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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 2019

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.

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This announcement, for which the board (the "Board") of directors (the "Directors") of Jilin Province Huinan Changlong Bio-pharmacy Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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 beliefs, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this announcement misleading.

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 2019 as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2019	2018
		(Unaudited)	(Audited)
	Notes	***RMB'000***	*RMB'000*
Turnover	4	**645,885**	647,672
Cost of sales		**(107,927)**	(115,554)
Gross profit		**537,958**	532,118
Other revenue	4	**36,041**	51,576
Other gains		**–**	6,612
Distribution and selling costs		**(336,217)**	(375,480)
Administrative expenses		**(64,050)**	(28,450)
Profit from operations	6	**173,732**	186,376
Finance costs		**(120)**	(53)
Profit before taxation		**173,612**	186,323
Taxation	7	**(28,135)**	(25,107)
Profit attributable to equity holders of the Company		**145,477**	161,216
Earnings per share			
– Basic	8	**25.97 cents**	28.78 cents
Dividends	9	**39,218**	39,218

Note: Calculation of the earnings per share in 2018 and 2019 was based on 560,250,000 shares and 560,250,000 shares respectively.

UNAUDITED CONSOLIDATED BALANCE SHEET

	Notes	**31 December 2019 (Unaudited) *RMB'000***	31 December 2018 (Audited) *RMB'000*
Assets and liabilities			
Non-current assets			
Bearer biological assets	10	**13,402**	11,745
Property, plant and equipment	11	**146,761**	156,591
Prepaid lease payments	12	**14,614**	15,068
Construction in progress	13	**74,061**	67,588
Intangible assets	14	**–**	–
Deferred tax assets		**4,585**	944
Total non-current assets		**253,423**	251,936
Current assets			
Inventories	15	**50,145**	52,456
Trade receivables	16	**268,619**	249,326
Contract assets		**30,115**	45,309
Other receivables, deposits and prepayments		**255,237**	225,408
Prepaid lease payments	12	**454**	454
Financial assets at fair value through profit or loss		**681,612**	571,612
Cash and cash equivalents		**137,389**	158,340
Total current assets		**1,423,571**	1,302,905
Current liabilities			
Trade payables	17	**34,236**	31,705
Contract liabilities		**12,898**	14,779
Other payables, deposits received and accruals		**270,497**	280,446
Deferred income		**989**	589
Income tax payable		**29,255**	20,645
Other tax payables		**22,516**	16,754
Loans from government authority		**1,860**	1,240
Dividend payable		**19,746**	9,326
Total current liabilities		**391,997**	375,484
Net current assets		**1,031,574**	927,421
Total assets less current liabilities		**1,284,997**	1,179,357

	Notes	**31 December 2019 (Unaudited)** *RMB'000*	31 December 2018 (Audited) *RMB'000*
Non-current liabilities			
Loan from government authority		**490**	1,110
Deferred income		**44,582**	45,170
Deferred tax liabilities		**641**	52
		45,713	46,332
Net assets		**1,239,284**	1,133,025
Equity:			
Share capital	18	**56,025**	56,025
Reserves		**1,183,259**	1,077,000
Total equity		**1,239,284**	1,133,025

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

			PRC statutory funds		
	Share capital	Share premium	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018 (Audited)	56,025	51,098	33,242	870,662	1,011,027
Profit for the year	–	–	–	161,216	161,216
Dividends paid	–	–	–	(39,218)	(39,218)
At 31 December 2018 (Audited)	56,025	51,098	33,242	992,660	1,133,025
Profit for the year	–	–	–	145,477	145,477
Dividends paid	–	–	–	(39,218)	(39,218)
Balance as at 31 December 2019 (unaudited)	56,025	51,098	33,242	1,098,919	1,239,284

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 2018 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 2019 are as follows:

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	*Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23*

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.

