



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 2020**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the 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 2020 (the “Quarter”), together with the unaudited comparative figures for the corresponding period of 2019.

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

For the three months ended 31 March 2020

		For the three months ended 31 March	
		2020	2019
		(Unaudited)	(Unaudited)
	Note	RMB'000	RMB'000
Revenue	3	194,847	216,883
Cost of Sales		<u>(102,993)</u>	<u>(91,229)</u>
Gross profit		91,854	125,654
Other revenue	3	1,852	2,897
Other net income	3	416	1,628
Selling and distribution expenses		(57,604)	(88,959)
Administrative expenses		(15,652)	(14,416)
Other operating expenses		<u>(7,742)</u>	<u>(9,191)</u>
Profit from operations		13,124	17,613
Finance costs	4	<u>(242)</u>	<u>(269)</u>
Profit before taxation	4	12,882	17,344
Income tax expense	5	<u>(3,105)</u>	<u>(4,027)</u>
Profit and total comprehensive income for the period		<u>9,777</u>	<u>13,317</u>
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		9,318	12,122
Non-controlling interests		<u>459</u>	<u>1,195</u>
Earnings per share for profit attributable to the owners of the Company during the period			
Basic and diluted	7	<u>RMB0.56 cents</u>	<u>RMB0.72 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2020

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve fund	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019 (Audited)	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
At 1 January 2020 (Audited)	167,800	554,844	(188,494)	48,465	174,531	757,146	102,784	859,930
Change in equity for 2020								
Profit and other comprehensive income for the period	—	—	—	—	9,318	9,318	459	9,777
At 31 March 2020 (Unaudited)	167,800	554,844	(188,494)	48,465	183,849	766,464	103,243	869,707

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2020

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 2020 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 2019 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 2020. 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 2019.

This unaudited condensed consolidated financial information for the 3 months ended 31 March 2020 comprise the Company and its subsidiaries. The measurement basis used in the preparation of these financial statements is on a historical cost basis except for principal protected deposits which is stated at fair values. 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. 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	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Manufacturing and selling of medicines	86,765	104,883
Sales and distribution of medicines and healthcare products*	108,082	112,000
	194,847	216,883

* For the three months ended 31 March 2020, the revenue from sales and distribution of medicines and healthcare products included the revenue from sales management services of pharmaceutical products of approximately RMB749,000 (for the three months ended 31 March 2019: approximately RMB1,500,000) and manufacturing and selling of medicines including sales of medical devices of approximately RMB12,918,000 (for the three months ended 31 March 2019: approximately RMB791,000).

	For the three months ended	
	31 March	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other revenue		
Interest income from bank deposits	612	1,887
Interest income from principal protected deposits	111	12
Government subsidies		
– released from deferred revenue	100	100
– directly recognised in profit or loss	10	–
Change in fair value of financial assets through profit or loss	955	898
Others	64	–
	1,852	2,897
Other net income		
Reversal of write down of inventories	416	1,628
	416	1,628

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	For the three months ended 31 March	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
(a) Finance costs		
Interest on bank loans	200	211
Interest on lease liabilities	42	58
	<u>242</u>	<u>269</u>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	21,494	19,679
Contributions to defined contribution retirement plan	2,700	4,491
	<u>24,194</u>	<u>24,170</u>
(c) Other items		
Depreciation of right-of-use assets	774	774
Amortisation of intangible assets	1,026	993
Depreciation of property, plant and equipment	4,044	3,633
Impairment of :		
– trade receivables	8	–
– other receivables	23	–
Write down of inventories*	624	1,689
Loss on disposal of property, plant and equipment*	78	62
Auditor's non-audit services remuneration	32	30
Lease charges :		
– Short term leases	1,393	1,136
Cost of inventories	100,917	89,076
Research and development costs*	5,510	6,437

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

5. 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	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax		
Provision for PRC Enterprise Income Tax ("EIT")	3,298	4,100
Deferred tax		
Reversal of temporary differences	<u>(193)</u>	<u>(73)</u>
	<u>3,105</u>	<u>4,027</u>

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 2019: Nil).

As at 31 March 2020 and 2019, 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 2020 and 2019.

6. DIVIDENDS

The Board does not recommend the payment of any dividend for the Quarter (2019: Nil).

