



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 2014**

**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 Shenzhen Neptunus Interlong Bio-technique Company Limited (the "Company") is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2014 (the "Relevant Period"), together with the unaudited comparative figures for the corresponding period of 2013.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

for the three months and six months ended 30 June 2014

	Note	For the three months ended 30 June		For the six months ended 30 June	
		2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Turnover	5	167,202	139,936	316,269	297,861
Cost of sales		(93,881)	(84,526)	(177,081)	(173,214)
Gross profit		73,321	55,410	139,188	124,647
Other revenue	5	2,937	719	4,422	1,451
Other net income	5	61	145	64	145
Selling and distribution expenses		(30,525)	(15,607)	(48,856)	(41,360)
Administrative expenses		(10,974)	(14,032)	(26,507)	(27,269)
Other operating expenses		(11,875)	(10,652)	(21,988)	(17,647)
Profit from operations		22,945	15,983	46,323	39,967
Finance costs	7	(3,220)	(1,906)	(5,268)	(3,541)
Profit before taxation	6	19,725	14,077	41,055	36,426
Income tax	8	(5,036)	11,511	(9,808)	5,637
Profit for the period		14,689	25,588	31,247	42,063
Attributable to:					
Owners of the Company		11,153	21,295	24,139	33,344
Non-controlling interests		3,536	4,293	7,108	8,719
Profit for the period		14,689	25,588	31,247	42,063
Earnings per share					
Basic and diluted	10	RMB0.66 cents	RMB1.27 cents	RMB1.44 cents	RMB1.99 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

for the three months and six months ended 30 June 2014

	For the three months ended 30 June		For the six months ended 30 June	
	2014	2013	2014	2013
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Profit for the period	14,689	25,588	31,247	42,063
Other comprehensive income for the period				
Other comprehensive income for the period, net of tax	—	—	—	—
Total other comprehensive income for the period, net of tax	—	—	—	—
Total comprehensive income for the period	14,689	25,588	31,247	42,063
Total comprehensive income attributable to:				
Owners of the Company	11,153	21,295	24,139	33,344
Non-controlling interests	3,536	4,293	7,108	8,719
Total comprehensive income for the period	14,689	25,588	31,247	42,063

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as at 30 June 2014

	Note	As at 30 June 2014 (Unaudited) RMB'000	As at 31 December 2013 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	187,565	184,790
Prepaid lease payments		66,374	67,159
Intangible assets		142,374	140,247
Deposit for acquisition of property, plant and equipment		12,836	11,570
Deposit for acquisition of land		17,330	17,330
Available-for-sale investments		300	300
Deferred tax assets		1,474	1,491
		428,253	422,887
CURRENT ASSETS			
Inventories		114,944	120,743
Trade and other receivables	12	155,505	114,940
Tax recoverable		–	28
Pledged bank deposit		9,587	–
Fixed deposit		18,506	2,000
Cash and cash equivalents		244,089	253,511
		542,631	491,222
CURRENT LIABILITIES			
Trade and other payables	13	212,175	187,954
Interest-bearing bank borrowings	14	115,000	86,000
Entrusted loans from the immediate parent company		9,000	9,000
Deferred revenue		1,819	2,282
Current taxation		10,120	7,446
		(348,114)	(292,682)
NET CURRENT ASSETS		194,517	198,540
TOTAL ASSETS LESS CURRENT LIABILITIES		622,770	621,427
NON-CURRENT LIABILITIES			
Financial assistance from the immediate parent company		–	27,000
Deferred revenue		10,217	12,608
Deferred tax liabilities		20,702	21,215
		(30,919)	(60,823)
NET ASSETS		591,851	560,604
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		167,800	167,800
Reserves		333,017	308,878
		500,817	476,678
NON-CONTROLLING INTERESTS		91,034	83,926
TOTAL EQUITY		591,851	560,604

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the six months ended 30 June 2014

	Attributable to owners of the Company							
	Share capital	Share premium	Capital reserve	Statutory reserve fund	Accumulated loss	Total	Non-controlling Interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013	167,800	554,844	(194,339)	17,909	(105,243)	440,971	77,383	518,354
Change in equity for 2013								
Profit for the period	–	–	–	–	33,344	33,344	8,719	42,063
Other comprehensive income for the period, net of tax	–	–	–	–	–	–	–	–
Total comprehensive income for the period, net of tax	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>33,344</u>	<u>33,344</u>	<u>8,719</u>	<u>42,063</u>
Deemed distribution arising on the acquisition of a subsidiary	–	–	(148)	–	–	(148)	–	(148)
Transfer to other reserves	<u>–</u>	<u>–</u>	<u>–</u>	<u>33</u>	<u>(33)</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 30 June 2013	<u>167,800</u>	<u>554,844</u>	<u>(194,487)</u>	<u>17,942</u>	<u>(71,932)</u>	<u>474,167</u>	<u>86,102</u>	<u>560,269</u>
At 1 January 2014	167,800	554,844	(194,487)	22,716	(74,195)	476,678	83,926	560,604
Change in equity for 2014								
Profit for the period	–	–	–	–	24,139	24,139	7,108	31,247
Other comprehensive income for the period, net of tax	–	–	–	–	–	–	–	–
Total comprehensive income for the period, net of tax	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>24,139</u>	<u>24,139</u>	<u>7,108</u>	<u>31,247</u>
Transfer to other reserves	<u>–</u>	<u>–</u>	<u>–</u>	<u>350</u>	<u>(350)</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 30 June 2014	<u>167,800</u>	<u>554,844</u>	<u>(194,487)</u>	<u>23,066</u>	<u>(50,406)</u>	<u>500,817</u>	<u>91,034</u>	<u>591,851</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the six months ended 30 June 2014

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	11,523	(19,255)
NET CASH USED IN INVESTING ACTIVITIES	(44,677)	(18,803)
NET CASH GENERATED FROM FINANCING ACTIVITIES	23,732	15,458
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,422)	(22,600)
Cash and cash equivalents at the beginning of period	253,511	248,366
CASH AND CASH EQUIVALENTS AT END OF PERIOD	244,089	225,766

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

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 2014 have been prepared in accordance with the applicable disclosure provision of the GEM Listing Rules on 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 2013, except for the adoption of the new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKFRSs"). The condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK (IFRIC) – Int 21	Levies

There have been no significant changes to the accounting policy applied in these financial statements for the periods as a result of the developments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

This unaudited condensed consolidated interim financial information for the period ended 30 June 2014 comprises the Company and its subsidiaries.

The measurement basis used in the preparation of these 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 interim financial information are unaudited.

3. SEGMENT REPORTING

The Group manages its business by divisions, which are organized by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's executive directors for the purpose of resources allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- (i) Manufacturing and selling of medicines
- (ii) Sales and distribution of medicines and healthcare products
- (iii) Provision of research and development ("R&D") services of modern biological technology

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

The first segment derives its revenue from the manufacture and sale of medicines.

The second segment derives its revenue from sales and distribution of medicines and healthcare products.

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

The other segment derives commission income from the distribution of food products and healthcare food products.