	2019 (Unaudited) *RMB'000*	2018 (Audited) *RMB'000*
Turnover		
Sales of medicine	**645,885**	647,672
Other revenue		
Other income	**36,041**	51,576
Total revenue for the year	**681,926**	699,248

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 2019, 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:

	2019 (Unaudited) *RMB'000*	2018 (Audited) *RMB'000*
Depreciation	**17,860**	19,339
Amortisation of intangible assets	**–**	–
Cost of inventories sold (excluding additional provision for, and write off of obsolete and slow-moving inventories)	**100,448**	105,675
Impairment of intangible assets (included in cost of sales)	**–**	160
Research and development cost	**11,632**	334

7. TAXATION

Taxation in the unaudited consolidated income statement represents:

	2019 (Unaudited) *RMB'000*	2018 (Audited) *RMB'000*
PRC income tax	**28,135**	25,107

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate was 15% (2018: 15%).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2019 and 2018 is based on the unaudited profit attributable to shareholders of approximately RMB145,477,000 and audited profit attributable to shareholders of RMB161,216,000 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 and paid a special dividend of RMB7 cents per share on 8 May 2019 (2018: declared and paid a special dividend of RMB7 cents per share on 24 April 2018).

No final dividend has been proposed or paid by the Company in respect of the year ended 31 December 2019 and 2018.

	2019	2018
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Special dividends of RMB7 cents per share	**39,218**	39,218

10. BEARER BIOLOGICAL ASSETS

	2019	2018
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Ginseng	**13,402**	11,745

11. PROPERTY, PLANT AND EQUIPMENT

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

	2019	2018
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Net book value, beginning of year	**156,591**	166,133
Additions & Disposals & Transfer from construction in progress	**8,030**	9,797
Depreciation & Written back on disposals	**(17,860)**	(19,339)
Net book value, end of year	**146,761**	156,591

12. PREPAID LEASE PAYMENTS

	2019 (Unaudited) *RMB'000*	2018 (Audited) *RMB'000*
Net book value, beginning of year	**15,522**	15,974
Amortisation	**(454)**	(454)
Net book value, end of year	**15,068**	15,522
Net book value at end of year	**15,068**	15,522
Portion classified as current assets	**(454)**	(454)
Non-current assets	**14,614**	15,068

The Group's medium-term land use rights are located in the PRC.

13. CONSTRUCTION IN PROGRESS

	2019 (Unaudited) *RMB'000*	2018 (Audited) *RMB'000*
Net book value, beginning of year	**67,588**	44,127
Additions	**6,473**	23,461
Transfer to property, plant and equipment	**–**	–
Net book value, end of year	**74,061**	67,588

14. INTANGIBLE ASSETS

	2019 (Unaudited) *RMB'000*	2018 (Audited) *RMB'000*
Cost:		
At 1 January	**68,135**	67,975
Additions & Disposal	**–**	160
At 31 December 2019 & 2018	**68,135**	68,135
Accumulated amortization and impairment loss:		
At 1 January	**68,135**	67,975
Impairment for the year	**–**	160
At 31 December 2019 & 2018	**68,135**	68,135
Net book value:		
At 31 December 2019 & 2018	**–**	–

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

15. INVENTORIES

	2019	2018
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Inventories comprise:		
At cost:		
Raw materials	**19,984**	18,607
Work in progress	**25,521**	29,462
Finished goods	**5,734**	6,805
	51,239	54,874
Less: provision for obsolete and slow-moving inventories	**(1,094)**	(2,418)
	50,145	52,456

As at 31 December 2019, inventories amounting to approximately RMB50,145,000 (2018: RMB52,456,000) were carried at net realizable value.

