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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 midsized 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.

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*

INTERIM RESULTS (UNAUDITED)

The board of directors (the "Board") of the Company is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2021 (the "Reporting Period"), together with the unaudited comparative figures for the corresponding period of 2020.

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

for the three months and six months ended 30 June 2021

	Note	**For the three months ended 30 June**		**For the six months ended 30 June**	
		2021	2020	**2021**	2020
		RMB'000	RMB'000	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	4	**171,905**	264,699	**391,194**	459,546
Cost of sales		**(104,749)**	(116,753)	**(205,891)**	(219,746)
Gross profit		**67,156**	147,946	**185,303**	239,800
Other revenue	4	**8,178**	5,298	**12,021**	7,150
Other net income	4	**1,631**	1,798	**2,318**	2,214
Selling and distribution expenses		**(44,059)**	(111,030)	**(121,177)**	(168,634)
Administrative expenses		**(17,290)**	(14,047)	**(34,465)**	(29,699)
Other operating expenses		**(11,169)**	(20,273)	**(17,230)**	(28,015)
Profit from operations		**4,447**	9,692	**26,770**	22,816
Finance costs	7(a)	**(727)**	(268)	**(738)**	(510)
Profit before taxation	7	**3,720**	9,424	**26,032**	22,306
Income tax credit/(expenses)	8	**892**	53	**(3,347)**	(3,052)
Profit and total comprehensive income for the period		**4,612**	9,477	**22,685**	19,254
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		**3,999**	8,932	**19,647**	18,250
Non-controlling interests		**613**	545	**3,038**	1,004
		4,612	9,477	**22,685**	19,254
Earnings per share for profit attributable to the owners of the Company during the period					
Basic and diluted	10	**RMB0.24 cents**	RMB0.53 cents	**RMB1.17 cents**	RMB1.09 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

as at 30 June 2021

	Notes	**At 30 June 2021 RMB'000 (Unaudited)**	At 31 December 2020 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	**238,074**	158,788
Right-of-use assets		**86,642**	56,925
Goodwill		**90,163**	–
Intangible assets		**118,402**	88,941
Deposits for acquisition of property, plant and equipment		**3,123**	3,891
Deposit for acquisition of land use right		**9,817**	–
Deferred tax assets		**2,769**	2,986
		548,990	311,531
Current assets			
Inventories		**171,852**	120,861
Trade and other receivables	12	**260,034**	270,160
Pledged bank deposits		**40**	2,445
Short-term bank deposits		**–**	4,000
Tax recoverable		**3,103**	–
Bank balances and cash		**261,956**	411,885
		696,985	809,351
Current liabilities			
Trade and other payables	14	**244,388**	179,509
Contract liabilities		**13,177**	16,345
Interest-bearing bank borrowings	15	**40,000**	–
Entrusted loan from the immediate parent company	19(b)	**–**	9,000
Deferred revenue		**5,118**	401
Lease liabilities	16	**759**	1,059
Current taxation		**7,216**	5,953
		310,658	212,267
Net current assets		**386,327**	597,084
Total assets less current liabilities		**935,317**	908,615

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) (CONTINUED)

as at 30 June 2021

	Notes	**At 30 June 2021 RMB'000 (Unaudited)**	At 31 December 2020 RMB'000 (Audited)
Non-current liabilities			
Other payables	14	**1,844**	–
Deferred revenue		**1,191**	1,441
Deferred tax liabilities		**27,051**	11,502
		30,086	12,943
Net assets		**905,231**	895,672
EQUITY			
Equity attributable to owners of the Company			
Share capital		**167,800**	167,800
Reserves		**645,585**	625,938
Total		**813,385**	793,738
Non-controlling interests		**91,846**	101,934
Total equity		**905,231**	895,672

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the six months ended 30 June 2021

	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 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	–	–	–	–	18,250	18,250	1,004	19,254
Dividend paid from a subsidiary to non-controlling interests	–	–	–	–	–	–	(3,000)	(3,000)
At 30 June 2020 (unaudited)	167,800	554,844	(188,494)	48,465	192,781	775,396	100,788	876,184
At 1 January 2021 (audited)	**167,800**	**554,844**	**(188,494)**	**48,936**	**210,652**	**793,738**	**101,934**	**895,672**
Change in equity for 2021								
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**19,647**	**19,647**	**3,038**	**22,685**
	–	**–**	**–**	**–**	**19,647**	**19,647**	**3,038**	**22,685**
Acquisition of a subsidiary (note 17)	**–**	**–**	**–**	**–**	**–**	**–**	**(13,126)**	**(13,126)**
At 30 June 2021 (unaudited)	**167,800**	**554,844**	**(188,494)**	**48,936**	**230,299**	**813,385**	**91,846**	**905,231**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