(a) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets, tax recoverable and other corporate assets. Segment liabilities include trade and other payables attributable to the activities of the individual segments and bank borrowings managed directly by the segments.

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 measure used for reporting segments profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, the executive directors are provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's executive directors for the purposes of resource allocation and assessment performance for the period ended 30 June 2014 and 2013 is set out below:

For the six months ended 30 June	Manufacturing and selling of medicines		Sales and distribution of medicines and healthcare products		R&D services		Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Revenue from external customers	258,161	252,868	58,056	43,967	52	–	–	1,026	316,269	297,861
Inter-segment revenue	4,911	3,645	203	226	–	–	–	–	5,114	3,871
Reportable segment revenue	263,072	256,513	58,259	44,193	52	–	–	1,026	321,383	301,732
Reportable segment profit/(loss) (adjusted EBITDA)	46,067	41,947	10,145	9,716	(970)	–	–	1,011	55,242	52,674
Interest income from bank deposits	1,505	968	17	9	3	–	–	–	1,525	977
Interest expenses	(5,268)	(3,541)	–	–	–	–	–	–	(5,268)	(3,541)
Depreciation and amortisation										
– Property, plant and equipment	(9,503)	(8,310)	(111)	(102)	(30)	–	–	–	(9,644)	(8,412)
– Prepaid lease payment	(785)	(785)	–	–	–	–	–	–	(785)	(785)
– Intangible assets	(1,981)	(1,978)	(101)	(101)	–	–	–	–	(2,082)	(2,079)
Impairment on trade receivables	(166)	(194)	(3)	–	–	–	–	–	(169)	(194)
Reversal of impairment on trade receivables	9	–	3	–	–	–	–	–	12	–
Impairment on other receivables	(113)	(23)	–	–	–	–	–	–	(113)	(23)
Reversal of impairment on other receivables	5	95	–	9	–	–	–	–	5	104
Written down of inventories	(1,788)	(693)	(984)	–	–	–	–	–	(2,772)	(693)
Reversal of written down of inventories	47	41	–	–	–	–	–	–	47	41
Income tax expense	(7,317)	8,042	(2,491)	(2,405)	–	–	–	–	(9,808)	5,637

	Manufacturing and selling of medicines		Sales and distribution of medicines and healthcare products		R&D services		Others		Total	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013	30 June 2014	31 December 2013
	(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	913,043	859,692	59,018	56,485	2,584	-	-	-	974,645	916,177
Additions to non-current assets during the period/year (other than financial instruments and deferred tax assets)	18,685	60,365	20	2,035	1,426	-	-	-	20,131	62,400
Reportable segment liabilities	327,158	297,521	26,565	31,210	23	-	-	-	353,746	328,731

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

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	321,383	301,732
Elimination of inter-segment revenue	(5,114)	(3,871)
Consolidated turnover	316,269	297,861
Profit		
Reportable segment profit	55,242	52,674
Elimination of inter-segment profit	(190)	(2,001)
Reportable segment profit derived from the Group's external customers	55,052	50,673
Other revenue and other net income	4,486	1,596
Depreciation and amortisation	(12,511)	(11,276)
Finance costs	(5,268)	(3,541)
Unallocated head office and corporate expense	(704)	(1,026)
Consolidated profit before taxation	41,055	36,426

	At 30 June 2014 (Unaudited) RMB'000	At 31 December 2013 (Audited) RMB'000
Assets		
Reportable segment assets	974,645	916,177
Elimination of inter-segment receivables	(5,535)	(3,887)
	969,110	912,290
Unallocated head office and corporate assets	300	300
Deferred tax assets	1,474	1,491
Tax recoverable	–	28
Consolidated total assets	970,884	914,109
Liabilities		
Reportable segment liabilities	353,746	328,731
Elimination of inter-segment payables	(5,535)	(3,887)
	348,211	324,844
Tax payable	10,120	7,446
Deferred tax liabilities	20,702	21,215
Consolidated total liabilities	379,033	353,505

4. SEASONALITY OF OPERATIONS

The Group's business in sales and distribution of medicines and healthcare products, provision of R&D services and the commission income had no specific seasonality factor.

5. 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, net invoiced value of R&D services provided net of sales tax and commission income. An analysis of turnover and other revenue is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Turnover				
Sale of medicines	134,053	114,661	258,161	252,868
Sales and distribution of medicines and healthcare products	33,097	24,347	58,056	43,967
Commission income	–	928	–	1,026
R&D services income	52	–	52	–
	<u>167,202</u>	<u>139,936</u>	<u>316,269</u>	<u>297,861</u>
Other revenue				
Interest income from bank deposits	1,029	455	1,525	977
Subsidy income released from deferred revenue	1,882	147	2,869	334
Other	26	117	28	140
	<u>2,937</u>	<u>719</u>	<u>4,422</u>	<u>1,451</u>
Other net income				
Reversal of impairment on trade receivables	9	–	12	–
Reversal of impairment on other receivables	5	104	5	104
Reversal of written down of inventories	47	41	47	41
	<u>61</u>	<u>145</u>	<u>64</u>	<u>145</u>

6. PROFIT BEFORE TAXATION

	For the three months ended 30 June		For the six months ended 30 June	
	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000	2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
(a) Staff costs (including directors' emoluments)				
Salaries, wages and other benefits	18,693	14,906	35,123	28,399
Contributions to defined contribution retirement plan	3,389	2,670	7,430	6,146
	22,082	17,576	42,553	34,545
(b) Other Item				
Cost of inventories	94,397	83,721	175,830	170,272
Amortisation				
– prepaid lease payments	392	559	785	785
– Intangible assets *	1,043	819	2,082	2,079
Depreciation	5,241	4,447	9,644	8,412
R & D costs *	7,964	8,545	16,521	14,212
Operating lease charges:				
– minimum lease payment	1,685	1,342	3,385	2,578
Impairment on trade receivables *	148	194	169	194
Impairment on other receivables *	113	–	113	23
Loss on disposal of property, plant and equipment *	9	271	270	271
Written down of inventory *	2,772	437	2,772	693
Auditor's remuneration				
– other services	260	250	260	250

* These amounts have been included in "Other operating expenses" in the unaudited condensed consolidated statement of profit or loss.

7. FINANCE COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on bank loans wholly repayable within five years	1,848	1,411	3,075	2,701
Interest on financial assistance from the immediate parent company	1,372	495	2,193	840
Total interest expense on financial liabilities not at fair value through profit or loss	<u>3,220</u>	<u>1,906</u>	<u>5,268</u>	<u>3,541</u>

8. INCOME TAX

Income tax in the condensed consolidated statement of profit or loss represents:

	For the three months ended 30 June		For the six months ended 30 June	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Current tax				
Provision for PRC Enterprise Income Tax	<u>5,133</u>	<u>3,012</u>	<u>10,305</u>	<u>8,886</u>
Deferred tax				
Origination and reversal of temporary differences	(97)	(557)	(497)	(557)
Attributable to a change in tax rate	<u>–</u>	<u>(13,966)</u>	<u>–</u>	<u>(13,966)</u>
	<u>5,036</u>	<u>(11,511)</u>	<u>9,808</u>	<u>(5,637)</u>

Hong Kong Profits Tax has not been provided for as the Group, had no income assessable to Hong Kong Profits Tax during the Relevant Period (30 June 2013: Nil).

