



深 圳 市 海 王 英 特 龍 生 物 技 術 股 份 有 限 公 司
SHENZHEN NEPTUNUS INTERLONG BIO-TECHNIQUE COMPANY LIMITED*

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

(Stock Code: 8329)

**ANNOUNCEMENT ON THE INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE
OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 directors (the "Directors") of Shenzhen Neptunus Interlong Bio-technique 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 Growth Enterprise Market of the Stock Exchange (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 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 herein or this announcement misleading.

INTERIM RESULTS (UNAUDITED)

The board of Directors (the "Board") of the Company is pleased to present the unaudited consolidated results of the Company and its subsidiaries, Ascendent Bio-Technology Company Limited ("Ascendent"), Fuzhou Neptunus Fuyao Pharmaceutical Company Limited ("Neptunus Fuyao"), Taizhou Neptunus Bio-technique Company Limited ("Taizhou Neptunus") and its jointly controlled entity, Shenzhen GSK-Neptunus Biologicals Co., Ltd. ("GSK-Neptunus") (collectively the "Group") for the six months ended 30 June 2011 (the "Relevant Period"), together with the unaudited comparative figures for the corresponding period of 2010.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the three months and six months ended 30 June 2011

		For the three months ended 30 June 2011		For the six months ended 30 June 2011	
		(Unaudited) RMB'000	2010 (Unaudited and Restated) RMB'000	(Unaudited) RMB'000	2010 (Unaudited and Restated) RMB'000
	Note				
CONTINUING OPERATIONS					
TURNOVER	4	111,879	325	240,715	1,088
Cost of sales		(71,757)	(250)	(157,165)	(859)
Gross profit		40,122	75	83,550	229
Other revenue	4	2,848	3,693	5,685	4,701
Selling and distribution expenses		(12,261)	—	(27,774)	—
Administrative expenses		(11,773)	(2,749)	(22,484)	(4,476)
Other operating expenses		(3,771)	(1,387)	(7,590)	(2,452)
PROFIT/(LOSS) FROM OPERATIONS		15,165	(368)	31,387	(1,998)
Finance costs	6	(3,185)	(3,894)	(7,502)	(7,720)
PROFIT/(LOSS) BEFORE TAXATION	5	11,980	(4,262)	23,885	(9,718)
Income tax	7	(4,790)	—	(8,517)	—
PROFIT/(LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD		7,190	(4,262)	15,368	(9,718)
DISCONTINUED OPERATIONS					
Loss from discontinued operations	9	(3,279)	(4,750)	(6,714)	(8,313)
PROFIT/(LOSS) FOR THE PERIOD		3,911	(9,012)	8,654	(18,031)
Attributable to:					
Owners of the Company		1,496	(9,012)	3,756	(18,031)
Non-controlling interests		2,415	—	4,898	—
		3,911	(9,012)	8,654	(18,031)
EARNINGS/(LOSS) PER SHARE					
From continuing and discontinued operations					
Basic and diluted	10	RMB0.09 cents	RMB(0.95) cents	RMB0.22 cents	RMB(1.91) cents
From continuing operations					
Basic and diluted	10	RMB0.28 cents	RMB(0.45) cents	RMB0.62 cents	RMB(1.03) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 June 2011

	For the three months ended 30 June		For the six months ended 30 June	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited and Restated)	(Unaudited)	(Unaudited and Restated)
	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(Loss) for the period	3,911	(9,012)	8,654	(18,031)
Other comprehensive income for the period				
Exchange difference on translation of financial statements of a jointly controlled entity	—	—	—	(30)
Total other comprehensive income for the period, net of tax	—	—	—	(30)
Total comprehensive income/(loss) for the period	3,911	(9,012)	8,654	(18,061)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	1,496	(9,012)	3,756	(18,061)
Non-controlling interests	2,415	—	4,898	—
	3,911	(9,012)	8,654	(18,061)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2011

		As at 30 June 2011 (Unaudited) RMB'000	As at 31 December 2010 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	134,443	326,897
Prepaid lease payments		71,084	90,668
Intangible assets		136,706	138,695
Deposit for acquisition of property, plant and equipment		9,667	1,144
Available-for-sale investments		60	60
Deferred tax assets		2,140	1,898
		354,100	559,362
CURRENT ASSETS			
Inventories		86,312	89,434
Trade and other receivables	12	87,175	84,208
Pledged bank deposits		7,584	5,640
Cash and cash equivalents		115,246	247,056
		296,317	426,338
Assets classified as held for sale	18	273,612	—
		569,929	426,338
CURRENT LIABILITIES			
Trade and other payables	13	218,418	248,847
Interest-bearing bank borrowings	14	82,000	106,000
Entrusted loans from the immediate parent company		48,000	48,000
Current taxation		8,559	7,846
		(356,977)	(410,693)
Liabilities associated with assets classified as held for sale	18	(49,197)	—
		(406,174)	(410,693)
NET CURRENT ASSETS		163,755	15,645
TOTAL ASSETS LESS CURRENT LIABILITIES		517,855	575,007
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	—	62,000
Deferred revenue		13,237	16,843
Deferred tax liabilities		40,296	40,296
		(53,533)	(119,139)
NET ASSETS		464,322	455,868
CAPITAL AND RESERVES			
Share capital		167,800	167,800
Reserves		226,788	223,042
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		394,588	390,842
NON-CONTROLLING INTERESTS		69,734	65,026
TOTAL EQUITY		464,322	455,868

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2011

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve fund	Exchange reserve	Accumulated losses		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	94,667	41,923	—	3,330	(35)	(106,534)	—	33,351
Comprehensive income								
Loss for the period	—	—	—	—	—	(18,031)	—	(18,031)
Other comprehensive income								
Exchange difference on translation of financial statements of a jointly controlled entity	—	—	—	—	(30)	—	—	(30)
Total comprehensive loss for the period	—	—	—	—	(30)	(18,031)	—	(18,061)
At 30 June 2010	94,667	41,923	—	3,330	(65)	(124,565)	—	15,290
At 1 January 2011	167,800	554,844	(194,339)	8,302	(4,155)	(141,610)	65,026	455,868
Comprehensive income								
Profit for the period	—	—	—	—	—	3,756	4,898	8,654
Other comprehensive income								
Exchange difference on translation of financial statements of a jointly controlled entity	—	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	—	3,756	4,898	8,654
Acquisition of non-controlling interests in subsidiary	—	—	(10)	—	—	—	(190)	(200)
At 30 June 2011	167,800	554,844	(194,349)	8,302	(4,155)	(137,854)	69,734	464,322

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	
	RMB'000	RMB'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	13,470	28,037
NET CASH USED IN INVESTING ACTIVITIES	(72,178)	(24,788)
NET CASH USED IN FINANCING ACTIVITIES	(73,102)	(43,798)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(131,810)	(40,549)
Cash and cash equivalents at the beginning of period	247,056	55,361
CASH AND CASH EQUIVALENTS AT END OF PERIOD	115,246	14,812
ANALYSES OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	115,246	14,812

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The Company is a joint stock limited company registered in the People's Republic of China (the "PRC"). The registered office of the Company is located at 1st Floor, Block 1, Research Building, Neptunus Technical Center, Langshan 2nd R.N., Nanshan District, Shenzhen, Guangdong Province, the PRC.

2. Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with the applicable disclosure provision of the GEM Listing Rules of the Stock Exchange, including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The preparation of the unaudited condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2010, except for the adoption of the new Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs"). The condensed consolidated financial statements do not include all the information and disclosures required for an annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2010.

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Company. There have been no significant changes to the accounting policies applied in these financial statements for the periods as a result of these developments.

This unaudited condensed consolidated interim financial information for the period ended 30 June 2011 comprise the Company, its subsidiaries and the Company's interest in a jointly controlled entity.

The measurement basis used in the preparation of the financial statements is the historical cost basis. These financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and all amounts are rounded to the nearest thousand except where otherwise indicated.

The condensed consolidated financial statements of quarterly financial information is unaudited.

3. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision-makers ("CODM") who is the executive director of the Company for the purpose of resources allocation and performance assessment.

The Group has presented the following two reportable segments. These segments are managed separately. The medical products segment and R&D services segment offers very different products and services.

- i) Manufacturing and selling of medicine products
- ii) Provision of R&D services of modern biological technology

Currently all the above Group's activities are carried out in the PRC. No reportable operating segment has been aggregated.

The medical products segment derives its revenue from manufacture and sale of medical products.

The R&D services segment derives its revenue from the provision of R&D services income.

a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs such as directors' salaries, investment income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Taxation charge / (credit) is not allocated to a reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the income statement.

All assets are allocated to reportable segments other than tax recoverable and corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments other than current and deferred tax liabilities and corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment performance for the period is set out below:

For the six months ended 30 June	Continuing operations						Discontinued operations			
	Manufacturing and selling medicine products		R&D service		Sub-total		R&D service		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Unaudited	Unaudited and Restated	Unaudited	Unaudited and Restated	Unaudited	Unaudited and Restated	Unaudited	Unaudited and Restated	Unaudited	Unaudited and Restated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	238,715	—	2,000	1,878	240,715	1,878	—	—	240,715	1,878
Inter-segment revenue	—	—	—	(790)	—	(790)	—	—	—	(790)
Reportable segment revenue	238,715	—	2,000	1,088	240,715	1,088	—	—	240,715	1,088
Reportable segment profit/(loss) before taxation	41,845	—	(4,394)	(2,042)	37,451	(2,042)	(4,471)	(6,118)	32,980	(8,160)
Interest income from bank deposit	395	6	139	—	534	6	8	56	542	62
Interest expenses	2,256	—	5,246	7,720	7,502	7,720	—	—	7,502	7,720
Depreciation and amortisation										
– Property, plant and equipment	6,389	—	1,572	1,591	7,961	1,591	2,039	1,984	10,000	3,575
– Prepaid lease payment	785	—	—	—	785	—	212	246	997	246
– Intangible assets	1,975	—	14	21	1,989	21	—	—	1,989	21
Reversal of impairment of trade and other receivables	(587)	—	—	—	(587)	—	—	—	(587)	—
Written down of inventory	2	—	—	—	2	—	—	—	2	—
Income tax expense	8,759	—	(242)	—	8,517	—	—	—	8,517	—
	Continuing operations						Discontinued operations			
	Manufacturing and selling medicine products		R&D service		Sub-total		R&D service		Total	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment assets	581,674	564,240	66,902	182,409	648,576	746,649	273,612	237,417	922,188	984,066
Additions to fixed assets (other than financial instruments and deferred tax assets)	8,597	1,595	635	764	9,232	2,359	34,675	73,267	43,907	75,626
Reportable segment liabilities	199,754	206,281	162,260	269,439	362,014	475,720	49,197	6,294	411,211	482,014

b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	240,715	1,878
Elimination of inter-segment revenue	—	(790)
Consolidated turnover	240,715	1,088
Profit/(Loss)		
Reportable segment profit/(loss)	37,451	(2,042)
Elimination of inter-segment profit	—	—
Reportable segment profit/(loss) derived from the Group's external customers	37,451	(2,042)
Other revenue	5,685	4,701
Depreciation and amortisation	(10,735)	(1,591)
Finance costs	(7,502)	(7,720)
Unallocated head office and corporate expense	(1,014)	(3,066)
Profit/(loss) before taxation (Continuing operations)	23,885	(9,718)

	At 30 June 2011 (Unaudited) RMB'000	At 31 December 2010 (Audited) RMB'00
Assets		
Segment asset for reportable segments from continuing operations	648,576	746,649
Segment assets for reportable segment from discontinued operations	273,612	237,417
Total segment assets	922,188	984,066
Elimination of inter-segment receivables	(359)	(324)
	921,829	983,742
Unallocated head office and corporate assets	60	60
Deferred tax assets	2,140	1,898
Consolidated total assets	924,029	985,700
Liabilities		
Segment liabilities for reportable segments from continuing operations	362,014	475,720
Segment liabilities for reportable segment from discontinued operations	49,197	6,294
Total segment liabilities	411,211	482,014
Elimination of inter-segment payables	(359)	(324)
	410,852	481,690
Current tax liabilities	8,559	7,846
Deferred tax liabilities	40,296	40,296
Unallocated head office and corporate liabilities	—	—
Consolidated total liabilities	459,707	529,832

4. Turnover and other revenue

The Group's turnover represents the net invoiced value of the goods sold net of value-added tax ("VAT") after allowances for returns and trade discounts and net invoiced value of R&D services provided net of sale tax. An analysis of turnover and other revenue is as follows:

	For the three months ended 30 June				For the six months ended 30 June							
	2011		2010		2011		2010					
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)					
	RMB'000		RMB'000		RMB'000		RMB'000					
Turnover												
Sale of medicines	111,879		—		238,715		—					
R&D service income	—		325		2,000		1,088					
	111,879		325		240,715		1,088					
	Continuing operations		Discontinued operations		Consolidated		Continuing operations		Discontinued operations		Consolidated	
	For the three months ended 30 June		For the three months ended 30 June		For the three months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(Unaudited)	(Unaudited and Restated)	(Unaudited)	(Unaudited and Restated)	(Unaudited)	(Unaudited and Restated)	(Unaudited)	(Unaudited and Restated)	(Unaudited)	(Unaudited and Restated)	(Unaudited)	(Unaudited and Restated)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other revenue												
Interest income on bank deposits	285	32	4	3	289	35	534	6	8	56	542	62
Subsidy income released from deferred revenue	1,964	3,560	—	—	1,964	3,560	4,208	4,566	—	—	4,208	4,566
Reversal of impairment allowance on trade receivable	587	—	—	—	587	—	587	—	—	—	587	—
Reversal of written down on inventories	—	101	—	—	—	101	—	111	—	—	—	111
Others	12	—	—	—	12	—	356	18	—	—	356	18
	2,848	3,693	4	3	2,852	3,696	5,685	4,701	8	56	5,693	4,757

5. Profit/(loss) before taxation

Profit/(loss) before taxation of the Group is arrived at after charging:

