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 FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2019

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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 GEM 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.

* *For identification purpose only*

QUARTERLY 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 (collectively the "Group") for the three months ended 31 March 2019 (the "Quarter"), together with the unaudited comparative figures for the corresponding period of 2018.

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

For the three months ended 31 March 2019

		For the three months ended 31 March	
		2019	2018
		(Unaudited)	(Unaudited)
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**216,883**	204,674
Cost of Sales		**(91,229)**	(90,408)
Gross profit		**125,654**	114,266
Other revenue	*4*	**2,897**	1,864
Other net income	*4*	**1,628**	2,223
Selling and distribution expenses		**(88,959)**	(78,001)
Administrative expenses		**(14,416)**	(13,672)
Other operating expenses		**(9,191)**	(7,727)
Profit from operations		**17,613**	18,953
Finance costs	*5*	**(269)**	(379)
Profit before taxation	*5*	**17,344**	18,574
Income tax expense	*6*	**(4,027)**	(3,952)
Profit and total comprehensive income for the period		**13,317**	14,622
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**12,122**	12,727
Non-controlling interests		**1,195**	1,895
Earnings per share for profit attributable to the owners of the Company during the period			
Basic and diluted	*8*	**RMB0.72 cents**	RMB0.76 cents

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2019

	Attributable to owners of the Company							
	Share capital	Share premium	Capital reserve	Statutory reserve fund	Retained earnings	Sub-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 2018 (Audited)	167,800	554,844	(188,494)	48,619	67,080	649,849	99,919	749,768
Change in equity for 2018								
Profit and other comprehensive income for the period	–	–	–	–	12,727	12,727	1,895	14,622
At 31 March 2018 (Unaudited)	167,800	554,844	(188,494)	48,619	79,807	662,576	101,814	764,390
At 1 January 2019 (Audited)	**167,800**	**554,844**	**(188,494)**	**48,423**	**115,365**	**697,938**	**100,894**	**798,832**
Impact on initial application of HKFRS 16	**–**	**–**	**–**	**–**	**(524)**	**(524)**	**–**	**(524)**
Restated balance as at 1 January 2019	**167,800**	**554,844**	**(188,494)**	**48,423**	**114,841**	**697,414**	**100,894**	**798,308**
Change in equity for 2019								
Profit and other comprehensive income for the period	**–**	**–**	**–**	**–**	**12,122**	**12,122**	**1,195**	**13,317**
At 31 March 2019 (Unaudited)	**167,800**	**554,844**	**(188,494)**	**48,423**	**126,963**	**709,536**	**102,089**	**811,625**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

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 Suite 2103, 21st Floor, Neptunus Yinhe Technology Mansion, 1 Keji Middle 3rd Road, Yuehai Sub-district, Nanshan District, Shenzhen, Guangdong Province, the PRC.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months ended 31 March 2019 have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and applicable disclosure requirements of the GEM Listing Rules.

The accounting policies adopted in the preparation of these unaudited condensed consolidated financial statements are consistent with those adopted for the preparation of annual financial statements for the year ended 31 December 2018 except for changes in accounting policies, if required, in adopting new or revised HKFRSs and interpretations that are first effective for accounting periods beginning on or after 1 January 2019. The adoption of new or amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3. These unaudited 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 Group's financial statements for the year ended 31 December 2018.

This condensed consolidated financial information for the 3 months ended 31 March 2019 comprise the Company and its subsidiaries. The measurement basis used in the preparation of these financial statements is on a historical cost basis. These financial statements are presented in Renminbi ("RMB"), and it is also the functional currency of the Company. All amounts are rounded to the nearest thousand except where otherwise indicated.

These condensed consolidated financial statements of quarterly financial information are unaudited.

3. ADOPTION OF NEW AND AMENDED HKFRSS AND CHANGES IN ACCOUNTING POLICIES

New and amended HKFRSs adopted as at 1 January 2019

In the current period, the Group has applied the new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's condensed consolidated financial statements for the annual period beginning on 1 January 2019.

Other than as noted below, the adoption of other new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 16 "Leases"

HKFRS 16 "Leases" replaced HKAS 17 and three related interpretations.