On 9 April 2013, a subsidiary of the Group established in the PRC was recognised by the Fujian Province Bureau of Science and Technology as a high technology enterprise. As at 30 June 2014, two subsidiaries of the Group established in the PRC are qualified as high technology enterprise. In accordance with the applicable enterprise income tax of the PRC, these subsidiaries are subject to the PRC enterprise income tax ("EIT") at a preferential rate of 15%.

The other PRC subsidiaries are subject to the PRC EIT at a rate of 25% for the Relevant Period (30 June 2013: 25%).

9. DIVIDENDS

The Board does not recommend the payment of any dividend for the Relevant Period (2013: Nil).

10. EARNINGS PER SHARE

Basis earnings per share

For the three-month and six-month periods ended 30 June 2014, the calculation of basic earnings per share was based on the profit attributable to owners of the Company of approximately RMB11,153,000 and RMB24,139,000 respectively (three-month and six-month periods ended 30 June 2013: profit of approximately RMB21,295,000 and RMB33,344,000 respectively) and the weighted average number of 1,678,000,000 ordinary shares in issue for the three-month and six-month periods ended 30 June 2014 (2013: 1,678,000,000 ordinary shares).

Diluted earnings per share

Diluted earnings per share for the three-month and six-month periods ended 30 June 2014 and 2013 equals to basis earnings 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 RMB14,657,000 (30 June 2013: RMB14,605,000) and RMB1,112,000 (30 June 2013: RMB2,520,000) 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 which approximates the respective revenue recognition dates, is as follows:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within 3 months	109,900	72,042
More than 3 months but less than 12 months	16,057	12,893
Over 12 months	1,036	720
Trade and bills receivables, net	126,993	85,655
Amount due from fellow subsidiaries	97	108
Amount due from immediate parent company	2,070	2,070
Amount due from related companies	4,014	12,502
Other receivables	15,466	9,014
Loans and receivables	148,640	109,349
Prepayments and deposits	6,865	5,591
	155,505	114,940

Trade receivables are due within 90 days from the date of billing.

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 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within 3 months	62,715	55,114
4 to 6 months	5,638	14,415
7 to 12 months	11,998	4,336
Over 1 year	3,751	3,050
Trade and bills payables (Note i)	84,102	76,915
Receipts in advances	6,895	6,568
Other payables and accruals	41,872	50,380
Amount due to fellow subsidiaries	14,604	17,379
Amount due to immediate parent company	1,373	13,712
Financial assistance from the immediate parent company (Note ii)	63,329	23,000
Financial liabilities measured at amortised cost	<u>212,175</u>	<u>187,954</u>

Note:

- i) Included in the amount of RMB84,102,000, bills payable of RMB9,587,000 was secured by the pledged bank deposit of RMB9,587,000.

During the year 2013, a director of the Company and a shareholder of a subsidiary provided guarantees of RMB40,000,000 for the Group's bills payable of RMB40,000,000. The bills facility was expired on 10 September 2013.

- ii) The amounts compose of financial assistance of RMB23,000,000, RMB27,000,000 and RMB13,329,000 obtained from the immediate parent company, Shenzhen Neptunus Bio-engineering Co., Ltd. ("Neptunus Bio-engineering"). The amounts were unsecured, bearing interest at 7.2% per annum and repayable on 31 December 2014.

On 5 September 2012, the Group obtained RMB30,000,000 interest-bearing financial assistance. The financial assistance was unsecured, bearing interest at 6% per annum and repayable on 31 December 2014. In May 2013, the interest rate was increased to 6.6% per annum. In December 2012, the Company repaid part of the financial assistance in the amount of RMB7,000,000.

On 5 June 2013, the Group obtained interest-bearing financial assistance of RMB27,000,000 from Neptunus Bio-engineering. The financial assistance was unsecured, bearing interest at 6.6% per annum and repayable on 4 June 2015.

Included in amount due to the immediate parent company in last year, there was an advance of RMB13,329,000 from Neptunus Bio-engineering turned into financial assistance since 1 January 2014 which was unsecured, bearing interest at 6.6% per annum and repayable on 31 December 2014.

In January 2014, an agreement was signed to revise the terms of the foresaid financial assistance. The interest rate was adjusted upwards to 7.2% per annum from 1 April 2014 and the financial assistance was repayable on 31 December 2014.

14. INTEREST-BEARING BANK BORROWINGS

		Effective interest rate	Maturity	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Short-term bank loan					
– secured	(a)	7.2%	2014	15,000	–
	(b)	5.6%-6%	2015	100,000	86,000
				<u>115,000</u>	<u>86,000</u>
Interest-bearing bank borrowings repayable:					
Within 1 year or on demand				<u>115,000</u>	<u>86,000</u>

Note:

The interest-bearing bank borrowings are carried at amortised cost. All of the Group's borrowings are denominated in RMB.

A subsidiary of the Group was subject to the fulfilment of financial and non-financial covenants, as commonly found in lending arrangements in interest-bearing bank borrowings. The subsidiary was required to maintain profitability and certain level of gearing ratio.

- (a) On 18 March 2014, the Group obtained banking facility of RMB30,000,000 of which RMB15,000,000 is revolving loan and RMB15,000,000 is for the issue of bills under 100% pledged cash. The banking facility of revolving loan amounting to RMB15,000,000 is guaranteed by a guarantee corporation and counter-guaranteed by the Company. The banking facility period is one year from 18 March 2014 to 17 March 2015.

On 26 March 2014, loan agreement was signed to draw the revolving loan of RMB15,000,000. The loan bears interest of 7.2% per annum and repayable on 1 October 2014.

- (b) On 8 February 2014, banking facilities of RMB100,000,000 (At 31 December 2013: RMB86,000,000) was entered, of which additional interest-bearing bank borrowing of RMB14,000,000 was drawn on 28 February 2014.

At 30 June 2014, the interest-bearing bank borrowings of the Group of RMB100,000,000 (At 31 December 2013: RMB86,000,000) were secured by mortgages over its buildings and prepaid lease payments with carrying values of approximately RMB39,167,000 and RMB66,374,000 (At 31 December 2013: approximately RMB35,786,000 and RMB67,159,000) respectively.

As at 30 June 2014, the total banking facilities were utilised to the extent of RMB115,000,000 (At 31 December 2013: RMB86,000,000) and the Group has available un-utilised banking facilities for the issue of bills of RMB15,000,000 (At 31 December 2013: Nil).