	Continuing operations For the three months ended 30 June		Discontinued operations For the three months ended 30 June		Consolidated For the three months ended 30 June		Continuing operations For the six months ended 30 June		Discontinued operations For the six months ended 30 June		Consolidated For the six months ended 30 June	
	2011 (Unaudited)	2010 (Unaudited and Restated)	2011 (Unaudited)	2010 (Unaudited and Restated)	2011 (Unaudited)	2010 (Unaudited and Restated)	2011 (Unaudited)	2010 (Unaudited and Restated)	2011 (Unaudited)	2010 (Unaudited and Restated)	2011 (Unaudited)	2010 (Unaudited and Restated)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(a) Staff costs												
Salaries, wages and other benefits (including directors' emoluments)	6,357	1,080	956	1,344	7,313	2,424	16,059	2,303	2,237	2,703	18,296	5,006
Contributions to defined contribution retirement plan (including directors)	1,405	85	88	72	1,493	157	3,864	147	219	137	4,083	284
	<u>7,762</u>	<u>1,165</u>	<u>1,044</u>	<u>1,416</u>	<u>8,806</u>	<u>2,581</u>	<u>19,923</u>	<u>2,450</u>	<u>2,456</u>	<u>2,840</u>	<u>22,379</u>	<u>5,290</u>
(b) Other items												
Cost of inventories	64,620	250	—	—	64,620	250	149,062	859	—	—	149,062	859
Amortisation of interest in leasehold land held for own use under operating lease	394	—	105	124	499	124	785	—	212	246	997	246
Depreciation	3,817	148	1,158	1,682	4,975	1,830	7,961	1,591	2,039	1,984	10,000	3,575
Amortisation of intangible assets*	562	11	—	—	562	11	1,989	21	—	—	1,989	21
R&D costs*	2,580	1,234	—	—	2,580	1,234	4,910	2,288	19	—	4,929	2,288
Operating lease charges: minimum lease payment	498	—	—	—	498	—	538	61	—	—	538	61
Loss on disposal of fixed assets	631	—	—	—	631	—	631	—	—	—	631	—
Write-down of inventory	2	—	—	—	2	—	2	—	—	—	2	—
Auditor's remuneration — other services	410	220	—	—	410	220	410	220	—	—	410	220

* These amounts have been included in "Other operating expenses" in the unaudited condensed consolidated income statement.

6. Finance costs

	For the three months ended 30 June		For the six months ended 30 June	
	2011 (Unaudited) RMB'000	2010 RMB'000	2011 (Unaudited) RMB'000	2010 RMB'000
Interest on bank loans wholly repayable within five years	1,424	1,716	3,954	3,688
Interest on entrusted loans from the immediate parent company	486	1,045	967	2,078
Interest on financial assistance from the immediate parent company	1,275	1,133	2,581	1,954
Total interest expense on financial liabilities not at fair value through profit or loss	3,185	3,894	7,502	7,720

7. Income tax

Income tax in the condensed consolidated income statement represents:

	For the three months ended 30 June		For the six months ended 30 June	
	2011 (Unaudited) RMB'000	2010 RMB'000	2011 (Unaudited) RMB'000	2010 RMB'000
Current tax				
Provision for PRC Enterprise income tax	5,033	—	8,760	—
Deferred tax				
Origination and reversal of temporary differences	(243)	—	(243)	—
	4,790	—	8,517	—

Hong Kong profits tax has not been provided for as the Group had no income assessable to Hong Kong profit tax during the Relevant Period.

The PRC enterprise income tax (「EIT」) for the Relevant Period is 25%.

8. Dividends

The Board does not recommend the payment of any dividend for the Relevant Period (2010: Nil).

9. Discontinued operation

On 13 June 2011, the Company and GlaxoSmithKline Pte Limited ("GSK") entered into the agreement pursuant to which the Company agreed to sell the 51% equity interest of GSK-Neptunus to GSK at the consideration of USD39,000,000, subject to the terms and conditions of the agreement. As at the date of this announcement, all necessary internal approvals and procedures of the Company and GSK respectively for the disposal, including without limitation the approval by the board of directors and the shareholders meeting of the Company and the approval by the board of directors of the Company's holding company, Neptunus Bio-engineering, having been duly obtained and completed. On 2 August 2011, the transaction was approved by the shareholders in the extraordinary general meeting. Upon completion of the disposal, GSK-Neptunus will cease to be a jointly controlled entity of the Company.

The results of the discontinued operations included in the condensed consolidated income statement, condensed consolidated statement of comprehensive income and condensed consolidated statement of cash flows are set out below. The comparative loss and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2011	2010	2011	2010
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		RMB'000	RMB'000	RMB'000	RMB'000
TURNOVER		—	—	—	—
Cost of sales		—	—	—	—
Gross profit		—	—	—	—
Other revenue	4	4	3	8	56
Selling and distribution expenses		—	—	—	—
Administrative expenses		(3,283)	(4,753)	(6,722)	(8,369)
Other operating expenses		—	—	—	—
LOSS FROM OPERATIONS		(3,279)	(4,750)	(6,714)	(8,313)
Finance costs		—	—	—	—
LOSS BEFORE TAXATION		(3,279)	(4,750)	(6,714)	(8,313)
Income tax		—	—	—	—
LOSS FOR THE PERIOD FROM DISCONTINUED OPERATION		(3,279)	(4,750)	(6,714)	(8,313)
Attributable to:					
Owners of the Company		(3,279)	(4,750)	(6,714)	(8,313)

Cash flows from discontinued operations:

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash used in operation activities	(15,694)	(912)
Net cash used in investing activities	(24,649)	(14,780)
Net cash generated from financing activities	40,000	—
Net cash outflows	(343)	(15,692)

10. Earnings/(Loss) per share

Basic earnings/(loss) per share from continuing and discontinued operation

For the three-month and six-month periods ended 30 June 2011, the calculation of basic earnings per share was based on the profit attributable to owners of the Company of approximately RMB1,496,000 and RMB3,756,000 respectively (three-month and six-month periods ended 30 June 2010: loss of approximately RMB9,012,000 and RMB18,031,000 respectively) and 1,678,000,000 ordinary shares in issue for the three-month and six-month periods ended 30 June 2011 (2010: 946,670,000 ordinary shares).

From continuing operation

For the three-month and six-month periods ended 30 June 2011, the calculation of basic earnings per share from continuing operation was based on the profit attributable to owners of the Company of approximately RMB4,775,000 and RMB10,470,000 respectively (three-month and six-month periods ended 30 June 2010: loss of approximately RMB4,262,000 and RMB9,718,000 respectively) and 1,678,000,000 ordinary shares in issue for the three-month and six-month periods ended 30 June 2011 (2010: 946,670,000 ordinary shares)

From discontinued operations

For the three-month and six-month periods ended 30 June 2011, the calculation of basic earnings per share from discontinued operations was based on the loss attributable to owners of the Company of approximately RMB3,279,000 and RMB6,714,000 respectively (three-month and six-month periods ended 30 June 2010, loss of approximately RMB4,750,000 and RMB8,313,000 respectively) and 1,678,000,000 ordinary shares in issue for the three-month and six-month periods ended 30 June 2011 (2010: 946,670,000 ordinary shares).

The basic loss from discontinued operations is RMB0.19 cents and 0.4 cents for the three-month and six-month periods ended 30 June 2011 respectively (three-month and six-month periods ended 30 June 2010: RMB0.5 cents and RMB0.88 cents respectively).

From continuing and discontinued operations

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share for the three-month and six-month periods ended 30 June 2011 and 2010 equals to basic earnings/(loss) per share because there were no potential dilutive ordinary shares outstanding during these periods.