HKFRS 16 primarily affects the Group's as a lessee of leases of office premises. The application of the new accounting model leads to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss and other comprehensive income over the period of the lease.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the Group uses the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group therefore applies the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group elects the practical expedient in order not to apply the new accounting model to short-term leases and leases of low-value assets.

The Group elects to use the modified retrospective approach for the adoption of HKFRS 16 on 1 January 2019 and recognises the cumulative effect of initial application as an adjustment to the opening balance of equity as at 1 January 2019. In addition, the Group elects the practical expedient in order not to apply the new accounting model to short-term leases and leases of low-value assets, not conduct comprehensive review on existing leaser, and apply HKFRS 16 only to new contracts. The Group uses the practical expedient to account for leases for which the lease term ends, within 12 months from the date of initial application as short-term leases.

In summary, the following reclassification was made to the amounts recognised in the consolidated statement of financial position at the date of initial application (1 January 2019):

	Carrying amount on 31 December 2018 under HKAS 17	Redassification	**Carrying amount on 1 January 2019 under HKFRS 16**
	RMB'000	*RMB'000*	***RMB'000***
Current assets			
Right-of-use assets	–	4,950	**4,950**
Current liabilities			
Lease liabilities	–	5,474	**5,474**

4. REVENUE AND OTHER REVENUE

Revenue represents the invoiced value of goods sold and services provided (after deducting value-added tax and allowances for returns and trade discounts). An analysis of revenue and other revenue is as follows:

	For the three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Manufacturing and selling of medicines	**104,883**	110,732
Sales and distribution of medicines and healthcare products*	**112,000**	93,942
Research & development services income	**–**	–
	216,883	204,674

* For the three months ended 31 March 2019, the revenue from sales and distribution of medicines and healthcare products included the revenue from sales management services of pharmaceutical products of approximately RMB1,500,000 (for the three months ended 31 March 2018: approximately RMB10,687,000).

	For the three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Other revenue		
Interest income from bank deposits	**1,887**	791
Interest income from principal protected deposits	**12**	–
Government subsidies		
– released from deferred revenue	**100**	968
– directly recognised in profit or loss	**–**	17
Change in fair value of financial assets through profit or loss	**898**	–
Others	**–**	88
	2,897	1,864
Other net income		
Reversal of write down of inventories	**1,628**	2,208
Others	**–**	15
	1,628	2,223

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on bank loans	**211**	379
Interest on lease liabilities	**58**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**269**	379
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**19,679**	16,351
Contributions to defined contribution retirement plan	**4,491**	3,689
	24,170	20,040
(c) Other items		
Amortisation		
– prepaid lease payments		
– charged to unaudited condensed consolidated statement of profit or loss and other comprehensive income	**393**	393
– intangible assets*	**993**	953
Depreciation		
– property, plant and equipment	**3,633**	3,151
– right-of-use assets	**381**	–
Cost of inventories	**89,076**	81,030
Research & development costs*	**6,437**	5,008
Short-term lease expenses:		
minimum lease payment	**1,136**	2,572
Write down of inventories*	**1,689**	1,759
Auditor's remuneration		
– non-audit services	**30**	4

* These amounts are included in "Other operating expenses" presented in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

Income tax in the unaudited condensed consolidated statement of profit or loss and other comprehensive income represents:

	For the three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax		
Provision for PRC Enterprise Income Tax ("EIT")	**4,100**	4,013
Deferred tax		
Reversal of temporary differences	**(73)**	(61)
	4,027	3,952

Hong Kong profits tax has not been provided for as the Group had no income assessable to Hong Kong profits tax during the Quarter (for the three months ended 31 March 2018: Nil).

As at 31 March 2019 and 2018, two subsidiaries of the Group established in the PRC are qualified as high technology enterprises. In accordance with the applicable Enterprise Income Tax Law of the PRC, these subsidiaries are subject to the PRC EIT at a preferential rate of 15%.

The Company and other PRC subsidiaries are subject to the PRC EIT at a rate of 25% for the three months ended 31 March 2019 and 2018.

7. DIVIDENDS

The Board does not recommend the payment of any dividend for the Quarter (2018: Nil).