15. COMMITMENTS

(a) Capital commitments outstanding at 30 June 2014 not provided for in the financial statements were as follows:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Property, plant and equipment		
Contracted for, but not provided for:		
Property, plant and equipment	14,900	18,631
Authorised but not contracted for:		
Land	18,890	18,890
	33,790	37,521
Intangible assets		
Contracted for, but not provided for:		
Technical know-how, net of deposits	2,992	2,992
Acquisition of intangible asset	7,000	7,000
	9,992	9,992
	43,782	47,513

(b) At 30 June 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
Within 1 year	4,976	4,585
After 1 year but within 5 years	6,427	8,860
	11,403	13,445

The Group leases office premises under operating leases arrangements. Leases for the office premises are negotiated for terms between one and eleven years. None of the leases includes contingent rental.

16. EVENT AFTER THE REPORTING PERIOD

In 2011, the Group applied to the relevant local authorities in relation to the acquisition of land use rights for the new production base in Lianjiang through an auction.

In 2012, the Group succeeded two bids at the tender by the Bureau of Land Resources of Lianjiang, Fuzhou City at the consideration of approximately RMB22,940,000 and RMB13,280,000 respectively ("Bidden Price"). The Group paid deposit of RMB17,330,000 to the Bureau of Land Resources of Lianjiang. On 15 July 2014, the Group entered into two Land Use Rights Transfer Contracts with Bureau of Land Resources of Lianjiang and the consideration is according to the Bidden Price. The Group is actively communicating with the local government departments in order to facilitate completing the transfer of land use rights.

17. 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	Notes	For the six months ended 30 June	
				2014 (Unaudited) RMB'000	2013 (Unaudited) RMB'000
Neptunus Bio-engineering	Immediate parent company	Entrusted loans from immediate parent company	(i)(vi)	9,000	9,000
		Interest for entrusted loans	(i)(vi)	–	–
		Interest-bearing financial assistance	(ii)(vi)	63,329	27,000
		Interest for interest-bearing financial assistance	(ii)(vi)	2,193	840
		Acquisition of 30% equity interests of Neptunus Changjian	(iii)(vi)	–	1,524
		Rental of office	(iv)(vi)	141	75
Shenzhen Neptunus Pharmaceutical Co., Ltd. ("Neptunus Pharmaceutical")	Fellow subsidiary	Purchase of goods	(v)(vii)	12,243	17,813
		Sales of goods	(v)(vii)	–	2
Hangzhou Neptunus Bio-engineering Co., Ltd.	Fellow subsidiary	Processing income/sales of goods	(v)(vii)	–	34
		Purchase of goods	(v)(vii)	2,802	850
Zhejiang Neptunus Pharmaceutical Co., Ltd.	Fellow subsidiary	Sales of goods	(v)(vi)	45	62
Shenzhen Nepstar Pharmaceutical Co., Ltd.	Related company	Sales of goods	(v)(viii)	8,138	5,195
		Marketing fee	(viii)(x)	300	444
Shandong Neptunus Yinhe Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(v)(vi)	77	57
Shenzhen Neptunus Yinhe Pharmaceutical Investment Company Limited ("Neptunus Yinhe")	Fellow subsidiary	Acquisition of 70% equity interests of Neptunus Changjian	(iii)(vi)	–	3,556
Shenzhen Neptunus Jiankang Technology Development Company Ltd. ("Neptunus Jiankang")	Fellow subsidiary	Commission income	(vii)(ix)	–	1,026
		Purchase of goods	(v)(vii)	693	4,639
Anhui Neptunus Yinhe Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(v)(vi)	20	–
Henan Neptunus Yinhe Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(v)(vi)	2	–
Jiangsu Neptunus Jiankang Bio-technology Company Limited	Fellow subsidiary	Sales of goods	(v)(vii)	22	–
Shenzhen Neptunus Tongai Pharmaceutical Information Consulting Company Limited ("Tongai Pharmaceutical") (previously known as "Shenzhen Neptunus Tongai Pharmaceutical Manufacturing Company Limited")	Fellow subsidiary	Rental of office and factory premises	(vii)(xi)	–	–

Notes:

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

On 2 December 2008, the immediate parent company agreed to extend the repayment date of the above two entrusted loans for at least one year to 5 April 2010.

On 18 March 2010, the immediate parent company agreed to further extend the repayment dates of the entrusted loans to 5 April 2011.

On 5 April 2011, the immediate parent company further agreed to extend the repayment date of entrusted loan in the amount of RMB9,000,000 as 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 non-executive 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 interest of RMB225,000 for the Relevant Period (30 June 2013: RMB225,000) attributable to the entrusted loan in the amount of RMB9,000,000 was waived by Neptunus Bio-engineering.

On 25 November 2011, the Company repaid the entrusted loans in the amount of RMB39,000,000.

- ii) The amounts compose of financial assistance of RMB23,000,000, RMB27,000,000 and RMB13,329,000 obtained from the immediate parent company, Neptunus Bio-engineering. The amounts were unsecured, bearing interest at 7.2% per annum and repayable on 31 December 2014.

On 5 September 2012, the Group obtained RMB30,000,000 interest-bearing financial assistance. The financial assistance was unsecured, bearing interest at 6% per annum and repayable on 31 December 2014. In May 2013, the interest rate was increased to 6.6% per annum. In December 2012, the Company repaid part of the financial assistance in the amount of RMB7,000,000.

On 5 June 2013, the Group obtained another interest-bearing financial assistance of RMB27,000,000 from Neptunus Bio-engineering. The financial assistance was unsecured, bearing interest at 6.6% per annum and repayable on 4 June 2015.

Included in amount due to the immediate parent company in last year, there was an advance of RMB13,329,000 from Neptunus Bio-engineering turned into financial assistance since 1 January 2014 which was unsecured, bearing interest at 6.6% per annum and repayable on 31 December 2014.

In January 2014, an agreement was signed to revise the terms of the foresaid financial assistance. The interest rate was adjusted upwards to 7.2% per annum from 1 April 2014 and the financial assistance was repayable on 31 December 2014.

- iii) On 11 December 2012, the Company entered into an equity transfer agreement with Neptunus Bio-engineering, the substantial shareholder and immediate parent company of the Company and Neptunus Yinhe, a fellow subsidiary of the Company, for the acquisition of the 100% equity interests in Shenzhen Neptunus Changjian Pharmaceutical Company Limited ("Neptunus Changjian") for a consideration of RMB5,080,000 of which RMB1,524,000 was payable to Neptunus Bio-engineering and RMB3,556,000 was payable to Neptunus Yinhe.
- iv) The rental of office was charged at pre-agreed rate with reference to market prices.
- v) The purchase, sales and processing income received were transacted in the ordinary course of business on the same terms as those charged to and contracted with other third party suppliers and customers respectively.
- vi) The ultimate controlling parent company of these related parties is also the ultimate controlling parent company of the Group.
- vii) The ultimate controlling parent company of these related parties is also the ultimate controlling parent company of the Group. The director of the Company, Mr. Zhang Feng is also a director of these related parties.

- viii) The director of the immediate parent company, Mr. Zhang Si Min is also the director of the related party.
- ix) On 16 October 2012, the Company entered into a 2-year distribution agreement with Neptunus Jiankang. The commission income derived from the distribution of food products and healthcare food products were made in the ordinary course of business and at the terms agreed by both parties..
- x) The marketing fees were based on pre-agreed rates with reference to the volume of purchase of goods from the Group.
- xi) Tongai Pharmaceutical leased office premises to the Company. The rental of office and factory premises was charged at pre-agreed rates with reference to market rates. The rental of approximately RMB268,000 attributable to 2014 and 2013 was waived by Tongai Pharmaceutical.