11. Property, plant and equipment

During the Relevant Period, property, plant and equipment purchased and disposed of by the Group were approximately RMB43,907,000 (30 June 2010: RMB21,438,000) and RMB4,803,000 (2010: Nil) respectively.

12. Trade and other receivables

Included in trade and other receivables are trade receivables, the aging analysis of which, based on the invoice date, is as follows:

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Within 3 months	62,314	43,204
More than 3 months but less than 12 months	9,741	13,315
Over 12 months	412	806
Trade receivables, net	72,467	57,325
Amounts due from fellow subsidiaries	4,241	1,396
Amount due from a related company	912	546
Amount due from a jointly controlled entity	1,008	296
Amount due from the immediate parent company	—	10,254
Other receivables	3,350	9,300
Loan and receivables	81,978	79,117
Prepayment and deposits	5,197	5,091
	87,175	84,208

13. Trade and other payables

Included in trade and other payables are trade payables, the aging analysis of which, based on the invoice date, is as follows:

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Within 3 months	63,279	49,798
4 to 6 months	7,319	2,737
7 to 12 months	1,226	1,298
Over 1 year	2,566	3,691
Trade payables	74,390	57,524
Receipts in advances	8,323	10,750
Amount due to a related company	47	4,201
Amount due to fellow subsidiaries	750	596
Amount due to the immediate parent company	106,811	135,380
Other payables and accruals	28,097	40,396
Financial liabilities measured at amortised cost	218,418	248,847

14. Interest-bearing bank borrowings

				30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
		Effective interest rate	Maturity		
Current portion of:					
Short-term bank loan – secured or guaranteed	(a)	4.779%-5.31%	2011	82,000	82,000
Long-term bank loan – secured	(b)	3.76-5.49%	2014	—	24,000
Non-current portion of:					
Long-term bank loan – secured	(b)	3.76-5.49%	2014	—	62,000
				82,000	168,000
Interest-bearing bank borrowings repayable:					
Within one year or on demand				82,000	106,000
After 1 year but within 2 years				—	26,000
After 2 years but within 5 years				—	36,000
After five years				—	—
				82,000	168,000

Note:

(a) During the Relevant Period, the Group's short-term bank loans of RMB82,000,000 were secured by:

- (i) On 3 August 2010, Neptunus Fuyao was granted a short-term loan of RMB28,000,000 from the Gushan (Fuzhou) Sub-branch of Agricultural Bank of China (the "ABC") by pledging its land use rights and buildings. This loan is bearing an annual interest rate of 4.779% and will be repaid on 27 July 2011;
- (ii) On 10 August 2010, Neptunus Fuyao was granted a short-term loan of RMB29,000,000 from the ABC, by pledging its land use rights and buildings. This loan is bearing an annual interest rate of 4.779% and will be repaid on 9 August 2011;
- (iii) On 20 July 2010, Neptunus Fuyao was granted a short-term loan of RMB5,000,000 from the Fuzhou Branch of Pingan Bank. This loan is guaranteed by Neptunus Bio-engineering, bearing an annual interest rate of 5.31% and will be repaid on 19 July 2011; and
- (iv) On 30 September 2010, Neptunus Fuyao was granted a short-term loan of RMB20,000,000 from the ABC. This loan is guaranteed by Neptunus Bio-engineering, bearing an annual interest rate of 4.779% and will be repaid on 29 September 2011.

(b) During the Relevant Period, the Group has repaid a bank loan of RMB86,000,000.

15. Commitments

- (a) Capital commitments outstanding at 30 June 2011 authorized and not provided for in the financial statements were as follows:

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Property, plant and equipment		
Contracted for, but not provided for:		
Property, plant and equipment	1,473	21,556
Land lease payments, net of deposits*	5,500	5,500
Others	1,980	160
	8,953	27,216
Authorised but not contracted for:		
Property, plant and equipment	45,000	45,000
	53,953	72,216
Intangible assets		
Contracted for, but not provided for:		
Technical know-how, net of deposits	8,927	8,927
	62,880	81,143

- * The Company entered into a contract with Baoan Development Company, an independent third party, on 17 September 2004 (with a supplemental agreement dated on the same date), pursuant to which Baoan Development Company agreed to provide the Company with the basic facilities including water and electricity supply for a piece of land in Guangming Hi-Tech Industrial Park of Shenzhen acquired by the Company, in return for a park development integrated fee (the "PDI fee") of RMB6,000,000 to be paid by the Company.

RMB500,000 of the PDI fee has been paid by the Company as deposit and the Company is in the course of applying for a waiver of the balance. The Directors are of the opinion that the application will be successful and provision for the balance of RMB5,500,000 PDI fee is not required.

- (b) At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2011 (Unaudited) RMB'000	31 December 2010 (Audited) RMB'000
Within 1 year	603	554
After 1 year but within 5 years	184	93
	787	647

The Group leases office premises under operating leases arrangements. Leases for the office premises are negotiated for terms of three years.

16. Material related party transactions

The Group had the following material transactions with its related parties during the Relevant Period:

Name of related parties	Relationship	Nature of transactions	Note	For the six months ended	
				30 June	
				2011	2010
				(Unaudited)	
				RMB'000	RMB'000
Neptunus Bio-engineering	Immediate parent company	Entrusted loans from			
		immediate parent company	(i)	—	78,000
		Accrued interest for entrusted loans	(i)	967	2,078
		Interest-bearing financial assistance from immediate parent company	(ii)	18,810	108,155
		Accrued interest for interest-bearing financial assistance	(ii)	2,581	1,954
Shenzhen Neptunus Pharmaceutical Co., Ltd. ("Neptunus Pharmaceutical")	Fellow subsidiary	Reimbursement of water, electricity and fuel costs	(iii)(x)	126	431
		Management fees	(iv)(x)	5	5
		Property management fees	(v)(x)	30	30
		R&D service income	(vi)(x)	2,000	600
		Purchase of goods	(viii)(x)	211	—
		Acquisition of 20% equity interests of Taizhou Neptunus	(ix)(x)	200	—
Shenzhen Neptunus Tongai Pharmaceutical Company Limited ("Tongai Pharmaceutical")	Fellow subsidiary	Rental of office and factory premises	(vii)(x)	134	134
Shenzhen Neptunus Changjian Pharmaceutical Co., Ltd.	Fellow subsidiary	Sales of goods	(viii)(x)	4,456	—
Hangzhou Neptunus Bio-engineering Co., Ltd.	Fellow subsidiary	Sales of goods	(viii)(x)	134	—
Zhejiang Neptunus Pharmaceutical Co., Ltd.	Fellow subsidiary	Sales of goods	(viii)(x)	133	—
Shenzhen Nepstar Pharmaceutical Co. Ltd.	Related company	Sales of goods	(viii)(xi)	773	—
Shandong Neptunus Yinhe Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(viii)(x)	29	—

Notes:

- i) In April 2007, the Group obtained a RMB39,000,000 interest-bearing entrusted loan from Neptunus Bio-engineering. The entrusted loan is unsecured, bears interest at 5% per annum and repayable on 5 April 2009.

On 13 December 2007, the Group obtained a RMB9,000,000 interest-bearing entrusted loan from Neptunus Bio-engineering. The entrusted loan is unsecured, bears interest at 5% per annum and repayable on 5 April 2009.

