



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)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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*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 INTERIM RESULTS

The directors of Jilin Province Huinan Changlong Bio-pharmacy Company Limited (“the Company”) are pleased to announce the unaudited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding periods in 2023 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

*For the six months ended 30 June 2024 and 30 June 2023*

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
Turnover	3	<b>393,093</b>	395,636
Cost of sales		<b>(78,014)</b>	(129,609)
Gross profit		<b>315,079</b>	266,027
Other revenue	3	<b>30,116</b>	15,090
Distribution and selling costs		<b>(173,009)</b>	(146,209)
Administrative expenses		<b>(44,380)</b>	(27,771)
Profit from operations	5	<b>127,806</b>	107,137
Finance costs		<b>(813)</b>	(1,789)
Profit before taxation		<b>126,993</b>	105,348
Taxation	6	<b>(22,711)</b>	(24,500)
Profit attributable to equity holders of the Company		<b>104,282</b>	80,848
Earnings per share			
– Basic	7	<b>18.61 cents</b>	14.43 cents
Dividends	8	–	–

*Note:* Calculation of the earnings per share in 2023 and 2024 was based on 560,250,000 shares and 560,250,000 shares respectively.

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024 and 31 December 2023

		30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
<b>Assets and liabilities</b>			
<b>Non-current assets</b>			
Bearer biological assets	9	15,080	15,080
Property, plant and equipment	10	251,904	261,559
Investment properties		26,773	29,200
Right-of-use assets	11	48,002	48,002
Construction in progress	12	4,904	4,904
Intangible assets	13	17	21
Goodwill		6,254	6,254
Financial assets measured at amortised cost	18	824,158	724,157
Deferred tax assets		24,929	28,506
<b>Total non-current assets</b>		<b>1,202,021</b>	1,117,683
<b>Current assets</b>			
Inventories	14	82,356	102,972
Trade receivables	15	273,590	268,327
Contract assets		5,793	5,793
Other receivables, deposits and prepayments		155,388	168,458
Financial assets at fair value through profit or loss		90,608	90,608
Financial assets measured at amortised cost	18	212,846	212,846
Cash and cash equivalents		342,221	352,137
<b>Total current assets</b>		<b>1,162,802</b>	1,201,141
<b>Current liabilities</b>			
Bank borrowings	16	8,000	8,000
Trade payables	17	31,582	70,582
Contract liabilities		15,335	15,335
Other payables and accruals		538,602	549,963
Deferred income		989	989
Income tax payable		12,946	16,684
Other tax payables		28,449	27,947
Loans from government authority		400	400
Dividend payable		30,638	35,389
<b>Total current liabilities</b>		<b>666,941</b>	725,289
<b>Net current assets</b>		<b>495,861</b>	475,852
<b>Total assets less current liabilities</b>		<b>1,697,882</b>	1,593,535

		<b>30 June</b>	31 December
		<b>2024</b>	2023
		<b>(Unaudited)</b>	<b>(Audited)</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current liabilities</b>			
Bank borrowings		72,000	72,000
Loan from government authority		3,350	2,870
Deferred income		35,543	35,543
Deferred tax liabilities		2,327	2,742
		<u>113,220</u>	<u>113,155</u>
Net assets		<u><b>1,584,662</b></u>	<u>1,480,380</u>
Equity:			
<b>Share capital</b>	19	56,025	56,025
<b>Reserves</b>		1,528,637	1,424,355
<b>Total equity</b>		<u><b>1,584,662</b></u>	<u>1,480,380</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

*For the six months ended 30 June 2024 and 30 June 2023*

	<b>PRC statutory funds</b>				<b>Total</b>
	<b>Share capital</b>	<b>Share premium</b>	<b>Statutory surplus reserve</b>	<b>Retained profits</b>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023 (Audited)	56,025	51,098	33,242	1,471,933	1,612,298
Net profit for the six months ended 30 June 2023					
(Unaudited)	–	–	–	80,848	80,848
Dividends paid	–	–	–	(88,894)	(88,894)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2023 (Unaudited)	56,025	51,098	33,242	1,463,887	1,604,252
Net profit for the six months ended 31 December 2023					
(Unaudited)	–	–	–	67,359	67,359
Dividends paid	–	–	–	(191,231)	(191,231)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2023 (Audited)	56,025	51,098	33,242	1,340,015	1,480,380
Net profit for the six months ended 30 June 2024					
(Unaudited)	–	–	–	104,282	104,282
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2024 (Unaudited)	<u>56,025</u>	<u>51,098</u>	<u>33,242</u>	<u>1,444,297</u>	<u>1,584,662</u>

## NOTES TO CONDENSED INTERIM ACCOUNTS:

### 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 brand names of Changlong and Shendi.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed 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 condensed 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 condensed consolidated financial statements for the period under review are consistent with those followed in the Company's 2023 annual report.