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 antitumor drugs, the research and development (“R&D”) of modern biological pharmaceuticals and the purchase and sales of medicines, healthcare foods and foods business (“Purchase and Sales of Medicines and Healthcare Foods Business”), with R&D and industrialization of in-vitro diagnostic reagent (the “IVD Reagent”) products newly added. Among which, businesses such as herbal medicine, generic drugs, transfusion and anti-tumor drugs were operated through Fuzhou Neptunus Fuyao Pharmaceutical Company Limited (“Neptunus Fuyao”) and its subsidiaries while the R&D of bio-pharmaceutical technology and industrialization of IVD Reagent products were operated by our subsidiary, Jiangsu Neptunus Bio-pharmaceutical Company Limited (“Jiangsu Neptunus”). The R&D Business of IVD Reagent was operated by our subsidiary, Taizhou Neptunus Nano Bio-medical Technology Company Limited (“Neptunus Nano”). Purchase and Sales of Medicines and Healthcare Foods Business was mainly operated by our subsidiary, Shenzhen Neptunus Changjian Pharmaceutical Company Limited (“Neptunus Changjian”). Meanwhile, the Company dedicated itself to the R&D of biological technology in pharmaceuticals and agriculture, and expanded the scale of R&D in the field of chemosynthetic anti-tumor drugs and the application of bio-technology in the field of bioagriculture.

Neptunus Fuyao Business

Neptunus Fuyao and its subsidiaries together own more than 40 production lines for 17 types of medications in dose form, as well as over 470 approvals in relation to the production of drugs. According to the List of Low Price Drugs Within the Pricing Range Fixed by the National Development and Reform Commission (the “NDRC”) (“Low Price List”) issued by the NDRC in May 2014, pharmaceutical manufacture enterprises can fix prices for the drugs in the Low Price List on their own within the prescribed scope, so as to encourage them to produce low price drugs. Neptunus Fuyao and its subsidiaries totally own more than 100 types of products in the Low Price List, which can obtain reasonable profit margin according to the national policies. Therefore, Neptunus Fuyao will strive to expand sales of those types of products through enhancement of promotion and resumption of production in order to bring positive impact on the results of the Company.

During the Relevant Period, Neptunus Fuyao and its subsidiaries recorded an income from their principal business of approximately RMB263,072,000. Because Neptunus Fuyao’s subsidiary Fuzhou Neptunus Jinxiang Chinese Pharmaceutical Company Limited (“Neptunus Jinxiang”) conducted new GMP certification since the end of 2013 and the production and sales of small-dose injections of Neptunus Fuyao were in the phase of recovery, the income from principal business of Neptunus Fuyao and its subsidiaries in the first quarter of this year slightly decreased by approximately 11% compared with that of corresponding period last year. Meanwhile, the impact of new GMP certification by Neptunus Jinxiang was basically eliminated in the second quarter of this year, therefore the income from the principal business of Neptunus Fuyao and its subsidiaries in the second quarter of this year increased by approximately 19% compared with that of corresponding period last year. During the Relevant Period, Neptunus Fuyao commenced GMP Enhancement for the production lines of chemical medicine tablets, capsules and powder, special production line of amoxicillin capsules and production line of active pharmaceutical ingredients, which proceeded smoothly. It is expected that Neptunus Fuyao will complete the GMP Enhancement and new GMP certification for all production lines in the third quarter of this year. During the Relevant Period, Fuzhou Neptunus Fuyao Medical Company Limited (“Fuyao Medical”) commenced new GSP certification, the on-site checking of which was completed, and the new GSP certificate was obtained in July this year. The management expects that the GMP Enhancement and new GMP and GSP certification will not significantly affect the annual results of Neptunus Fuyao and its subsidiaries.

In order to ensure the sustainable development, Neptunus Fuyao also emphasized on the R&D of new drugs. In the first quarter of this year, Neptunus Fuyao obtained the approval for the registration application for the drug “ Tegafur, Gimeracil and Oteracil Potassium Tablets”* (「替吉奧片」) from the China Food and Drug Administration* (國家食品藥品監督管理總局), and obtained the production approval of Tegafur, Gimeracil and Oteracil Potassium Tablets on 7 March 2014.” Tegafur, Gimeracil and Oteracil Potassium”* (「替吉奧」) is a combination drug mainly for the treatment of advanced gastric cancer. According to market statistics, the PRC market sales for such kind of drug sustained a rapid growth in 2011 and 2012. Besides Neptunus Fuyao, currently four other pharmaceutical companies (1 Japanese pharmaceutical company and 3 Chinese pharmaceutical companies) have the production approval for such kind of drug in China and all are in capsule form while Neptunus Fuyao’s Tegafur, Gimeracil and Oteracil Potassium Tablets are in exclusive dosage form, which belongs to Class 3.2 new drugs of chemical drugs. Neptunus Fuyao is actively preparing for the production conditions and active pharmaceutical ingredients procurement, and carrying out filing of prices and participating in bidding in various regions. Upon fulfilling the relevant requirements of production preparation and procurement of active pharmaceutical ingredients, Neptunus Fuyao strives to launch Tegafur, Gimeracil and Oteracil Potassium Tablets to the market in the third quarter of this year, which will provide positive support to the profitability of Neptunus Fuyao.

Neptunus Fuyao is also committed to expanding its medical device business, and it has obtained the registration certificates of one class III medical device and three class II medical devices during the Relevant Period, among which the class III medical device is the myocardial protection cardioplegia solution* (心肌保護停跳液), that can be adapted to the cardioplegia and protection of orthotopic heart due to ischemia in surgery, and currently it is an exclusive domestic product. Neptunus Fuyao is actively preparing for the relevant production conditions, aiming at launching it in the market as soon as possible. Meanwhile, Neptunus Fuyao is implementing the R&D of various products, which will lay the foundation of sustainable development of the Group and Neptunus Fuyao.

Subsequent to the Relevant Period, on 15 July 2014, Neptunus Fuyao Pharmaceutical (Lianjiang) Co., Ltd. (“Neptunus Fuyao Lianjiang”) and Neptunus Jinxiang Chinese Pharmaceutical (Lianjiang) Co., Ltd. (“Neptunus Jinxiang Lianjiang”), both being indirect non-wholly owned subsidiaries of the Company, entered into the Land Use Rights Transfer Contracts (“Land Contracts”) with the Bureau of Land Resources of Lianjiang* (連江縣國土資源局) respectively, and the subject matters of the Land Contracts were “the land use rights of two pieces of land in Lianjiang County, Fuzhou City, the PRC which have been succeeded in the bid through the listing-for-sale process organised by the Bureau of Land Resources of Lianjiang on 19 April 2012”, and the total area of these two pieces of land was 191,607 sq.m. with total consideration of RMB36,220,000. These two pieces of lands will be used for the construction of the Lianjiang Production Base, a new production base of Neptunus Fuyao. Upon signing of the Land Contracts, the Company and Neptunus Fuyao is actively keeping communication with the local government departments in order to facilitate completing the delivery of the lands. Meanwhile, Neptunus Fuyao is carrying out environmental assessment and engineering design and other works for the construction of the Lianjiang Production Base so as to arrange the construction as soon as possible upon the delivery of the lands.