On 26 March 2008, the Group obtained a RMB30,000,000 interest-bearing entrusted loan from Neptunus Bio-engineering. The entrusted loan is unsecured, bears interest at 7.47% per annum and repayable on 26 March 2009.

On 2 December 2008, the immediate parent company agreed to extend the repayment date of the above three entrusted loans for at least one year or no earlier than the date of the 15th working day after the completion of the placing of new H share by the Company (whichever is earlier).

On 18 March 2010, the immediate parent company agreed that the repayment dates of the entrusted loans in the amount of RMB39,000,000, RMB9,000,000 and RMB30,000,000 were extended to 5 April 2011, 5 April 2011 and 26 March 2011 respectively.

On 13 October 2010, the Group repaid the entrusted loans in the amount of RMB30,000,000.

For the entrusted loans in the amount of RMB39,000,000 and RMB9,000,000, the Company planned to sell its equity interests in GSK-Neptunus for repayment and as a result, Neptunus Bio-engineering did not require the Company to return the entrusted loans immediately.

- ii) Financial assistance is unsecured and bears interest at 5.81% per annum which is the benchmark interest rate announced by the People's Bank of China starting from this period.
- iii) The reimbursement of water, electricity and fuel costs was based on pre-agreed rates with reference to the Group's production activities.
- iv) The management fees were charged at pre-agreed rates.
- v) The property management fees were charged at pre-agreed rates.
- vi) The R&D service income was charged at pre-agreed rates.
- vii) The rental of office and factory was charged at pre-agreed rates with reference to market prices.
- viii) The sales were conducted in the normal course of business on the same terms as those charged to and contracted with other third parties customers.
- ix) On 8 June 2011, the Company acquired 20% equity interests in Taizhou Neptunus held by Neptunus Pharmaceutical at a consideration of RMB200,000.
- x) The ultimate controlling parent of these related parties is also the ultimate controlling parent company of the Group.
- xi) Mr. Zhang Si Min, the former director of the Company who retired on 25 June 2011, is an authorised representative of the related party.

17. Acquisition of additional interest in a subsidiary

On 8 June 2011, the Group acquired a further 20% equity interests in Taizhou Neptunus for a purchases consideration of RMB200,000. The carrying amount of the non-controlling interests in Taizhou Neptunus on the date of acquisition was RMB 190,000. The Group recognised a decrease of RMB190,000 in non-controlling interests and a decrease of RMB10,000 in equity attributable to owners of the Company. Upon the completion of the acquisition, the equity interests in Taizhou Neptunus attributable to the Company was increased to 100%.

18. Assets and liabilities classified as held for sale

On 13 June 2011, the Company and GSK entered into an agreement in relation to the disposal of 51% equity interests in GSK-Neptunus. The assets and liabilities attributable to GSK Neptunus which are expected to be sold within twelve months, have been classified as assets held for sale and presented separately in the condensed consolidated statement of financial position. Pursuant to the agreement, the Company agreed to sell the 51% equity interest of GSK-Neptunus to GSK at the consideration of USD39,000,000 which will not be less than the book value, as such directors expected that the proceeds of the disposal will be greater than the net carrying amount of the relevant assets and liabilities and therefore no impairment is necessary.

The major classes of assets and liabilities of GSK-Neptunus

	30 June 2011 (Unaudited) RMB'000
Property, plant and equipment	225,584
Prepaid lease payments	18,587
Inventory	2,330
Prepayment and other receivables	8,293
Cash and cash equivalents	18,818
Assets classified as held for sale	273,612
Other payables and accruals	28,797
Interest-bearing bank borrowings	20,400
Liabilities associated with assets classified as held for sale	49,197

19. Comparative figure

The Group disposed of certain operations which constituted discontinued operations under HKFRS "Non-current Assets Held for Sale and Discontinued Operations". Therefore, the results derived from such operations are presented as discontinued operation in current year. The comparative figures for the corresponding year have been reclassified to conform with current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Relevant Period, the Group was principally engaged in various medicine businesses such as herbal medicine, generic drugs, transfusion and anti-tumor drugs, the influenza vaccines business and the research and development of modern biological technology (the "R&D Business"). On 13 June 2011, the Company and GSK entered into an agreement (the "Equity Transfer Agreement") in relation to the disposal (the "Disposal") of 51% equity interests (the "Equity Interests") in GSK-Neptunus. Upon completion of the Disposal, the Company is focusing on the medicine businesses such as herbal medicine, generic drugs, transfusion and anti-tumor drugs, as well as the R&D of recombinant proteins and polypeptide drugs business.

Neptunus Fuyao Business

Neptunus Fuyao is a subsidiary of the Company. Neptunus Fuyao and its subsidiaries together own more than 40 production lines for 17 types of medications in dose form, all of which have passed the GMP qualifications and obtained the relevant national GMP certificates. In addition, Neptunus Fuyao and its subsidiaries together own 450 approvals in relation to the production of drugs. China's generic drugs market is currently growing rapidly. During the Relevant Period, Neptunus Fuyao operated normally and recorded an income from principal business totaling approximately RMB238,715,000 while continuing on a steady growth trend.

Recently, in the PRC, as prices of raw materials used in the production increased substantially, which impacts the profits on drugs, the Group is devoted into the optimisation and expansion on the products sales of Neptunus Fuyao and its subsidiaries, striving to cultivate major products and developing the sale model of driving comprehensive product portfolio with leading products such as LVP series products, narcotics series products, herbal medicine series products, amino acid series products, OTC series products and exclusive series products, thereby minimising the impact resulted from prices increase of raw materials.

As the existing production capacities of Neptunus Fuyao and its subsidiaries are almost fully utilised, the Group intends to construct a new production base at Lianjiang Country, Fuzhou City. The Company also intends to grant proceeds from the Disposal of RMB 40,000,000 as a loan to Neptunus Fuyao for its construction of that new production base. In addition, the Company intends to use the proceeds from the Disposal of approximately RMB130,000,000 to repay the interest-bearing financial assistance and entrusted loans due to Neptunus Bio-engineering. It is expected that Neptunus Bio-engineering will use approximately RMB80,000,000 upon receipt of such repayment to grant a loan to Neptunus Fuyao for its construction of a new production base.

As the preliminary preparation work for the construction of the new production base, during the Relevant Period, the Group established three subsidiaries at Lianjiang Country, Fuzhou City, namely (i) Neptunus Fuyao Pharmaceutical (Lianjiang) Co., Ltd. (“Neptunus Fuyao Lianjiang”) * 海王福藥製藥（連江）有限公司. Its business scope is production of chemical medicine (籌建化學藥品製藥製劑製造) with a registered capital of RMB 50,000,000, among which RMB 9,500,000 and RMB 500,000 was contributed by Neptunus Fuyao and Fuzhou Neptunus Jinxiang Chinese Pharmaceutical Company Limited (“Neptunus Jinxiang”) * 福州海王金象中藥製藥有限公司 in cash as at 30 June 2011, respectively, who holds 95% and 5% interests in Neptunus Fuyao Lianjiang, respectively; (ii) Neptunus Jinxiang Chinese Pharmaceutical (Lianjiang) Co., Ltd. (“Neptunus Jinxiang Lianjiang”) 海王金象中藥製藥（連江）有限公司. Its business scope is production of chemical medicine (籌建化學藥品製藥製劑製造) with a registered capital of RMB 50,000,000, among which RMB 500,000 and RMB 9,500,000 was contributed by Neptunus Fuyao and Neptunus Jinxiang in cash as at 30 June 2011, respectively, who holds 5% and 95% interests in Neptunus Jinxiang Lianjiang, respectively; (iii) Lianjing Neptunus Fuyao Foods Trading Co., Ltd. (“Lianjing Neptunus Foods”) 連江縣海王福藥食品貿易有限公司. Its business scope is wholesale and retail of pre-packaged foods (批發兼零售預包裝食品) with a registered capital of RMB 500,000, among which RMB 475,000 and RMB 25,000 was contributed by Neptunus Fuyao and Neptunus Jinxiang in cash as at 30 June 2011, respectively, who holds 95% and 5% interests in Lianjing Neptunus Foods, respectively.

