January 2018 to 28 October 2020
“RMB”	Renminbi, the lawful currency of PRC
“Shares”	the ordinary shares of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the ICBC Transactions, the BOC Transactions, the ABC Transactions, the CCB Transactions, the PSBC Transactions and the Jilin Transaction
“%”	per cent.

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

Jilin Province, the PRC, 18 May 2021

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 collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. 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.

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.