8. EARNINGS PER SHARE

Basic earnings per share

During the Quarter, the calculation of basic earnings per share was based on the unaudited profit attributable to owners of the Company of approximately RMB12,122,000 (for the three months ended 31 March 2018: approximately RMB12,727,000) and the weighted average number of 1,678,000,000 ordinary shares in issue for the Quarter (for the three months ended 31 March 2018: the weighted average number of 1,678,000,000 ordinary shares in issue).

Diluted earnings per share

Diluted earnings per share for the three months ended 31 March 2019 and 2018 equals to basic earnings per share because there were no potential dilutive ordinary shares outstanding during these periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Quarter, the Group was principally engaged in the research and development, manufacturing and selling of medicines, and the purchase and sales of medicines and healthcare food products in the PRC. The medicines being sold by the Group mainly cover four therapeutic areas which are oncology, cardiovascular system, respiratory system and digestive system.

Research and development, manufacturing and selling of medicines

Currently, the Group manufactures its own medicines through its production base ("Fuzhou Production Base") located in Jin'an District, Fuzhou, Fujian Province, the PRC, including Chinese medicines (which includes more than a dozen of dosage forms such as tablets, capsules, granules, oral solutions and tinctures) and chemical medicines (which includes various dosage forms, namely tablets, capsules, granules, small volume injections, large volume injections of glass bottle, plastic bottle and soft bag), with nearly 500 approval documents being registered. The Fuzhou Production Base is the only narcotic production base in Fujian Province designated by the State and also the only medicine production base for army reserves in Fujian Province for the General Logistics Department of the Chinese People's Liberation Army.

Currently, the Group's research and development work mainly fulfills the internal development demands of the Group through conducting independent research and development and cooperation with external research and development institutions. Two pharmaceutical manufacturing subsidiaries of the Group are recognized as high-tech enterprises in Fujian Province and entitled to enjoy preferential corporate income tax treatment for high-tech enterprises. The said subsidiaries currently possess various new drugs and exclusive products with self-owned intellectual property rights, including Tegafur, Gimeracil and Oteracil Potassium Tablets (the "TGOP Tablets" or 替吉奥片, a new drug for anti-gastric cancer), Xiaozheng Yigan Tablets (消症益肝片, an anti-liver-cancer drug), Proteoglycan Tablets (多糖蛋白片, for enhancing the immune system), Biyuan Capsules (鼻淵膠囊, an anti-rhinitis medicine), Amaranth Berberine Capsules (莧菜黃連素膠囊, a drug for acute diarrhea) and HTK Myocardial Protection Cardioplegic Solution (HTK心肌保護停跳液, a Class lll medical device).

Under the national policy in relation to quality consistency evaluation for generic drugs promulgated in 2016, appropriate types of medicines were proactively selected by a pharmaceutical manufacturing subsidiary of the Group and the first batch of selected medicines were selected to undergo the quality consistency evaluation for generic drugs in 2016. Currently, one of the selected medicine, Sodium Bicarbonate Tablets, has already passed the consistency of quality and efficacy evaluation. For details, please refer to the announcement of the Company dated 9 April 2019. The relevant work of quality consistency evaluation for other selected medicines is under orderly progress.

The supply of Tegafur, one of the active ingredients of the Group's new anti-cancer drug TGOP Tablets, has been tight across the PRC since the year 2018. Manufacturers of TGOP products (including capsules and tablets) in the PRC were affected to various extents. The production of TGOP Tablets by the relevant pharmaceutical manufacturing subsidiary of the Group was also affected. Currently, though the Group has found source of Tegafur supply, there are uncertainties about the reporting and approval procedures and the continuous supply of Tegafur. The Group will proactively push forward the work and try to mitigate the impact on the production and sales of TGOP Tablets caused by insufficient Tegafur supply as soon as possible.