Recombinant Proteins and Polypeptide Drugs Business

In 2010, the Company and Neptunus Pharmaceutical established a subsidiary Taizhou Neptunus with a registered capital of RMB 1,000,000, among which RMB800,000 and RMB200,000 was contributed by the Company and Neptunus Pharmaceutical, respectively, who holds 80% and 20% interests in Taizhou Neptunus, respectively. The business scope of Taizhou Neptunus as set out in its business license is the research and development of Biopharmaceutical products.

On 8 June 2011, the Company acquired 20% equity interests in Taizhou Neptunus held by Neptunus Pharmaceutical at a consideration of RMB200,000. Following completion of the equity transaction, Taizhou Neptunus became a wholly-owned subsidiary of the Company. The registered capital of Taizhou Neptunus was increased to RMB10,000,000 through additional capital contribution of RMB 9,000,000 by the Company on the same date.

Taizhou Neptunus is conducting the research and development on recombinant proteins and polypeptide drugs (including but not limited to recombinant human thymosin α 1 for injection). The Company expects that if any good progress is made on the research and development of recombinant proteins and polypeptide drugs products by Taizhou Neptunus, it will consider commencing the commercial production of such new products through joint venture or sole investment.

Influenza Vaccine Business

On 9 June 2009, the Company and GSK entered into the joint venture contract (the “JV Contract”), pursuant to which GSK-Neptunus was subsequently established on 6 August 2009. Its scope of business includes: research, development, production and operation of human vaccines, and its drug production permit is valid till 6 July 2014. On 30 June 2011, GSK-Neptunus is beneficially owned by the Company and GSK as to 51% and 49% respectively.

On 13 June 2011, the Company and GSK entered into the Equity Transfer Agreement, pursuant to the terms and conditions of the Equity Transfer Agreement, the Company agreed to sell the Equity Interests to GSK at a consideration of USD39,000,000, which was arrived at after arm’s length negotiations between the Company and GSK with reference to the unaudited net asset value of GSK-Neptunus as at 31 May 2011 and the fair value of the Equity Interests as at 31 May 2011.

Subsequent to the Relevant Period, the Disposal was approved at the extraordinary general meeting of the Company on 2 August 2011. Completion of the Disposal is expected to occur between September and October 2011. Upon completion of the Disposal, GSK-Neptunus will cease to be a jointly controlled entity of the Company and the Company will cease to hold any equity interest in GSK-Neptunus.

R&D Business

As from January 2009, the Company has been focusing on the R&D Business and the expansion of the R&D Business by providing R&D services to Neptunus Bio-engineering and its subsidiaries. The R&D Business generated a revenue of approximately RMB2,000,000 for the Company during the Relevant Period. The Company was principally engaged in the R&D of recombinant proteins and polypeptide drugs during the 2nd quarter of 2011, and therefore there is no income generated from R&D services in the 2nd quarter of 2011.

Financial Review

The Group's turnover for the Relevant Period was approximately RMB 240,715,000, representing an increase of 22,025% from that of approximately RMB1,088,000 in the corresponding period last year. Turnover for the Relevant Period was mainly derived from sales income of medicine products of a subsidiary, Neptunus Fuyao, and revenue of the Company's R&D Business. Sales income and revenue of R&D services accounted for approximately 99% and 1% of the total revenue respectively. The increase in turnover was because that Neptunus Fuyao became a subsidiary of the Company in December 2010 and its sales income of medicine for the Relevant Period was approximately RMB 238,715,000.

The Group's gross profit and gross profit margin for the Relevant Period were approximately RMB 83,550,000 and 35% respectively, increasing by RMB 83,321,000 and 23% respectively compared with that of the corresponding period last year. The increase in gross profit was because of that Neptunus Fuyao had become a subsidiary of the Company.

The Group's selling and distribution expenses for the Relevant Period amounted to approximately RMB 27,774,000, while no related expenses were incurred in the corresponding period last year as the Group recorded no sales of medicine.

The Group's administrative expenses for the Relevant Period amounted to approximately RMB 29,206,000, increasing significantly by approximately RMB16,361,000 from approximately RMB 12,845,000 in the corresponding period last year, representing an increase of approximately 127%. The increase in administrative expenses was primarily because of two reasons: (i) Neptunus Fuyao, which became a subsidiary of the Company in December 2010, had administrative expenses of approximately RMB 16,269,000 in the Relevant Period; and (ii) the Group completed the issue and allotment of 189,330,000 new H shares and received net proceeds of approximately HK\$164,252,000 in 2010. Due to the foreign exchange control by Chinese government and the appreciation of Renminbi, an exchange loss of approximately RMB 2,286,000 was incurred in the Relevant Period.

The Group's other operating expenses for the Relevant Period amounted to approximately RMB 7,590,000, increasing by approximately RMB 5,138,000 compared with that of the corresponding period last year. After becoming a subsidiary of the Company in December 2010, Neptunus Fuyao recorded R&D costs and amortization of intangible assets of approximately RMB 4,194,000 and RMB 1,975,000 for the Relevant Period respectively.

The Group's finance costs for the Relevant Period was approximately RMB 7,502,000, a slight decrease of approximately RMB 218,000 from approximately RMB7,720,000 in the corresponding period last year. The decrease was primarily because of that the Company repaid the long-term loan from China Development Bank, and it no longer had obligation to pay interests accrued on the long-term loan.

The Group's profit/ (loss) before income tax for the Relevant Period changed to profit of approximately RMB 8,654,000 from loss of approximately RMB 18,031,000 for the corresponding period last year. Such change was mainly because of that the Company acquired 80% equity interests in Neptunus Fuyao, a company who has a steady profit.

As such, profit attributable to the owners of the Company amounted to approximately RMB 3,756,000 for the Relevant Period, compared with loss of approximately RMB 18,031,000 for the corresponding period last year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group usually finances its operating and investing activities with its internal financial resources and bank loans. The Group's transactions are mainly denominated in Renminbi and the Group reviews its working capital and finance requirements on a regular basis.

