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 OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

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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.

QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the "Board") of the Company is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the nine months ended 30 September 2020 (the "Reporting Period"), 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 and nine months ended 30 September 2020

		For the three months ended 30 September		For the nine months ended 30 September	
		2020	2019	**2020**	2019
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	*4*	**300,142**	288,177	**759,688**	763,892
Cost of sales		**(127,575)**	(110,843)	**(347,321)**	(296,031)
Gross profit		**172,567**	177,334	**412,367**	467,861
Other revenue	*4*	**3,651**	2,650	**10,801**	6,935
Other net income	*4*	**371**	681	**2,585**	2,515
Selling and distribution expenses		**(128,585)**	(129,011)	**(297,219)**	(347,353)
Administrative expenses		**(15,372)**	(15,018)	**(45,071)**	(44,922)
Other operating expenses		**(18,363)**	(10,592)	**(46,378)**	(30,829)
Profit from operations		**14,269**	26,044	**37,085**	54,207
Finance costs	*5*	**(240)**	(385)	**(750)**	(1,041)
Profit before taxation	*5*	**14,029**	25,659	**36,335**	53,166
Income tax expenses	*6*	**(2,792)**	(6,526)	**(5,844)**	(12,653)
Profit and total comprehensive income for the period		**11,237**	19,133	**30,491**	40,513
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		**10,255**	17,674	**28,505**	36,226
Non-controlling interests		**982**	1,459	**1,986**	4,287
		11,237	19,133	**30,491**	40,513
Earnings per share for profit attributable to the owners of the Company during the period					
Basic and diluted	*8*	**RMB0.61 cents**	RMB1.05 cents	**RMB1.70 cents**	RMB2.16 cents

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2020

	Attributable to owners of the Company							
	Share Capital *RMB'000*	**Share Premium** *RMB'000*	**Capital Reserve** *RMB'000*	**Statutory Reserve Fund** *RMB'000*	**Retained Earnings** *RMB'000*	**Sub-total** *RMB'000*	**Non-controlling Interests** *RMB'000*	**Total** *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 total comprehensive income for the period	–	–	–	–	36,226	36,226	4,287	40,513
Dividend paid from subsidiary to non-controlling interests	–	–	–	–	–	–	(1,800)	(1,800)
At 30 September 2019 (Unaudited)	167,800	554,844	(188,494)	48,423	151,067	733,640	103,381	837,021
As 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 total comprehensive income for the period	**–**	**–**	**–**	**–**	**28,505**	**28,505**	**1,986**	**30,491**
Dividend paid from subsidiary to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(3,000)**	**(3,000)**
At 30 September 2020 (Unaudited)	**167,800**	**554,844**	**(188,494)**	**48,465**	**203,036**	**785,651**	**101,770**	**887,421**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 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 nine months ended 30 September 2020 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 of the Reporting Period have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 31 December 2019. The unaudited condensed consolidated financial statements of the Reporting Period do not include all the information and disclosures required for annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2019.

This unaudited condensed consolidated financial statements for the period ended 30 September 2020 comprises the Company and its subsidiaries.

The measurement basis used in the preparation of these unaudited condensed consolidated financial statements is the historical cost basis. These unaudited condensed consolidated 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 are unaudited.

3. ADOPTION OF NEW AND AMENDED HKFRSs

(a) Adoption of new or revised HKFRSs effective on 1 January 2020

During the Reporting Period, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

The adoption of the above amended HKFRSs had no material impact on and the Group's financial position for the current and prior periods have been prepared and presented.

(b) Issued but not yet effective HKFRSs

At the date of authorisation of the Group's condensed consolidated interim financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendment to HKFRS 16	COVID-19 Related Rent Concessions

The directors are currently assessing the possible impact of these amended standards on the Group's results and financial position in the first year of application. The directors consider that these amendments are unlikely to have a material impact to the Group's consolidated financial statements.