7. 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 RMB9,318,000 (for the three months ended 31 March 2019: approximately RMB12,122,000) and the weighted average number of 1,678,000,000 ordinary shares in issue for the Quarter (for the three months ended 31 March 2019: 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 2020 and 2019 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), with nearly 500 approval documents being registered and approximately 170 varieties being included into the “Catalogue of Drugs for Basic National Medical Insurance” (國家基本醫療保險藥品目錄). The Fuzhou Production Base is the only narcotic production base in Fujian Province designated by the State.

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 two 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 替吉奧片, 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), Pre-filled Catheter Flusher (預充式導管沖洗器, a Class III medical device) and HTK Myocardial Protection Cardioplegic Solution (HTK心肌保護停跳液, a Class III medical device). Currently, Pre-filled Catheter Flusher (預充式導管沖洗器), which was co-developed by a relevant subsidiary of the Group and an independent third party, completed the medical device registration and the manufacturing registration procedure in mainland China, and commenced production and sales. A subsidiary of the Group has been included into “Cultivation and Development Library of Little Giant Leading Enterprises in Science and Technology” of Fujian Province since 2016 with a term of validity of 5 years and was therefore entitled to supportive measures such as a special fund as an award of additional tax deduction on research and development expenses according to the relevant rules.

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. 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. Currently, the Group already found source of Tegafur supply and the impact on the production and sales of TGOP Tablets caused by insufficient Tegafur supply has been mitigated. In addition, as TGOP products have been included into the Drug Directory for "4+7" Procurement with Target Quantity, the market expansion, sales volume and profit margin of the TGOP Tablets of the Group was greatly affected.

Under the impact of national policies, there is further pressure on the operation of pharmaceutical manufacturing enterprises. Meanwhile, 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. During the Quarter, under the impact of COVID-19 outbreak, the non-COVID-19-related clinical departments of medical institutions did not carry out regular clinical practices, which considerably affected the sales of various pharmaceutical products of the pharmaceutical manufacturing subsidiaries of the Group. Thus the sales revenue of the manufacturing and selling of medicines segment of the Group decreased. The Group will closely follow the economy recovery policies after the COVID-19 outbreak, adopt flexible and diversified marketing strategies based on the ever changing market situation and strive to expand the market of pharmaceutical products and medical devices to mitigate the impact brought by COVID-19 outbreak.

Pursuant to the "Treatment Plans of Pneumonia caused by the Novel Coronavirus Infection (5th Trial Version)" (《新型冠狀病毒感染的肺炎診療方案(試行第五版)》) published by the National Health Commission of the People's Republic of China on 5 February 2020, the intravenous injection of Ribavirin may be used for the antiviral therapy section. A pharmaceutical manufacturing subsidiary of the Company produces Ribavirin Injection with registration approval number "Guo Yao Zhun Zi H19993231" (國藥准字 H19993231). For details, please refer to the announcement of the Company dated 6 February 2020.

A 80%-owned subsidiary of the Company (the “Subsidiary”) was served with a writ of summons ((2020) Hu 0120 Min Chu 1752 Hao) ((2020) 滬0120民初1752號), the “Writ”) issued in the People’s Court of Fengxian District, Shanghai (上海市奉賢區人民法院), PRC. The plaintiff in the Writ lodged the complaint over the “Tegafur Exclusive Agency Agreement” (替加氟獨家代理協議) against the Subsidiary. The Company considers that the proceeding does not affect the normal operations of the Company and its subsidiaries, and will be prudent yet optimistic to proactively deal with the proceeding. For details, please refer to the announcement of the Company dated 17 March 2020. The case was heard on 8 April 2020, but no verdict has been pronounced. In addition, the Company has filed a counterclaim and the court has accepted.

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).

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.

During the Quarter, due to the impact of COVID-19 outbreak, the demand for non-COVID-19 medicines from medical institutions across the country decreased and the retail market of pharmaceutical products and healthcare products experienced a downturn, which affected the purchase and sales of medicines and healthcare food products segment of the Group. In addition, the purchase and sales of medicines and healthcare food products segment of the Group added a low gross profit distribution business, which mainly distributes pharmaceutical products with low price advantages to chain drugstores.