Banking Facilities

On 23 May 2006, the Company entered into a long-term loan agreement (the "CDB Loan Agreement") with China Development Bank(" CDB") for the grant by CDB of a loan of RMB130,000,000 (the "CDB Loan") to the Company to finance the Company's project on subunit vaccine of influenza virus (the "Loan Project"). Pursuant to the CDB Loan Agreement, CDB requires the Company, the Company's controlling shareholder Neptunus Bio-engineering, and Mr. Chai Xiang Dong, management shareholder of the Company, to provide guarantee and securities (including but not limited to the pledge of the domestic shares of the Company then held by them to CDB) to secure the CDB Loan. The Company would apply the revenue obtained from the Loan Project to repay the CDB Loan with CDB by instalments. In April 2011, the Company repaid all the principal and interests under the CDB Loan Agreement to CDB, and subsequently several guarantee and securities under the CDB Loan Agreement were released.

As at 30 June 2011, the Group's short-term bank borrowings were RMB 82,000,000, all of which were short-term bank borrowings of Neptunus Fuyao.

On 20 July 2010, Neptunus Fuyao was granted a short-term loan of RMB 5,000,000 from the Fuzhou Branch of Pingan Bank. This loan is bearing an annual interest rate of 5.31% and will be repaid on 19 July 2011 and guaranteed by Neptunus Bio-engineering.

On 3 August 2010, Neptunus Fuyao was granted a short-term loan of RMB28,000,000 from ABC by pledging its land use rights and buildings. This loan is bearing an annual interest rate of 4.779% and will be repaid on 27 July 2011.

On 10 August 2010, Neptunus Fuyao was granted a short-term loan of RMB 29,000,000 from ABC, by pledging its land use rights and buildings. This loan is bearing an annual interest rate of 4.779% and will be repaid on 9 August 2011.

On 30 September 2010, Neptunus Fuyao was granted a short-term loan of RMB 20,000,000 from ABC. This loan is bearing an annual interest rate of 4.779% and will be repaid on 29 September 2011 and guaranteed by Neptunus Bio-engineering.

Shareholder's interest-bearing financial assistance

As at 30 June 2011, the shareholder's interest-bearing financial assistance obtained by the Company from Neptunus Bio-engineering amounted to approximately RMB 72,345,000. The Company had not pledged its assets as security for such financial assistance. The financial assistance from Neptunus Bio-engineering were interest-bearing at one-year loan interest rate stipulated by the People's Bank of China for the corresponding period.

Shareholder's entrusted loans

Shareholder's entrusted loans obtained by the Company from Neptunus Bio-engineering as at 30 June 2011 amounted to RMB48,000,000.

The Company obtained a shareholder's entrusted loan of RMB9,000,000 from Neptunus Bio-engineering through an entrusted arrangement with a bank. This shareholder's entrusted loan is unsecured, bears an annual interest of 5% and is repayable on 5 April 2009. Neptunus Bio-engineering undertook that the repayment date of this entrusted loan be postponed to 5 April 2011. However, Neptunus Bio-engineering had undertaken to the Company that it would not demand repayment of the above-mentioned shareholder's entrusted loan unless and until: (1) the repayment of such shareholder's entrusted loan would not adversely affect the operations of the Company and/or its business objectives as set out in the prospectus published by the Company on 29 August 2005 (the "Prospectus"); and (2) each of the independent nonexecutive Directors was of the opinion that the repayment of such shareholder's entrusted loan would not adversely affect the operations of the Company and/or the implementation of its business objectives as set out in the Prospectus, and the Company would make an announcement in respect of the decision of the independent non-executive Directors made under (2); and (3) the Company had a positive cash flow and had retained profits in the relevant financial year.

The Company obtained another shareholder's entrusted loan of RMB39,000,000 from Neptunus Bio-engineering through an entrusted arrangement with a bank. This shareholder's entrusted loan is unsecured, bears an annual interest of 5% and is repayable on 5 April 2009. However, Neptunus Bio-engineering undertook that the repayment date of this entrusted loan be postponed to 5 April 2011. The Company planned to sell its equity interests in GSK-Neptunus for repayment and as a result, Neptunus bio-engineering did not require the Company to return the entrusted loan immediately.

Gearing ratio

As at 30 June 2011, the gearing ratio of the Group was approximately 16% (end of 2010: 12%) and was calculated by a division of the Group's total borrowings by total capital. Net debt is equivalent to total borrowings (the aggregate of interest-bearing bank borrowings, shareholder entrusted bank loans and interest-bearing borrowings) less cash and cash equivalents, total capital is equivalent to the aggregate of net debt and total equity interest.

Net current assets

As at 30 June 2011, the Group had net current assets of approximately RMB 163,755,000. Current assets comprised cash and cash equivalents of approximately RMB 115,246,000, charged bank deposits of approximately RMB 7,584,000, inventories of approximately RMB 86,312,000, prepayments, deposits and other receivables of approximately RMB 87,175,000 and assets classified as held for sale of approximately RMB273,612,000. Current liabilities comprised trade payables of approximately RMB 74,390,000, interest-bearing bank borrowings to be repaid within one year of approximately RMB 82,000,000, tax payable of approximately RMB8,559,000, amounts due to related companies of RMB 155,608,000, other payables of approximately RMB 36,420,000 and liabilities associated with assets classified as held for sale of approximately RMB49,197,000. There was an increase in the net current assets compared with 31 December 2010's net current assets position of approximately RMB 15,645,000, due to the facts that during the Relevant Period, the assets corresponding to the shareholding held by the Company in GSK-Neptunus were re-classified as current assets of the Group.

Foreign Currency Risk

During the Relevant Period, the Group's operating revenue, major selling costs and capital expenditure were denominated in RMB. Proceeds from the issue of 189,330,000 new H shares of approximately HK\$164,252,000 were not fully translated into RMB in accordance with national foreign exchange regulations. As at 30 June 2011, approximately HK\$38,412,000 was still not translated into RMB. As such, the exchange rate fluctuation of Hong Kong dollars against RMB may affect the Group's profit for the Relevant Period. However, the foreign currency risk facing the Group is limited. Currently, the Group has not adopted any financial instrument for hedging purposes.

Contingent Liability

As at 30 June 2011, the Group had no significant contingent liability.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE LISTED SECURITIES

As far as the Directors or supervisors of the Company are aware, as at 30 June 2011, 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 which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the Securities and Futures Ordinance (the "SFO") (including interests which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the "required standard of dealings" for directors as set out in Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange or had otherwise notified to the Company were as follows:

Long positions in the shares of the Company:

Director/supervisor	Capacity	Type of Interests	Number of domestic shares held	Approximate percentage of all the domestic shares	Approximate percentage of the Company's issued share capital
Mr. Chai Xiang Dong (Note 1)	Beneficial owner	Personal	47,671,000	3.80%	2.84%
Mr. Yu Jun (Note 2)	Beneficial owner	Personal	1,014,000	0.08%	0.06%

Notes:

1 Executive director and general manager of the Company

2 Supervisor and employee of the Company

Long positions in shares of associated corporations of the Company:

Director	Capacity	Type of Interests	Name of associated corporation	Number of shares held in associated corporation	Approximate percentage of the associated corporation's issued share capital
Mr. Zhang Feng (Note (a))	Beneficial owner	Personal	Neptunus Bio-engineering	532,437	0.08%
Mr. Liu Zhan Jun (Note (b))	Beneficial owner	Personal	Neptunus Bio-engineering	266,217	0.04%
Ms. Yu Lin (Note (c))	Beneficial owner	Personal	Neptunus Bio-engineering	79,864	0.01%

- (a) Mr. Zhang Feng, who is the deputy chairman of the board of directors of Neptunus Bio-engineering, was beneficially interested in 0.08% of the entire issued share capital of Neptunus Bio-engineering, the Company's controlling shareholder, which in turn was beneficially interested in approximately 70.38% of the entire issued share capital of the Company as at 30 June 2011.
- (b) Mr. Liu Zhan Jun, who is a director and president of Neptunus Bio-engineering, was beneficially interested in 0.04% of the entire issued share capital of Neptunus Bio-engineering, the Company's controlling shareholder, which in turn was beneficially interested in approximately 70.38% of the entire issued share capital of the Company as at 30 June 2011.
- (c) Ms. Yu Lin, who is a director and vice-president of Neptunus Bio-engineering, was beneficially interested in 0.01% of the entire issued share capital of Neptunus Bio-engineering, which in turn was beneficially interested in approximately 70.38% of the entire issued share capital of the Company as at 30 June 2011.