Under the impact of national policies, hospitals have restricted the use of antibiotics and gradually eliminated outpatient transfusion. In addition, there are more intensified drug tender competition and stricter inspections of drug production and quality. As a result, there is further pressure on the operation of pharmaceutical manufacturing enterprises. Meanwhile, as the results of tendering process in certain regions were unsatisfactory in 2017 and relevant pharmaceutical manufacturing subsidiary of the Group proactively implemented the "limiting production to guarantee quality" measure, product sales of the sales and manufacturing business of the Group decreased during last year and the Quarter. In addition, the profit margin of the sales and manufacturing business of the Group has further decreased due to decrease in the selling price of the drugs, increase in the price of active ingredients, higher quality requirement for drugs, increased investment in the pharmaceutical enterprise drug quality assurance system and the increasing expenses for drug re-registration and quality consistency evaluation. The Group will proactively keep up with the national pharmaceutical policies and policies in key areas such as Fujian Province, and make proper arrangements for the next round of bidding and actively expand the product sales network, in order to restrict and reverse the decrease in sales volume and endeavor to strike a balance between the short-term results and the long-term development of relevant pharmaceutical manufacturing subsidiaries.

All production lines for 15 dosage forms of a subsidiary of the Company acquired the Pharmaceutical GMP Certificate during the Quarter upon inspection and having compiled with the requirements of Chinese Good Manufacturing Practices for Pharmaceutical Products (《藥品生產質量管理規範》) after the previous certificate expired. For details, please refer to the announcement of the Company dated 23 January 2019.

Purchase and Sales of Medicines and Healthcare Food Products

Currently, the main products distributed by the Group are medicines and healthcare food products, which include the well-known product series of the Neptunus Ginkgo Leaves Tablets (海王銀杏葉片) and Neptunus Jinzun (海王金樽). In 2017, Neptunus Yinkeluo Ginkgo Leaves Tablets was listed in the Rui Sub-List of China Pharmaceutical Brand List (中國製藥•品牌榜銳榜) sponsored by Menet (previously known as China Pharmaceutical Economic Information Network).

During the Quarter, the purchase and sales of medicines and healthcare food products business continued to grow, among which, the sales volume through large and medium-sized chain drugstores continued to grow due to reasons such as the increase in demand in domestic pharmaceutical retail and healthcare food products market, the increase in the number of products and categories distributed by the Group, the adoption of a flexible and diversified sales policy, and an in-depth optimization of the sales force etc. Following the extensive promotion and in-depth implementation of "two invoice system" (兩票制) and "one invoice system" (一票制) in the PRC, the business of selling drugs to ultimate medical institutions through professional sales promotion companies has passed its adjustment and transformation period and it is gradually recovering and taking on an increasing momentum.

In order to reduce the layers of intermediary within the distribution of pharmaceutical products, the PRC government has actively implemented “two invoice system” (兩票制) throughout the country and ”one invoice system” (一票制) in certain provinces. Due to the impact of such policies, certain pharmaceutical products which were originally distributed through the Group are now required, in some provinces, to be directly supplied to hospitals or ultimate distributors by the pharmaceutical manufacturing enterprises. To adapt to the new policy environment, the Group has transformed relevant business into a pharmaceutical product sales management service business based on the existing purchase and sales business model and the needs of end-use consumers and manufacturing enterprises.

FINANCIAL REVIEW

The Group’s revenue for the Quarter was approximately RMB216,883,000, representing an increase of approximately 5.97% from approximately RMB204,674,000 for the corresponding period of last year. In relation to the Group’s revenue, approximately RMB104,883,000, which amounted to approximately 48.36% of the Group’s total revenue, was derived from the manufacturing and selling of medicines segment, while approximately RMB112,000,000, which amounted to approximately 51.64% of the Group’s total revenue, was derived from the sales and distribution of medicines and healthcare products segment. During the Quarter, the Group’s revenue from the manufacturing and selling of medicines segment decreased by approximately 5.28% as compared with the corresponding period of last year, while the revenue of the sales and distribution of medicines and healthcare products segment increased by approximately 19.22%. Thereby the total revenue of the Group resulted in an overall increase. A portion of the Group’s revenue under the sales and distribution of medicines and healthcare products derived from sales management services of pharmaceutical products in the Quarter was approximately RMB1,500,000, which amounted to approximately 1.34% of the revenue of the sales and distribution of medicines and healthcare products segment.

During the Quarter, the Group’s gross profit margin was approximately 58%, representing an increase of approximately 2 percentage points from approximately 56% for the corresponding period of last year. The increase of gross profit margin was mainly attributable to that the manufacturing and selling of medicines segment raised the prices of certain products as the market prices of such products increased.