The condensed consolidated financial statements for the six months ended 30 June 2024 are unaudited and have been reviewed by the audit committee of the Company.

### 3. 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.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Turnover</b>		
Sales of medicine	393,093	395,636
<b>Other revenue</b>		
Other income	30,116	15,090
Total revenue for the year	<u>423,209</u>	<u>410,726</u>

#### 4. 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 six months ended 30 June 2024, turnover of the Group is generated entirely from sales in the PRC and all identifiable assets of the Group are located in PRC. Accordingly, no business or geographical segmental analysis is prepared for the period.

#### 5. PROFIT FROM OPERATIONS

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation	10,902	32,675
Amortisation of intangible asset	4	4
	<u>10,902</u>	<u>32,675</u>

#### 6. TAXATION

Taxation in the unaudited condensed consolidated income statement represents:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
PRC income tax	22,711	24,500
	<u>22,711</u>	<u>24,500</u>

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate was 15% (2023: 15%).

The Group did not have any significant unprovided deferred taxation for the six months ended 30 June 2024 (2023: Nil).

#### 7. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2024 is based on the unaudited profit attributable to shareholders of approximately RMB104,282,000 (2023: RMB80,848,000) and on the weighted average of 560,250,000 (2023: 560,250,000) shares in issue during the period ended 30 June 2024.

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

#### 8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

## 9. BEARER BIOLOGICAL ASSETS

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Ginseng	<b>15,080</b>	15,080

## 10. PROPERTY, PLANT AND EQUIPMENT

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

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Net book value, beginning of period/year	<b>261,559</b>	296,088
Additions & Disposals & Transfer	<b>1,247</b>	(10,903)
Depreciation & Written back on disposals & Transfer	<b>(10,902)</b>	(23,626)
Net book value, end of period/year	<b>251,904</b>	261,559

## 11. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the period/year are as follows:

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Net book value, beginning of period/year	<b>48,002</b>	49,116
Addition	–	–
Depreciation charge	–	(1,114)
Net book value, end of period/year	<b>48,002</b>	48,002

## 12. CONSTRUCTION IN PROGRESS

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Net book value, beginning of period/year	<b>4,904</b>	–
Addition	–	4,904
Net book value, end of period/year	<b>4,904</b>	4,904



### 13. INTANGIBLE ASSETS

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Cost:		
At 1 January	<b>68,167</b>	68,167
Acquisition of subsidiaries	<u>—</u>	<u>—</u>
At 30 June 2024/31 December 2023	<u><b>68,167</b></u>	<u>68,167</u>
Accumulated amortization and impairment loss:		
At 1 January	<b>68,146</b>	68,142
Impairment for the period/year	<u>4</u>	<u>4</u>
At 30 June 2024/31 December 2023	<u><b>68,150</b></u>	<u>68,146</u>
Net book value:		
At 30 June 2024/31 December 2023	<u><b>17</b></u>	<u>21</u>

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

### 14. INVENTORIES

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Inventories comprise:		
At cost:		
Raw materials	<b>32,082</b>	53,599
Work in progress	<b>16,825</b>	32,350
Finished goods	<u><b>48,948</b></u>	<u>32,522</u>
	<u><b>97,855</b></u>	<u>118,471</u>
Less: provision for obsolete and slow-moving inventories	<u><b>(15,499)</b></u>	<u>(15,499)</u>
	<u><b>82,356</b></u>	<u>102,972</u>

As at 30 June 2024, inventories amounting to approximately RMB82,356,000 (2023: RMB113,511,000) were carried at net realizable value.

## 15. 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:

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Current	<b>34,183</b>	33,525
31–90 days	<b>121,226</b>	118,894
91–180 days	<b>73,064</b>	71,659
More than 180 days	<b>45,117</b>	44,249
	<b>273,590</b>	268,327

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

## 16. BANK BORROWINGS

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
<b>Current</b>		
Bank borrowings – unsecured	<b>8,000</b>	8,000
<b>Non-current</b>		
Bank borrowings – unsecured	<b>72,000</b>	72,000
	<b>80,000</b>	80,000

## 17. TRADE PAYABLES

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

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Current	<b>5,346</b>	11,948
31–90 days	<b>2,516</b>	5,623
91–180 days	<b>1,577</b>	3,524
More than 180 days	<b>22,143</b>	49,487
	<b>31,582</b>	70,582