4. REVENUE AND OTHER REVENUE

Revenue arises mainly from manufacturing and selling of medicines and the sales and distribution of medicines and healthcare products.

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	**2020**	2019
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue				
Manufacturing and selling of medicines	**129,468**	134,639	**328,950**	376,894
Sales and distribution of medicines and healthcare products	**170,674**	153,538	**430,738**	386,998
	300,142	288,177	**759,688**	763,892

For the nine-month period ended 30 September 2020, the revenue from sales and distribution of medicines and healthcare products included the revenue from pharmaceutical sales management services of approximately RMB3,842,000 and manufacturing and selling of medicines included the revenue from sales of medical devices of approximately RMB52,584,000.

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	**2020**	2019
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Other revenue				
Interest income from bank deposits	**923**	1,252	**2,342**	4,105
Interest income from principal protected deposits	**2,099**	826	**3,186**	1,334
Government subsidy income				
– released from deferred revenue	**101**	101	**300**	300
– directly recognized in profit or loss	**1,570**	56	**3,330**	199
Change in fair value of financial assets through profit or loss	**(989)**	413	**1,561**	992
Other	**(53)**	2	**82**	5
	3,651	2,650	**10,801**	6,935
Other net income				
Reversal of impairment loss on trade and other receivables	**199**	–	**483**	–
Reversal of write down of inventories	**114**	673	**783**	2,449
Net foreign exchange gains	**–**	–	**32**	58
Gain on disposal of property, plant and equipment	**58**	8	**388**	8
Others	**–**	–	**899**	–
	371	681	**2,585**	2,515

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived after deducting the following:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	**2020**	2019
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
(a) Finance costs				
Interest on bank loans and other borrowings	**240**	335	**750**	878
Financial cost on lease liabilities	**–**	50	**–**	163
Total interest expense on financial liabilities not at fair value through profit or loss	**240**	385	**750**	1,041
(b) Staff costs (including directors' emoluments)				
Salaries, wages and other benefits	**22,192**	22,111	**65,668**	63,103
Contributions to defined contribution retirement plans	**2,643**	3,955	**6,123**	12,168
	24,835	26,066	**71,791**	75,271
(c) Other Item				
Depreciation of right-of-use assets	**393**	775	**1,178**	2,321
Amortisation of intangible assets *(Note)*	**1,041**	993	**3,109**	2,981
Impairment loss on intangible assets *(Note)*	**–**	–	**13,588**	–
Estimated loss from the legal proceedings *(Note)*	**5,589**	–	**5,589**	–
Depreciation of property, plant and equipment	**4,329**	3,531	**12,574**	10,955
Cost of inventories	**124,868**	105,045	**340,879**	287,177
Research & development costs *(Note)*	**5,534**	6,402	**15,909**	21,888
Short-term lease expenses: minimum lease payment	**444**	347	**2,868**	1,333
Impairment on				
– trade receivables *(Note)*	**(364)**	(14)	**256**	529
– other receivables *(Note)*	**2,876**	–	**3,000**	2
Loss on disposal of property, plant and equipment *(Note)*	**2,517**	226	**2,531**	294
Write down of inventory *(Note)*	**648**	2,113	**2,181**	4,255
Auditor's remuneration	**18**	8	**18**	8
Auditor's non-audit services remuneration	**267**	262	**519**	540

Note: These amounts have been included in "Other operating expenses" 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 30 September		For the nine months ended 30 September	
	2020	2019	**2020**	2019
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current tax				
Provision for PRC Enterprise Income Tax ("EIT")	**3,186**	6,667	**9,865**	12,837
Deferred tax				
Origination and reversal of temporary differences	**(394)**	(141)	**(4,021)**	(184)
	2,792	6,526	**5,844**	12,653

Hong Kong Profits Tax has not been provided for as the Group had no assessable profit to Hong Kong Profits Tax during the Reporting Period (nine-month period ended 30 September 2019: Nil).