The Group’s gross profit during the Quarter was approximately RMB125,654,000, representing an increase of approximately 9.97% from approximately RMB114,266,000 for the corresponding period of last year. The increase was mainly attributable to the increase in the Group’s total revenue and gross profit margin.

During the Quarter, the Group’s selling and distribution expenses were approximately RMB88,959,000, representing an increase of approximately 14.05% from approximately RMB78,001,000 for the corresponding period of last year. The increase in selling and distribution expenses was mainly due to the increase in the sales scale of the sales and distribution of medicines and healthcare products segment, which in turn resulted in corresponding increase in sales expenses.

The Group's administrative expenses for the Quarter were approximately RMB14,416,000, representing an increase of approximately 5.44% from approximately RMB13,672,000 for the corresponding period of last year. The increase in administrative expenses was mainly due to the increase in labour costs of the Group.

During the Quarter, the Group's other operating expenses amounted to approximately RMB9,191,000, representing an increase of approximately 18.95% from approximately RMB7,727,000 for the corresponding period of last year. The increase in other operating expenses was mainly due to the increase in research and development costs as compared with the corresponding period of last year.

The Group's finance costs for the Quarter amounted to approximately RMB269,000, representing a decrease of approximately 29.02% from approximately RMB379,000 for the corresponding period of last year. The decrease in finance costs was mainly due to that the average principal amount of bank loans of the Group during the Quarter decreased as compared with the corresponding period of last year, and finance costs decreased accordingly.

Due to the above reasons, the Group's profit after tax decreased from approximately RMB14,622,000 of the corresponding period of last year to approximately RMB13,317,000 of the Quarter, representing a decrease of approximately 8.92%. Profit attributable to the owners of the Company decreased from approximately RMB12,727,000 of the corresponding period of last year, to approximately RMB12,122,000 of the Quarter, representing a decrease of approximately 4.75%.

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 demand for working capital and financing on a regular basis.

Banking facilities

As at 31 March 2019, the Group's total banking facility amounted to RMB100,000,000, which is secured by pledge of buildings and prepaid lease payments of a subsidiary. As at 31 March 2019, the total banking facility was ultilized to the extent of RMB30,000,000, and thus a short-term bank borrowings of RMB30,000,000 was outstanding.

Shareholder's entrusted loan

The Company obtained a shareholder's entrusted loan of RMB9,000,000 from Shenzhen Neptunus Bio-engineering Co., Ltd. ("Neptunus Bio-engineering") through an entrusted arrangement with a bank. 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 LIABILITY

As at 31 March 2019, 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 and supervisors of the Company are aware, as at 31 March 2019, the interests and short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests or short positions 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 and were recorded in the register to be kept by the Company, or were required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long positions in the shares of the Company:

Director	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. Song Ting Jiu *(Note 1)*	Beneficial owner	Personal	1,521,500	0.12%	0.09%

Note:

1 Non-executive Director of the Company

Long positions in shares of associated corporations of the Company:

Director/Supervisor/ Chief Executive	**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	1,331,093	0.05%
Mr. Liu Zhan Jun *(Note (b))*	Beneficial owner	Personal	Neptunus Bio-engineering	11,498,793	0.42%
Ms. Yu Lin *(Note (c))*	Beneficial owner	Personal	Neptunus Bio-engineering	1,100,000	0.04%
Mr. Song Ting Jiu *(Note (d))*	Beneficial owner	Personal	Neptunus Bio-engineering	766,200	0.03%
Mr. Zhao Wen Liang *(Note (e))*	Beneficial owner	Personal	Neptunus Bio-engineering	350,000	0.01%
Ms. Mu Ling Xia *(Note (f))*	Beneficial owner	Personal	Neptunus Bio-engineering	306,000	0.01%
Ms. Cao Yang *(Note (g))*	Beneficial owner	Personal	Neptunus Bio-engineering	200,000	0.01%

Notes:

(a) Mr. Zhang Feng, chairman of the Board of the Company and deputy chairman of the board of directors of Neptunus Bio-engineering, was beneficially interested in approximately 0.05% 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 73.51% of the entire issued share capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Shenzhen Neptunus Oriental Investment Company Limited ("Neptunus Oriental").