16. TRADE RECEIVABLES

Trade receivables are stated at cost less provision for doubtful debts. Provisions for doubtful debts are 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 provision for impairment for trade receivables, at the balance sheet dates:

	31 December 2019	31 December 2018
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Current	**62,804**	59,921
31–90 days	**80,692**	66,108
91–180 days	**64,383**	71,102
More than 180 days	**60,740**	52,195
	268,619	249,326

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:

	2019 **(Unaudited)** ***RMB'000***	2018 (Audited) *RMB'000*
Current	**1,235**	4,390
31–90 days	**4,406**	3,578
More than 90 days	**28,595**	23,737
	34,236	31,705

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

	2019 (Unaudited)		2018 (Audited)	
	Number of shares	***RMB'000***	*Number of shares*	*RMB'000*
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
	560,250,000	**56,025**	560,250,000	56,025

19. CAPITAL COMMITMENTS

As at 31 December 2019, the Group had capital commitments contracted for but not provided for in respect of the following:

	2019 **(Unaudited)** ***RMB'000***	2018 (Audited) *RMB'000*
Acquisition of intangible assets	**1,750**	1,750
Acquisition of property, plant and equipment	**–**	171
	1,750	1,921

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

For the year ended 31 December 2019, the Group recorded a turnover of approximately RMB645,885,000, representing an decrease of 0.3% from RMB647,672,000 in 2018. Profit attributable to shareholders for the year ended 31 December 2019 was RMB145,477,000, representing an decrease of RMB15,739,000 from RMB161,216,000 in 2018.

The gross profit margin for the year ended 31 December 2019 was approximately 83.3% representing a 1.1% increase as compared to that of 82.2% for the year 2018. The Board believes that there were no significant fluctuation for the production and material cost.

The selling expense as a percentage of turnover was 52% in 2019. This represented an decrease from 58% when compared to last year. General and administrative expenses increase from RMB28,450,000 for 2018 to RMB64,050,000 for 2019.

BUSINESS REVIEW

Production Facilities

During the year, the Company put in more efforts in hardware transformation by upgrading and transforming small-volume injection workshop, lyophilized powder injection workshop, membrane workshop and injection raw material workshop and acquiring new equipment, which resulted in improved production capacity and satisfied the demand of the market.

During the year, a solid medicine workshop has been newly-built and some testings had been carried out. The workshop is used for research and development and consistency evaluation of generic drugs such as irbesartan tablets, febuxostat tablets and metformin compound preparations. The Company's product mix has continued to expand, its research and development capabilities and market competitiveness have also improved. Pharmaceutical research for irbesartan tablets was completed recently.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a sound financial position during this year. For the year ended 31 December 2019, the Group's primary source of funds was cash from the operating activities. As at 31 December 2019, the Group had cash and bank balances and consolidated net asset value of approximately RMB137,389,000 and RMB1,239,284,000 respectively.

For the year ended 31 December 2019, 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 2019, the Group had no material contingent liabilities.

GEARING RATIO

As at 31 December 2019, the Group had short-term bank borrowings of RMB Nil (2018: 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 2019.

CAPITAL COMMITMENTS

Details of the capital commitments of the Company as at 31 December 2019 are set out in note 19 to the financial statements.

CAPITAL STRUCTURE

During the year ended 31 December 2019, there was no change in the Company's share capital. As at 31 December 2019, 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 continue to adhere to our business philosophy, that is, "focusing on technological innovation and serving the public and endeavoring in the pursuit of health for people around the world". We will strive to become globalized and contribute to the healthiness of the people around the world as the endeavor and pursuit of "Changlong people". Our ultimate goal is to achieve rapid growth for "New Changlong".

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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 Yong Cai, Gao Qi Pin and Tian Jie, Gao Yong Cai 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 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 856 employees (31 December 2018: 870 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.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2019, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the audit process.

The Stock Exchange and the Securities and Futures Commission (SFC) published further guidance (the "Further Guidance") on 16 March 2020 which, among other things, allowed the issuers to defer the publication of its annual report initially for up to 60 days from the date of the Further Guidance if the issuers could publish audited or unaudited annual results on or before 31 March 2020. It is uncertain when the travel restrictions and other precautionary measures against the COVID-19 can be lifted. The Group will continue to monitor the latest development and work towards publishing the annual report within the extended period stipulated in the Further Guidance.

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 2020

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.