Purchase and Sales Of Medicines and Healthcare Foods Business

The Purchase and Sales of Medicines and Healthcare Foods Business was mainly operated by Neptunus Changjian. During the Relevant Period, Neptunus Changjian recorded an income from principal business totaling approximately RMB58,259,000, representing an increase of approximately 32% compared with that of corresponding period last year, continuing its good growth trend. During the Relevant Period, Neptunus Changjian has adopted the following measures to improve the revenues: (i) continued to optimize sales team structure, attached great importance to the construction of the sales talent team so as to gradually build up a sustainable sales team; (ii) formulated different sales strategies according to different regional characteristics and marketing resources, thereby establishing the sales model that meets the requirement of market development; (iii) refined sales management, and implemented special management through division of big regions and key categories; (iv) streamlined workflow processes and improve the efficiency for serving the market. Neptunus Changjian has entered into strategic cooperation agreement with more than 10 key chain pharmacies across the country to further promote comprehensive cooperation and some of the products were included in the nationwide centralized procurement catalogue of many key chain pharmacies. During the Relevant Period, Neptunus Changjian commenced the preparation for the new GSP certification and such preparation has turned into the later stages, and its on-site checking is scheduled to conduct in the third quarter of this year. It is expected that the new GSP certification will not have significant influence on the business of Neptunus Changjian in the year.

Given the increase in China's population, the aging of the average population, as well as the on-going increase in the government input in medical protection, pharmaceutical and healthcare product market is expected to remain in the upward trend in 2014. Neptunus Changjian will strive to ensure sustainable growth of future sales revenue.

Recombinant Proteins and Polypeptide Drugs Business

At present, the focus of Jiangsu Neptunus, a wholly-owned subsidiary of the Company, is the construction of production line of IVD Reagent, clinical trial on recombinant human thymosin $\alpha 1$ for injection and testing for technology transfer of recombinant human interleukin-2(125Ser) for injection. Jiangsu Neptunus' clinical trial on recombinant human thymosin $\alpha 1$ for injection is underway according to the plan. Phase II clinical trial began in the first quarter of 2013. At present, the enrollment of patients and detection and statistics of blood serums of subjects have been completed for three times, the results of which preliminarily demonstrated that the therapeutic effects of reducing the HBV from the group with combined use of recombinant human thymosin $\alpha 1$ for injection and interferon were slightly better than that from the group using the interferon only, and its safety is considered satisfactory, whereas its long-term curative effects will be subject to subsequent test results.

According to the relevant laws and rules, Jiangsu Neptunus is conducting the process confirmation and verification work for the technology transfer of recombinant human interleukin-2(125Ser) for injection. It has proceeded smoothly and the trial production of recombinant human interleukin-2(125Ser) for injection has been completed during the Relevant Period. At present, the summary and analysis of relevant trial production data is undergoing, and it is expected that the application for technology transfer will be submitted in the third quarter of this year. Along with the promoting of the R&D progress, Jiangsu Neptunus is required to continue to increase input in the research and development, which is estimated to cause adverse impact on the Group's profitability in the year.

IVD Reagent Business

On 8 January 2014, Jiangsu Neptunus and an independent third party (the "Partner") entered into a cooperation agreement (the "Cooperation Agreement") to establish Neptunus Nano. Currently, Neptunus Nano mainly utilizes the established preparation technique of fluorescent quantum dots labeled biological probes using metal cadmium sulfide and selenide as core, which is developed by the Partner, to carry out the R&D of IVD Reagent and achieve industrialization. Meanwhile, Neptunus Nano also strives to commence the preparation and sales of fluorescent quantum dots IVD Reagent and biological research reagent. Material terms of the Cooperation Agreement include: (1) Jiangsu Neptunus will first establish a wholly-owned company by a cash contribution of RMB3,000,000 to carry out the preparation work of the industrialization of IVD Reagent based on fluorescent quantum dots labeled biological probes using metal cadmium sulfide and selenide as core; (2) upon the IVD Reagent developed by the wholly-owned company meeting the conditions of industrialization, the wholly-owned company will be transformed into the Joint Venture Company (the "JV Company") by increasing its registered capital to RMB10,000,000, of which Jiangsu Neptunus will make additional cash contribution of RMB2,100,000 and its accumulated contribution will represent 51% equity interest in the JV Company, while the Partner will hold 49% equity interest by a capital contribution of RMB4,900,000 in the form of patents or proprietary technology in respect of the abovementioned IVD Reagent which met the conditions of industrialization; (3) under the same conditions, Jiangsu Neptunus and its related parties will have pre-emptive right in the industrialization of the IVD Reagent; Jiangsu Neptunus will pay the corresponding product license fees and technical fees to the JV Company after acquiring such rights; and (4) when the accumulated net profit (including dividends paid) of the JV Company exceeds RMB10,000,000, the Partner has the right to sell not more than 15% equity interest in the JV Company to Jiangsu Neptunus and Jiangsu Neptunus is obliged to acquire such equity interest. The consideration of the equity transfer will equal to 15% of the value of the JV Company which will be calculated as eight times its average net profit of the two years prior to the transfer; by then the Company will perform the compliance requirements and the corresponding approval processes in accordance with the GEM Listing Rules.

During the Relevant Period, Neptunus Nano was conducting the preliminary work of the R&D and industrialization of IVD Reagent. Currently such preliminary work has been conducted smoothly, among which the R&D of two items of medical diagnostic reagents has entered into the latter stages, the pilot scale-up and pre-clinical tests are implementing and the production process of such diagnostic reagents will be finalized in the near term. Neptunus Nano is currently conducting the preliminary work of technical output and process transfer to Jiangsu Neptunus, and will also facilitate the commencement of the clinical trials of two items of medical diagnostic reagents as soon as possible. With respect to the high-sensitivity quantitative detection reagents for clenbuterol, ractopamine and salbutamol in food safety inspection, the R&D has been basically completed and is being industrialized by Jiangsu Neptunus. It is expected that the product will be launched into the market in this year. Furthermore, Neptunus Nano has gradually promote the marketing of its core tags material-quantum dot, with a view to expanding new source of income for Neptunus Nano by developing downstream long-term key customers in a controlled way. In order to take advantage of its technology platform, and comply with the development hotspot in the medical diagnosis field, Neptunus Nano is conducting the feasibility analysis of mobile health inspection and exploring the R&D of products for mobile health inspection. Meanwhile, Neptunus Nano is also actively contacting various renowned international companies such as GE and Merck, hoping that it can gradually strengthen the influence of its own technology platform in the form of cooperation to carry out technical training and so on.