Save as disclosed above, as at 30 June 2011, none of the Directors, supervisors or chief executives of the Company nor their respective associates held any interests or short positions in the shares, underlying shares or debentures of the Company or any of 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 "required standard of dealings" for directors as set out in Rule 5.46 of the GEM Listing Rules.

SHARE OPTION SCHEME, CONVERTIBLE SECURITIES AND WARRANTS

Up to 30 June 2011, the Company and its subsidiary and its jointly controlled entity have not adopted any share option scheme and have not granted any option, convertible securities, warrants or other similar rights.

DIRECTORS' AND SUPERVISORS' SHARE OPTIONS, WARRANTS OR CONVERTIBLE BONDS

At any time during the Relevant Period, none of the Directors or supervisors of the Company or their respective spouse or minor children were granted any share options, warrants or convertible bonds of the Company, its subsidiary, its jointly controlled entity or associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND ASSOCIATED SHARES

So far as the Directors and supervisors of the Company are aware, as at 30 June 2011, the interests and/or short positions held by shareholders (not being a director, a supervisor or a chief executive of the Company) in shares or underlying shares of the Company which were required to be entered in the register pursuant to Section 336 of the SFO or had otherwise notified to the Company were as follows:

Long positions in the shares of the Company:

Name of substantial shareholders	Capacity	Number of domestic shares held	Approximate percentage of all the domestic shares	Approximate percentage of the Company's issued share capital
Neptunus Bio-engineering	Beneficial owner	1,181,000,000	94.33%	70.38%
Neptunus Group (Note (a))	Interest in controlled corporation	1,181,000,000	94.33%	70.38%
Ankeen Enterprises Limited ("Ankeen Enterprises") (Note (b))	Interest in controlled corporation	1,181,000,000	94.33%	70.38%
Ms. Wang Jin Song (Note (c))	Interest in controlled corporation	1,181,000,000	94.33%	70.38%

Notes:

- Neptunus Group was deemed to be interested in the 1,181,000,000 domestic shares of the Company held by Neptunus Bio-engineering as Neptunus Group was beneficially interested in approximately 27.66% of the entire issued share capital of Neptunus Bio-engineering.
- Ankeen Enterprises was deemed to be interested in 1,181,000,000 domestic shares of the Company held by Neptunus Bio-engineering as Ankeen Enterprises was beneficially interested in approximately 41.90% of the entire issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 27.66% of the entire issued share capital of Neptunus Bio-engineering.
- Ms. Wang Jin Song ("Ms. Wang") was deemed to be interested in 1,181,000,000 domestic shares of the Company held by Neptunus Bio-engineering as Ms. Wang was beneficially interested in 85% of the entire issued share capital of Ankeen Enterprises, which in turn was beneficially interested in approximately 41.9% of the entire issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 27.66% of the entire issued share capital of Neptunus Bio-engineering.

Save as disclosed above, the Directors and supervisors of the Company are not aware of any other persons (except the Directors, supervisors or chief executives of the Company) who held any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 30 June 2011.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

The Company and its subsidiary and its jointly controlled entity did not purchase, sell or redeem any of the Company's listed securities during the Relevant Period. The Company and its subsidiary and its jointly controlled entity also did not redeem, purchase or cancel any of their redeemable securities.

COMPETING INTERESTS

On 21 August 2005, Neptunus Bio-engineering, the controlling shareholder of the Company, entered into an agreement with the Company, in relation to non-competition undertakings and priority investment rights (the "Non-Competition Undertakings"), pursuant to which Neptunus Bio-engineering had undertaken to the Company and its associates that, inter alia, as long as the securities of the Company are listed on GEM:

1. it will not, and will procure its associates not to whether within or outside the PRC, directly or indirectly or by any means, participate in or operate any business which may constitute direct or indirect competition with the business operated by the Company from time to time, or produce any products, the usage of which is the same as or similar to that of the products of the Company (other than those indirectly held as a result of the equity interest in any listed company or its subsidiaries); and
2. it will not, and will procure its associates not to hold any interest, whether within or outside the PRC, in any company or organization (directly or indirectly, other than indirectly held as a result of its equity interest in any listed company or its subsidiaries) when the business of such company or organisation will (or may) compete directly or indirectly with the business of the Company.

Pursuant to the Non-Competition Undertakings, during the term of such Undertakings, when Neptunus Bio-engineering or its associates enter into any negotiations, within or outside the PRC, in relation to any new investment project which may compete with the existing and future business of the Company, the Company shall have a preferential right of investment in such investment projects.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the Relevant Period, the Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the "required standard of dealings" as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, all the Directors confirmed that they have not conducted any transaction in respect of the Company's securities during the Relevant Period. The Company is not aware of any violation by the Directors on the "required standard of dealings" and the Company's code of conduct regarding securities transactions by the Directors.

AUDIT COMMITTEE

The Company established an Audit Committee (the "Audit Committee") on 21 August 2005. The primary duties of the Audit Committee are to review the Company's annual report and financial statements, half-yearly reports and quarterly reports, and to provide suggestions and opinions thereon to the Board. In addition, the Audit Committee members will also meet with the management to review the accounting principles and practices adopted by the Company and to discuss matters relating to the auditing, internal control system and financial reporting process of the Company. The Audit Committee comprises one non-executive Director, namely Ms. Yu Lin and two independent non-executive Directors, namely Mr. Yick Wing Fat, Simon and Mr. Poon Ka Yeung. Mr. Yick Wing Fat, Simon is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited results of the Group for the Relevant Period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

As the Directors are aware, during the Relevant Period, the Company has complied with the requirements under the "Code on Corporate Governance Practice" set out in Appendix 15 and under "Corporate Governance Report" set out in Appendix 16 to the GEM Listing Rules. The Board will continue to enhance the standard of corporate governance of the Company to ensure that the Company will operate its business in an honourable and responsible manner.

On behalf of the Board

Shenzhen Neptunus Interlong Bio-technique Company Limited

Zhang Feng

Chairman

Shenzhen, the PRC, 8 August 2011

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Feng, Mr. Chai Xiang Dong and Mr. Xu Yan He; the non-executive directors are Mr. Liu Zhan Jun, Ms. Yu Lin and Mr. Ren De Quan; and the independent non-executive directors are Mr. Yick Wing Fat, Simon, Mr. Poon Ka Yeung and Mr. Huang Yao Wen.

This results announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from its date of publication and on the website of the Company at www.interlong.com.

* For identification purposes only