The subsidiaries of the Group Fuzhou Neptunus Fuyao Pharmaceutical Company Limited and Fuzhou Neptunus Jinxiang Chinese Pharmaceutical Company Limited were recognised as high technology enterprise in Fujian Province. 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 subsidiaries of the Group Xianning Neptunus Changjian Trading Company Limited and Jilin Neptunus Changjian Industrial Company Limited are small and micro 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 20%.

The Company and the other PRC subsidiaries are subject to the PRC EIT at a rate of 25% for the Reporting Period (nine-month period ended 30 September 2019: 25%).

7. DIVIDENDS

The Board does not propose the payment of any dividend for the Reporting Period (2019: Nil).

8. EARNINGS PER SHARE

Basic earnings per share

For the three-month and nine-month periods ended 30 September 2020, the calculation of basic earnings per share was based on the profit attributable to owners of the Company of approximately RMB10,255,000 and RMB28,505,000 respectively (three-month and nine-month periods ended 30 September 2019: profit of approximately RMB17,674,000 and RMB36,226,000 respectively) and the weighted average number of 1,678,000,000 ordinary shares in issue for the three-month and nine-month periods ended 30 September 2020 (2019: 1,678,000,000 ordinary shares).

Diluted earnings per share

Diluted earnings per share for the three-month and nine-month periods ended 30 September 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 Reporting Period, 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 and 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 fulfills the internal development demands of the Group mainly 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, an anti-gastric cancer drug), 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). Prefilled 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, the medical device registration and the manufacturing registration procedure of which were completed in the PRC, and production and sales have commenced since last year, and its sales is good. 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 medicines, Sodium Bicarbonate Tablets (碳酸氫鈉片), has already passed the consistency of quality and efficacy evaluation. Norfloxacin Capsules (諾氟沙星膠囊) and Vitamin B6 Tablets (維生素B6片) are undergoing evaluation in the Center for Drug Evaluation of the National Medical Products Administration. 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 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 other 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 and its price declined sharply, the market expansion, sales volume and profit margin of the TGOP Tablets of the Group were greatly affected.

Under the impact of national policies, hospitals have restricted the use of antibiotics and gradually eliminated outpatient transfusion. In addition, there is 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, 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 costs for drug re-registration and quality consistency evaluation. In addition, due to the COVID-19 outbreak, the demand for non-COVID-19 medicines from medical institutions across the country decreased and anticold medicines, anti-tussive medicines and antipyretics have been under regulation, which affected the sales of the self-manufactured medicines of the Group.

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), the PRC. The plaintiff (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 Subsidiary proactively dealt with the proceeding and filed a counterclaim. During the Reporting Period, the People's Court of Fengxian District*, Shanghai (上海市奉賢區人民法院), the PRC issued a civil judgement ((2020) Hu 0120 Min Chu 1752 Hao* ((2020)滬0120民初1752號), the "Judgement") in relation to the legal proceedings, pursuant to which the Plaintiff (the defendant of the counterclaim case) had the right to confiscate the security deposit (保證金) of RMB3,000,000 paid by the Subsidiary (the defendant of the case and the plaintiff of the counterclaim case) under the terms of the said agreement, and the Subsidiary (the defendant of the case and the plaintiff of the counterclaim case) should pay RMB4,531,600 (after deducting relevant amounts) to the Plaintiff (the defendant of the counterclaim case) within the prescribed time limit as stated in the Judgement. It was expected that the Judgement will not affect the business and normal operations of the Group. The Subsidiary already lodged an appeal within the time period for appeal as prescribed in the Judgement. For details, please refer to the announcements of the Company dated 17 March 2020 and 8 September 2020.

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). The products are mainly distributed to ultimate medical institutions through professional sales promotion companies and sold to ultimate consumers through large-sized and medium-sized chain drugstores.