FINANCIAL REVIEW

The Group's revenue for the Quarter was approximately RMB194,847,000, representing a decrease of approximately 10.6% from approximately RMB216,883,000 for the corresponding period of last year. In relation to the Group's revenue, approximately RMB86,765,000, which amounted to approximately 44.53% of the Group's total revenue, was derived from the manufacturing and selling of medicines segment, while approximately RMB108,082,000, which amounted to approximately 55.47% of the Group's total revenue, was derived from the sales and distribution of medicines and healthcare products segment. During the Quarter, due to the impact of the COVID-19, the Group's revenue from the manufacturing and selling of medicines segment decreased by approximately 17.27% as compared with the corresponding period of last year, while the revenue of the sales and distribution of medicines and healthcare products segment decreased by approximately 3.50%. Thereby the total revenue of the Group resulted in an overall decrease. During the Quarter, the revenue of the Group derived from sales of medical devices was approximately RMB12,918,000, which amounted to approximately 14.89% of the revenue of the manufacturing and selling of medicines segment; the revenue of the Group derived from sales management services of pharmaceutical products was approximately RMB749,000, which amounted to approximately 0.69% 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 47%, representing a decrease of approximately 11 percentage points from approximately 58% for the corresponding period of last year. The decrease of gross profit margin was mainly attributable to the low gross profit margin of a new distribution business.

The Group's gross profit during the Quarter was approximately RMB91,854,000, representing a decrease of approximately 26.90% from approximately RMB125,654,000 for the corresponding period of last year. The decrease in gross profit was mainly because the overall revenue of the Group decreased due to the COVID-19 and the gross profit margin decreased as well.

During the Quarter, the Group's selling and distribution expenses were approximately RMB57,604,000, representing a decrease of approximately 35.25% from approximately RMB88,959,000 for the corresponding period of last year. The decrease in selling and distribution expenses was mainly due to (i) the selling and distribution expenses decreased accordingly as the revenue decreased; and (ii) the new distribution business has no selling and distribution expenses.

The Group's administrative expenses for the Quarter were approximately RMB15,652,000, representing an increase of approximately 8.57% from approximately RMB14,416,000 for the corresponding period of last year. The increase in administrative expenses was mainly due to the new costs generated from the re-registration of the expired trademarks of the Group.

During the Quarter, the Group's other operating expenses amounted to approximately RMB7,742,000, representing a decrease of approximately 15.77% from approximately RMB9,191,000 for the corresponding period of last year. The decrease in other operating expenses was mainly due to that the research and development costs and written off of inventories decreased as compared with the corresponding period of last year.

The Group's finance costs for the Quarter amounted to approximately RMB242,000, which was basically close to approximately RMB269,000 for the corresponding period of last year.

Due to the above reasons, the Group's profit after tax was approximately RMB9,777,000 during the Quarter, representing a decrease of approximately 26.58% from approximately RMB13,317,000 of the corresponding period of last year. Profit attributable to the owners of the Company was approximately RMB9,318,000 of the Quarter, representing a decrease of approximately 23.13% from approximately RMB12,122,000 of the corresponding period of 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 demand for working capital and financing on a regular basis.

Banking facilities

As at 31 March 2020, 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 2020, the total banking facility was utilized 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 2020, 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 2020, 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 (<i>Note 1</i>)	Beneficial owner	Personal	1,521,500	0.12%	0.09%

Note:

1 Non-executive Director of the Company

Long positions in the shares 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 (<i>Note (a)</i>)	Beneficial owner	Personal	Neptunus Bio-engineering	1,331,093	0.05%
Mr. Liu Zhan Jun (<i>Note (b)</i>)	Beneficial owner	Personal	Neptunus Bio-engineering	11,498,793	0.42%
Ms. Yu Lin (<i>Note (c)</i>)	Beneficial owner	Personal	Neptunus Bio-engineering	900,000	0.03%
Ms. Mu Ling Xia (<i>Note (d)</i>)	Beneficial owner	Personal	Neptunus Bio-engineering	306,000	0.01%
Ms. Cao Yang (<i>Note (e)</i>)	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 and non-independent director of the 8th session of the board of directors and president 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 deputy chairman and non-independent director of the 8th session of the board of directors 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 0.03% 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.
- (d) 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.

- (e) 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 2020, 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 2020, 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 2020, 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 (<i>Note (a)</i>)	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") (<i>Note (b)</i>)	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") (<i>Note (c)</i>)	Interest in controlled corporation	1,233,464,500	98.52%	73.51%
Mr. Zhang Si Min (<i>Note (d)</i>)	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 2020.

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, 13 May 2020

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.

This announcement will remain on the “Latest Listed Company Information” page on the GEM website of www.hkgem.com for at least 7 days from the date of the publication and will be published on the website of the Company at www.interlong.com

** For identification purpose only*