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

## 18. FINANCIAL ASSETS MEASURED AT AMORTISED COST

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Term deposits with initial term of over three months and less than one year	<b>212,846</b>	212,846
Term deposits with initial term of over one year	<b>824,158</b>	724,157
	<b><u>1,037,004</u></b>	<b><u>937,003</u></b>

## 19. SHARE CAPITAL

	<b>30 June 2024</b>		31 December 2023	
	<b>Number of shares</b>	<b>(Unaudited) RMB'000</b>	Number of shares	(Audited) RMB'000
Domestic shares of RMB0.10 each	<b>387,750,000</b>	<b>38,775</b>	387,750,000	38,775
H shares of RMB0.10 each	<b>172,500,000</b>	<b>17,250</b>	172,500,000	17,250
	<b><u>560,250,000</u></b>	<b><u>56,025</u></b>	<b><u>560,250,000</u></b>	<b><u>56,025</u></b>

## 20. CAPITAL COMMITMENTS

As at 30 June 2024, the Group had capital commitments contracted for but not provided for in respect of the following:

	<b>30 June 2024 (Unaudited) RMB'000</b>	31 December 2023 (Audited) RMB'000
Acquisition of intangible assets	-	-
Acquisition of property, plant and equipment	-	-
	<b><u>-</u></b>	<b><u>-</u></b>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OPERATING RESULTS**

For the six months ended 30 June 2024, the Group recorded a turnover of approximately RMB393,093,000 comparable to RMB395,636,000 for the corresponding period in 2023. Profit attributable to shareholders for the six months ended 30 June 2024 was RMB104,282,000, representing an increase of RMB23,434,000 from RMB80,848,000 for the corresponding period in 2023.

The gross profit margin for the six months ended 30 June 2024 was approximately 80% representing an increase as compared to the period ended 30 June 2023. The Board believes that this is due to the decrease in production and material cost.

The selling expense as a percentage of turnover was 44% in 2024. This represented an increase from 37% when compared to the same period last year. General and administrative expenses increase from RMB27,771,000 for the six months ended 30 June 2023 to RMB44,380,000 for the same period in 2024.

### **BUSINESS REVIEW**

#### **Production Facilities**

Small Volume Injection Workshop II and Small Volume Injection Workshop III of the Company put into operation to increase production capacity of the Company during the year.

Multiple Chinese medicine extraction equipment was added in the Chinese Medicine Extraction Workshop to increase production capacity and expand product range.

The consistency evaluation of Edaravone Injection has been passed and entered into the seventh batch of national centralized procurement. Irbesartan Tablets, Febuxostat Tablets, Dexamethasone Sodium Phosphate Injection and Piracetam Injection have obtained registration approval and put into commercial production.

The product catalogue of the Company is increasing and the development of drug will enhance R&D and market competitiveness of the Company.

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group has maintained a sound financial position during this period. For the six months ended 30 June 2024, the Group's primary source of funds was cash from the operating activities. As at 30 June 2024, the Group had cash and bank balances and consolidated net asset value of approximately RMB342,221,000 and RMB1,584,662,000 respectively.

For the six months ended 30 June 2024, 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 30 June 2024, the Group had no material contingent liabilities.

## GEARING RATIO

As at 30 June 2024, the Group had short-term bank borrowings of RMB80,000,000 (2023: RMB Nil) and a gearing ratio of approximately 5.05%. The calculation of the gearing ratio was based on the short-term bank loans and shareholders' equity as at 30 June 2024.

## CAPITAL COMMITMENTS

Details of the capital commitments of the Company as at 30 June 2024 are set out in note 20 to the financial statement.

## CAPITAL STRUCTURE

During the six months ended 30 June 2024, there was no change in the Company's share capital. As at 30 June 2024, 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

There has been an increase in the Group's turnover as compared with the same period last year.

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 30 June 2024, 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. Xu Xiang Fu	Personal	Beneficial owner	5,227,000	1.348%	0.933%
Mr. Wu Guo Wen	Personal	Beneficial owner	900,000	0.232%	0.161%

Save as disclosed above, as at 30 June 2024, 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 30 June 2024, 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**

<b>Name of shareholder</b>	<b>Capacity/Nature of Interest</b>	<b>Number of Domestic Shares</b>	<b>Percentage of Domestic Shares</b>	<b>Percentage of total registered Share Capital</b>
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 30 June 2024, 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 six months ended 30 June 2024, 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 period ended 30 June 2024.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2024, the Group had 678 employees and has employed some temporary sales persons (30 June 2023: 928 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 six months ended 30 June 2024, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company’s listed shares.

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

Jilin, the PRC  
14 August 2024

*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 Stock Exchange website at <http://www.hkexnews.hk> on the “Latest Company Announcements” page for 7 days from the day of its posting.*