In line with the Group's development in IVD Reagent, the establishment work for the relevant production line of IVD Reagent of Jiangsu Neptunus was launched in January 2014. During the Relevant Period, the relevant construction work was completed and the on-site acceptance examination in respect of Medical Device Production Corporate License* (醫療器械生產企業許可證) was passed. In July of this year, Jiangsu Neptunus obtained the Medical Device Production Corporate License. At present, Jiangsu Neptunus is introducing the R&D results of Neptunus Nano and conducting the preparatory works before production.

R&D Business

Since January 2009, the Company has been focusing on the R&D business of modern biological technology. During the Relevant Period, the Company focused on the R&D of its own products.

The Company entered into a technical cooperation agreement with the School of Life Sciences, Jilin University on 1 March 2012 to cooperate in R&D of polypeptide and chemicals primarily by microsphere technology and to explore and establish a more advanced platform for long term drug delivery technology. The bench-scale testing is almost completed at present. Whether the pilot scale-up research will be launched is yet to be decided pending the assessment of results of animal testing.

The Company entered into academic subsidy and entrusted R&D agreements with Harbin Institute of Technology ("Harbin Institute") on 2 May 2012 and 31 May 2013 respectively for cooperative R&D of the Project ET-743 (a chemosynthetic antitumor drug). The bench-scale synthetic testing was fully completed during 2013 and optimization of the synthetic process took place at the same time. Optimization and scale-up experiments are currently under progress.

With the State policy of supporting application of bio-technology to the field of agriculture, since 2012 the Company utilised its strengths and resources in biotechnology and cooperated with top-class research institutions in relevant fields in China to explore the field of bio-agriculture. At present, it is developing biological products aiming to prevent common piglet intestine diarrhea and to protect intestine function of piglet. During the Relevant Period, the Company was granted the production license for mixed feed additives. The production approval for the relevant products is currently undergoing administrative examination. The Company is conducting trial production of relevant products. It is expected that the first product will be launched into the market this year after the production approval is obtained.

FINANCIAL REVIEW

The Group's turnover for the Relevant Period was approximately RMB316,269,000, representing an increase of approximately 6.18% from that of approximately RMB297,861,000 in the corresponding period last year. Turnover for the Relevant Period was mainly derived from the sales income of pharmaceutical products of Neptunus Fuyao and its subsidiaries and the sales income of drug and healthcare food of Neptunus Changjian. In the first quarter of this year, Neptunus Jinxiang conducted new GMP certification and the production and sales of small-dose injections of Neptunus Fuyao were in the phase of recovery, thus the sales was affected. In the second quarter of this year, the aforesaid impact was basically eliminated and therefore the turnover of Neptunes Fuyao and its subsidiaries for the second quarter of this year increased slightly compared with that of the corresponding period last year. Meanwhile, the sales revenue of Neptunus Changjian maintained a growth trend. As such, the overall turnover of the Group for the Relevant Period increased slightly compared with that of the corresponding period last year.

The Group's gross profit and gross profit margin for the Relevant Period were approximately RMB139,188,000 and 44% respectively, increasing by approximately RMB14,541,000 and 2% respectively compared with that of the corresponding period last year. The gross profit increased because: (i) Neptunus Changjian's gross profit margin is higher and the turnover proportion that Neptunus Changjian accounted to the Group increased during the Relevant Period, therefore the Group's gross profit margin increased slightly compared with that of the corresponding period last year; and (ii) the Group's turnover for the Relevant Period increased slightly compared with that of the corresponding period last year.

The Group's selling and distribution expenses for the Relevant Period amounted to approximately RMB48,856,000, representing an increase of approximately RMB7,496,000 from RMB41,360,000 of the same period last year. The increase in selling and distribution expenses was mainly because Neptunus Changjian strengthened its sales efforts and increased its sales staffs, meanwhile the sales revenue of Neptunus Changjian was in a growing trend.

The Group's administrative expenses for the Relevant Period amounted to approximately RMB26,507,000, representing a decrease of approximately RMB762,000 and 3%, as compared with approximately RMB27,269,000 in the corresponding period last year. The administrative expenses remained basically flat compared with that of the corresponding period last year.

The Group's other operating expenses for the Relevant Period amounted to approximately RMB21,988,000, representing an increase of approximately RMB4,341,000 from approximately RMB17,647,000 in the corresponding period last year. The increase in other operating expenses was mainly due to the significant increase in the R&D expenses of Neptunus Fuyao and Jiangsu Neptunus.

The Group's finance costs for the Relevant Period was approximately RMB5,268,000, representing an increase of approximately RMB1,727,000 from approximately RMB3,541,000 in the corresponding period last year, which was mainly due to (i) an increase in the total bank loans of Neptunus Fuyao and Jiangsu Neptunus; (ii) the shareholder's interest-bearing financial assistance obtained by Neptunus Fuyao from Shenzhen Neptunus Bio-engineering Co., Ltd. ("Neptunus Bio-engineering") on 5 June 2013 amounted to RMB27,000,000, which has not been repaid yet; and (iii) an advance obtained by Neptunus Fuyao from Neptunus Bio-engineering amounted to approximately RMB13,329,000, which was turned into the shareholder's interest-bearing financial assistance since 1 January 2014.

The Group's profit before taxation for the Relevant Period increased slightly to approximately RMB41,055,000 from approximately RMB36,426,000 for the corresponding period last year. As such, the profit attributable to the owners of the Company amounted to approximately RMB24,139,000 for the Relevant Period, compared with that of approximately RMB33,344,000 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.

As at 30 June 2014, total bank borrowings of the Group amounted to approximately RMB115,000,000, all of which were short-term bank borrowings.

Banking Facilities

As at 30 June 2014, the Group's short-term bank borrowings amounted to RMB115,000,000.

On 8 February 2014, Neptunus Fuyao was granted a short-term loan of RMB86,000,000 from the Sanshan Subbranch (Fuzhou) of Fujian Haixia Bank, by pledging its land use rights and buildings. This loan will be repaid on 7 February 2015 and is bearing an annual interest rate of 6.00%.

On 28 February 2014, Neptunus Fuyao was granted a short-term loan of RMB14,000,000 from the Sanshan Subbranch (Fuzhou) of Fujian Haixia Bank, by pledging its land use rights and buildings. This loan will be repaid on 27 February 2015 and is bearing an annual interest rate of 6.00%.

On 27 March 2014, Jiangsu Neptunus was granted a small business liquidity loan of RMB15,000,000 from Taizhou Branch of Bank of Communications Co., Ltd. This loan will be repaid on 1 October 2014 and is bearing an annual interest rate of 7.20%. The guarantee for this loan was provided by an independent third party guarantee company and the Company provided a counter-guarantee to the independent third party guarantee company. It is expected that this loan will be extended for eight months after it is matured.

Shareholder's Interest-bearing Financial Assistance

As at 30 June 2014, the shareholder's interest-bearing financial assistance obtained by the Company from Neptunus Bio-engineering amounted to RMB23,000,000. Such shareholder's interest-bearing financial assistance is unsecured and bearing an annual interest rate of 7.20%. The Company has provided such fund to Neptunus Fuyao by way of shareholder's interest-bearing financial assistance for the construction plan of Lianjiang Production Base.