During the Reporting Period, macro factors such as the COVID-19 outbreak, the adjustments of the medical insurance policies and the centralized procurement policies of medicines impacted the purchase and sales of medicines and healthcare food products business of the Group. To mitigate the aforesaid impact and maintain the continuing growth of the business, the Group actively reassured and united its team to overcome the difficulties together, closely followed the development of the COVID-19 outbreak, kept up with the market focus, pushed forward the sales of epidemic prevention products by adopting flexible and diversified promotion strategies, took advantage of the recovering market to restart various sales promotions, and proactively follow up the tendering and bidding of medicine for hospitals to drive up the medicine sales to end medical institutions. With the above efforts, the purchase and sales of medicines and healthcare food products business of the Group maintained its growth momentum during the Reporting Period.

To adapt to the new policy environment, the purchase and sales of medicines and healthcare food products business segment of the Group transformed relevant business into a pharmaceutical product sales management service business based on the needs of end-use consumers and manufacturing enterprises. During the Reporting Period, the pharmaceutical product sales management service business was taken over by the Company in order to make overall plans and coordinate sales network and customer resources for better development of the business. In addition, the purchase and sales of medicines and healthcare food products business segment of the Group introduced a new segment, namely the low gross profit distribution business to expand and maintain market shares. The low gross profit distribution mainly involves the distribution of pharmaceutical products at competitive price to chain drugstores.

FINANCIAL REVIEW

The Group's revenue during the Reporting Period was approximately RMB759,688,000, representing a decrease of approximately 0.55% from approximately RMB763,892,000 for the corresponding period of last year. In relation to the Group's revenue, approximately RMB328,950,000, which amounted to approximately 43.30% of the Group's total revenue, was derived from the manufacturing and selling of medicines segment, while approximately RMB430,738,000, which amounted to approximately 56.70% of the Group's total revenue, was derived from the sales and distribution of medicines and healthcare products segment. During the Reporting Period, the Group's revenue from the manufacturing and selling of medicines segment decreased by approximately 12.72% 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 11.30%. Thereby, the total revenue of the Group resulted in a slight decrease. During the Reporting Period, the Group's revenue derived from the sales of medical devices was approximately RMB52,584,000, which amounted to approximately 15.99% of the revenue of the manufacturing and selling of medicines segment; the Group's revenue derived from the sales management services of pharmaceutical products was approximately RMB3,842,000, which amounted to approximately 0.89% of the revenue from the sales and distribution of medicines and healthcare products segment.

During the Reporting Period, the Group's gross profit margin was approximately 54%, representing a decrease of approximately 7 percentage points from approximately 61% for the corresponding period of last year. The decrease in gross profit margin was mainly attributable to the low gross profit margin of a new distribution business.

The Group's gross profit during the Reporting Period was approximately RMB412,367,000, representing a decrease of approximately 11.86% from approximately RMB467,861,000 for the corresponding period of last year. The decrease in gross profit was mainly because of the slight decrease in the overall revenue of the Group due to the COVID-19 outbreak and the gross profit margin decreased as well.

During the Reporting Period, the Group's selling and distribution expenses were approximately RMB297,219,000, representing a decrease of approximately 14.43% from approximately RMB347,353,000 for the corresponding period of last year. The decrease in selling and distribution expenses was mainly attributable to the new distribution business as it does not incur any selling and distribution expenses.

The Group's administrative expenses for the Reporting Period were approximately RMB45,071,000, which was basically close to approximately RMB44,922,000 for the corresponding period of last year.