(b) Mr. Liu Zhan Jun, non-executive Director of the Company and director and president of Neptunus Bio-engineering, was beneficially interested in approximately 0.42% 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 73.51% of the entire issued share capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Neptunus Oriental.

(c) Ms. Yu Lin, non-executive Director of the Company, was beneficially interested in approximately 0.04% 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 73.51% of the entire issued share capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Neptunus Oriental.

(d) Mr. Song Ting Jiu, non-executive Director of the Company, was beneficially interested in approximately 0.03% 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 73.51% of the entire issued share capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Neptunus Oriental.

(e) Mr. Zhao Wen Liang, non-executive Director of the Company, 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 73.51% of the entire issued share capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Neptunus Oriental.

(f) Ms. Mu Ling Xia, vice general manager of the Company, 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 73.51% of the entire issued share capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Neptunus Oriental.

(g) Ms. Cao Yang, employee representative supervisor and senior human resources manager of the integrated management department of the Company, 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 73.51% of the entire issued capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Neptunus Oriental.

Save as disclosed above, as at 31 March 2019, 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), which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of SFO, or were required, pursuant to section 352 of the SFO, to be and were recorded in the register to be kept by the Company, or were required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME, CONVERTIBLE SECURITIES AND WARRANTS

Up to 31 March 2019, 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 Quarter, 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 31 March 2019, 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 recorded in the register required to be kept by the Company 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	52,464,500	4.19%	3.13%
Shenzhen Neptunus Group Company Limited ("Neptunus Group") *(Note (b))*	Interest in controlled corporation	1,233,464,500	98.52%	73.51%
Shenzhen Neptunus Holding Group Company Limited ("Neptunus Holding") (Previously known as "Shenzhen Yinhetong Investment Company Limited") *(Note (c))*	Interest in controlled corporation	1,233,464,500	98.52%	73.51%
Mr. Zhang Si Min *(Note (d))*	Interest in controlled corporation	1,233,464,500	98.52%	73.51%

Notes:

(a) Neptunus Bio-engineering was deemed to be interested in the 52,464,500 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 1,233,464,500 domestic shares of the Company.

(b) Neptunus Group was deemed to be interested in the 1,233,464,500 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 44.03% of the entire issued share capital of Neptunus Bio-engineering.

(c) Neptunus Holding was deemed to be interested in 1,233,464,500 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 Holding was beneficially interested in approximately 59.68% of the entire issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 44.03% of the entire issued share capital of Neptunus Bio-engineering.

(d) Mr. Zhang Si Min ("Mr. Zhang") was deemed to be interested in 1,233,464,500 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 Neptunus Holding and the entire issued share capital of Shenzhen Haihe Investment and Development Company Limited ("Haihe"), which in turn was beneficially interested in approximately 59.68% and 20% of the entire issued share capital of Neptunus Group respectively. Neptunus Group was beneficially interested in approximately 44.03% 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 by the Company pursuant to section 336 of the SFO as at 31 March 2019.

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 Quarter. 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 containing undertakings relating to non-competition and preferential rights of investments (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 (previously known as Growth Enterprise Market):

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

Pursuant to the Non-Competition Undertakings, at a time when the Non-Competition Undertakings are subsisting, whenever Neptunus Bio-engineering or any its associates enter into any negotiations, within or outside the PRC, in relation to any new investment projects which may compete with the existing and future business of the Company, the Company shall have a preferential rights of investments in such new investment projects.

Neptunus Bio-engineering has confirmed with the Company that it has complied with the Non-Competition Undertakings during the Quarter.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the Quarter, 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 Quarter. 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 consolidated results of the Group for the Quarter.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As the Directors are aware, during the Quarter, 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.

On behalf of the Board
Shenzhen Neptunus Interlong Bio-technique Company Limited*
Zhang Feng
Chairman

Shenzhen, the PRC, 9 May 2019

As at the date of this announcement, the executive Directors are Mr. Zhang Feng and Mr. Xu Yan He; the non-executive Directors are Mr. Liu Zhan Jun, Ms. Yu Lin, Mr. Song Ting Jiu and Mr. Zhao Wen Liang; and the independent non-executive Directors are Mr. Yick Wing Fat, Simon, Mr. Poon Ka Yeung and Mr. Zhang Jian Zhou.

* *For identification purpose only*