As at 30 June 2014, the shareholder's interest-bearing financial assistance obtained by Neptunus Fuyao from Neptunus Bio-engineering amounted to approximately RMB40,329,000. Such shareholder's interest-bearing financial assistance is unsecured and bearing an annual interest rate of 7.20%, and was used in the upgrading and improvement work of Neptunus Fuyao's certain production lines.

Shareholder's Entrusted Loans

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 was unsecured, bore an annual interest rate of 5% and was 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"); (2) each of the independent non-executive 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.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no significant contingent liabilities.

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 2014, 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	30,561,000	2.44%	1.82%
Mr. Yu Jun (Note 2)	Beneficial owner	Personal	1,014,000	0.08%	0.06%
Mr. Song Ting Jiu (Note 3)	Beneficial owner	Personal	1,521,500	0.12%	0.09%

Notes:

- 1 Executive director and general manager of the Company
- 2 Supervisor and employee of the Company
- 3 Non-executive director 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	0.07%
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%

Notes:

- (a) Mr. Zhang Feng, deputy chairman of the board of directors of Neptunus Bio-engineering, was beneficially interested in approximately 0.07% of the entire issued share capital of Neptunus Bio-engineering, the Company's controlling shareholder, which in turn held directly and indirectly the beneficial interest in approximately 71.67% of the entire issued share capital of the Company, of which 70.38% was directly held and 1.29% was indirectly held through Shenzhen Neptunus Oriental Investment Company Limited ("Neptunus Oriental").
- (b) Mr. Liu Zhan Jun, director and president of Neptunus Bio-engineering, was beneficially interested in approximately 0.04% of the entire issued capital of Neptunus Bio-engineering, the Company's controlling shareholder, which in turn held directly and indirectly the beneficial interest in approximately 71.67% of the entire issued share capital of the Company, of which 70.38% was directly held and 1.29% was indirectly held through Neptunus Oriental.
- (c) Ms. Yu Lin, director and vice-president of Neptunus Bio-engineering, was beneficially interested in approximately 0.01% of the entire issued share capital of Neptunus Bio-engineering, the Company's controlling shareholder, which in turn held directly and indirectly the beneficial interest in approximately 71.67% of the entire issued share capital of the Company, of which 70.38% was directly held and 1.29% was indirectly held through Neptunus Oriental.

Save as disclosed above, as at 30 June 2014, 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 2014, the Company and its subsidiaries 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 subsidiaries or associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as the Directors and supervisors of the Company are aware, as at 30 June 2014, 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 shareholder	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 (Note (a))	Beneficial owner	1,181,000,000	94.33%	70.38%
	Interest in controlled corporation	21,650,000	1.73%	1.29%
Shenzhen Neptunus Group Company Limited ("Neptunus Group") (Note (b))	Interest in controlled corporation	1,202,650,000	96.06%	71.67%
Shenzhen Yinhetong Investment Company Limited ("Yinhetong") (Note (c))	Interest in controlled corporation	1,202,650,000	96.06%	71.67%
Mr. Zhang Si Min (Note (d))	Interest in controlled corporation	1,202,650,000	96.06%	71.67%
Ms. Wang Jin Song (Note (e))	Interest of spouse	1,202,650,000	96.06%	71.67%
Bank of Hangzhou Co., Ltd., Shenzhen Branch ("Bank of Hangzhou") (Note (f))	Security interest in shares	1,181,000,000	94.33%	70.38%

Notes:

- (a) Neptunus Bio-engineering was deemed to be interested in the 21,650,000 domestic shares of the Company held by Neptunus Oriental as the entire issued share capital of Neptunus Oriental was beneficially owned by Neptunus Bio-engineering. Neptunus Bio-engineering was also directly interested in 1,181,000,000 domestic shares of the Company. Therefore, Neptunus Bio-engineering was directly and indirectly interested in 1,202,650,000 domestic shares of the Company.
- (b) Neptunus Group was deemed to be interested in the 1,202,650,000 domestic shares of the Company, which relate to the same parcel of shares referred to in note (a) above, held by Neptunus Bio-engineering as Neptunus Group was beneficially interested in approximately 24.66% of the entire issued share capital of Neptunus Bio-engineering.
- (c) Yinhetong was deemed to be interested in 1,202,650,000 domestic shares of the Company, which relate to the same parcel of shares referred to in note (a) above, held by Neptunus Bio-engineering as Yinhetong was beneficially interested in approximately 58.96% of the entire issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 24.66% of the entire issued share capital of Neptunus Bio-engineering.
- (d) Mr. Zhang Si Min ("Mr. Zhang") was deemed to be interested in 1,202,650,000 domestic shares of the Company, which relate to the same parcel of shares referred to in note (a) above, held by Neptunus Bio-engineering as Mr. Zhang was beneficially interested in 70% of the entire issued share capital of Yinhetong, which in turn was beneficially interested in approximately 58.96% of the entire issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 24.66% of the entire issued share capital of Neptunus Bio-engineering.

- (e) Ms. Wang Jin Song ("Ms. Wang") was deemed to be interested in 1,202,650,000 domestic shares of the Company, which relate to the same parcel of shares referred to in note (a) above, held by Neptunus Bio-engineering as Ms. Wang is the spouse of Mr. Zhang and was taken to be beneficially interested in any shares held by Mr. Zhang.
- (f) Bank of Hangzhou was deemed to be interested in 1,181,000,000 domestic shares of the Company held by Neptunus Bio-engineering which has pledged its domestic shares to Bank of Hangzhou.

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 2014.

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

The Company and its subsidiaries did not purchase, redeem or sell any of the Company's listed securities during the Relevant Period. The Company and its subsidiaries 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 of the Company, 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 condensed results of the Group for the Relevant Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As the Directors are aware, during the Relevant Period, the Company has complied with the requirements under the "Corporate Governance Code and Corporate Governance Report" set out in Appendix 15 of 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.

BOARD DIVERSITY POLICY

Code provision A.5.6 of the Corporate Governance Code became effective on 1 September 2013, pursuant to which the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report.

To comply with the new code provision A.5.6, the Company has adopted a board diversity policy (the "Policy") with effective since 1 September 2013. Pursuant to the Policy, the nomination committee of the Company will review the Policy when appropriate to ensure the effectiveness of the Policy and will discuss any revisions that may be required to be considered and make disclosure of its review results of the Company's corporate governance report annually.

On behalf of the Board

Shenzhen Neptunus Interlong Bio-technique Company Limited

Zhang Feng

Chairman

Shenzhen, the PRC, 11 August 2014

As at the date of this announcement, the executive Directors are Mr. Zhang Feng, Mr. Chai Xiang Dong and Mr. Xu Yan He; the non-executive Directors are Ms. Yu Lin, Mr. Liu Zhan Jun and Mr. Song Tin Jiu; and the independent non-executive Directors are Mr. Yick Wing Fat, Simon, Mr. Poon Ka Yeung and Mr. Yu Bo.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://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 purpose only