During the Reporting Period, the Group's other operating expenses amounted to approximately RMB46,378,000, representing an increase of approximately 50.44% from approximately RMB30,829,000 for the corresponding period of last year. Increase in other operating expenses was mainly because 1) the sales of the anesthetic drug products declined significantly during the Reporting Period due to the impact of the COVID-19 outbreak and the Group reviewed the valuation of the intangible assets of year 2019 on 30 June 2020, renewed the forecast value of the right of production and sale of the anesthetic drug and made a provision of approximately RMB13,588,000 for the impairment loss of the intangible assets according to the renewed forecast; and 2) provisions of approximately RMB5,589,000 and approximately RMB3,000,000 were respectively made for the estimated loss from the legal proceedings and the impairment of loss for the unrecoverable security deposit pursuant to the civil judgement ((2020) Hu 0120 Min Chu 1752 Hao* ((2020)滬0120民初1752號)) issued by the People's Court of Fengxian District*, Shanghai (上海市奉賢區人民法院), the PRC in relation to the legal proceedings regarding the "Tegafur Exclusive Agency Agreement" (替加氟獨家代理協議).

The Group's finance costs for the Reporting Period amounted to approximately RMB750,000, representing a decrease of approximately 27.95% as compared with approximately RMB1,041,000 of the corresponding period of last year. The main reason for the decrease of finance costs was that the office lease contracts were renewed this year with a term of one-year, which were not applicable to the HKFRS 16 "Leases" and resulted in the decrease of the interest from lease liability during the Reporting Period.

For the reasons above, the Group's profit after tax was approximately RMB30,491,000 for the Reporting Period, representing a decrease of approximately 24.74% from approximately RMB40,513,000 for the corresponding period of last year. Profit attributable to the owners of the Company was approximately RMB28,505,000 for the Reporting Period, representing a decrease of approximately 21.31% from approximately RMB36,226,000 for 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 30 September 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 30 September 2020, the total banking facility was utilized to the extent of RMB30,000,000, and thus the short-term bank borrowings of RMB30,000,000 was outstanding.

Shareholder's entrusted loans

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 positive cash flow and retained earnings in the relevant financial year.

CONTINGENT LIABILITY

As at 30 September 2020, the Group had no significant contingent liabilities.

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

As far as the Directors and supervisors of the Company are aware, as at 30 September 2020, the interests and short positions of the Directors, supervisors and chief executive 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 shares of associated corporations of the Company:

Director/Supervisor	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. Zhou Hang *(Note (b))*	Beneficial owner	Personal	Neptunus Bio-engineering	1,478,700	0.05%
Ms. Yu Lin *(Note (c))*	Beneficial owner	Personal	Neptunus Bio-engineering	900,000	0.03%
Mr. Shen Da Kai *(Note (d))*	Beneficial owner	Personal	Neptunus Bio-engineering	2,000,000	0.07%
Ms. Cao Yang *(Note (e))*	Beneficial owner	Personal	Neptunus Bio-engineering	200,000	0.01%

Notes:

(a) Mr. Zhang Feng, chairman of the Board and deputy chairman of the 8th session of the board of directors, and president and non-independent director 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. Zhou Hang, executive Director, 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 Neptunus Oriental.

(c) Ms. Yu Lin, non-executive Director, 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) Mr. Shen Da Kai, non-executive Director, 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 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 30 September 2020, none of the Directors, supervisors or chief executive 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 30 September 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 Reporting 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 September 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 *(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, 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 executive 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 30 September 2020.

PURCHASE, SALES 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 Reporting 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 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 project which may compete with the existing and future business of the Company, the Company shall have a preferential right of investment in such new investment projects.

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the Reporting 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 complied with the required standard of dealings and code of conduct regarding securities transactions during the Reporting Period.

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 consolidated results of the Group for the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As the Directors are aware, during the Reporting 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.

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

Shenzhen, the PRC, 6 November 2020

As at the date of this announcement, the executive Directors are Mr. Zhang Feng, Mr. Zhou Hang and Mr. Huang Jian Bo; the non-executive Directors are Ms. Yu Lin, Mr. Shen Da Kai and Mr. Xu Yan He; 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 Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from its date of publication and on the Company's website at www.interlong.com.

* *For identification purpose only*