for the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating profit before changes in working capital	**37,856**	45,970
Changes in working capital		
(Increase)/Decrease in inventories	**(5,116)**	10,398
Decrease in trade and other receivables	**39,429**	69,483
Decrease in pledged bank deposits	**2,405**	–
Decrease in trade and other payables and contract liabilities	**(141,704)**	(43,019)
Increase in deferred revenue	**4,467**	–
Cash (used in)/generated from operations	**(62,663)**	82,832
Income tax paid – The People's Republic of China	**(2,373)**	(11,978)
Net cash (used in)/generated from operating activities	**(65,036)**	70,854
Investing activities		
Net cash outflow on acquisition of a subsidiary	**(63,683)**	–
Deposits for acquisition of property, plant and equipment	**(6,873)**	(10,318)
Additions to intangible assets	**(2,211)**	(821)
Payment for purchase of property, plant and equipment	**(598)**	(6,342)
Proceeds from disposal of property, plant and equipment	**20**	–
Placement of principal protected deposits	**(90,000)**	(212,550)
Receipts from principal protected deposits	**90,000**	–
Decrease in short-term bank deposits	**4,000**	–
Interest received	**4,933**	2,506
Net cash used in investing activities	**(64,412)**	(227,525)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)

for the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Financing activities		
Repayment of interest-bearing borrowings	**(10,000)**	(30,000)
Proceeds from interest-bearing borrowings	**–**	30,000
Repayment of entrusted loan from the immediate parent company	**(9,000)**	–
Interest paid	**(712)**	(510)
Dividend paid to non-controlling interests	**–**	(3,000)
Payment of lease liabilities	**(769)**	–
Net cash used in financing activities	**(20,481)**	(3,510)
Net decrease in cash and cash equivalents	**(149,929)**	(160,181)
Cash and cash equivalents at the beginning of the period	**411,885**	384,211
Cash and cash equivalents at the end of the period	**261,956**	224,030
Analysis of cash and cash equivalents at 30 June		
Bank balances and cash	**261,956**	224,030

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

for the six months ended 30 June 2021

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 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 condensed consolidated interim financial statements for the six months ended 30 June 2021 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 condensed consolidated interim 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 condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2020. The condensed consolidated interim financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2020.

This condensed consolidated interim financial statements for the period ended 30 June 2021 comprises the Company and its subsidiaries.

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

The condensed consolidated interim financial statements are unaudited.

3. ADOPTION OF NEW AND AMENDED HKFRSs

(a) Adoption of new or revised HKFRSs effective on 1 January 2021

During the Reporting Period, the Group has applied for the first time the following 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 2021:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

(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.

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

The directors are currently assessing the possible impact of these new and 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 June		**For the six months ended 30 June**	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue				
Manufacturing and selling of medicines	**111,977**	112,717	**233,766**	199,482
Sales and distribution of medicines and healthcare products	**59,928**	151,982	**157,428**	260,064
	171,905	264,699	**391,194**	459,546

4. REVENUE AND OTHER REVENUE (CONTINUED)

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Other revenue				
Interest income from bank deposits	**977**	807	**2,530**	1,419
Interest income from principal protected deposits	**1,399**	976	**2,403**	1,087
Change in fair value of financial assets through profit or loss – principal protected deposit	**–**	1,595	**–**	2,550
Agency fee income	**4,717**	–	**4,717**	–
Government subsidies				
– released from deferred revenue	**99**	99	**249**	199
– directly recognised in profit or loss	**671**	1,750	**1,507**	1,760
Others	**315**	71	**615**	135
	8,178	5,298	**12,021**	7,150
Other net income				
Reversal of impairment loss on trade and other receivables	**399**	284	**779**	284
Reversal of write down of inventories *(Note)*	**(77)**	253	**230**	669
Reversal of provision for estimated loss from legal proceedings	**1,282**	–	**1,282**	–
Net foreign exchange gains	**27**	32	**27**	32
Gain on disposal of property, plant and equipment	**–**	330	**–**	330
Others	**–**	899	**–**	899
	1,631	1,798	**2,318**	2,214

Note:

During the period, the reversal of write down of inventories is mainly due to the inventories' expiration date has expired, therefore the provision of impairment of inventories made in prior years has been reversed.

Therefore, a reversal of write down of inventories of approximately RMB230,000 (six-month period ended 30 June 2020: approximately RMB669,000) was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

5. SEGMENT REPORTING

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

(i) Manufacturing and selling of medicines; and

(ii) Sales and distribution of medicines and healthcare products.

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

The first segment derives its revenue from the manufacture and sales of medicines and medical devices.

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

(a) Segment results, assets and liabilities

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

Segment assets include current assets and non-current assets with the exception of tax recoverable and deferred tax assets. Segment liabilities include all current and non-current liabilities with the exception of current taxation and deferred tax liabilities.

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

The measure used for reporting segments profit is "adjusted EBT", i.e. "adjusted earnings before taxes". To arrive at adjusted EBT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' fees and auditor's remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBT, the executive directors are provided with segment information concerning revenue (including inter-segment revenue), impairment of trade and other receivables, reversal of impairment loss on trade and other receivables, write down of inventories and reversal of write down of inventories. Inter-segment revenue are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's executive directors for the purposes of resources allocation and assessment of segment performance for the period ended 30 June 2021 and 30 June 2020 is set out below:

5. SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (Continued)

For the six months ended 30 June	Manufacturing and selling of medicines		Sales and distribution of medicines and healthcare products		Total	
	2021	2020	**2021**	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue						
Revenue from external customers	**233,766**	199,482	**157,428**	260,064	**391,194**	459,546
Inter-segment revenue	**15,167**	13,392	**5,742**	–	**20,909**	13,392
Reportable segment revenue	**248,933**	212,874	**163,170**	260,064	**412,103**	472,938
Reportable segment profit (adjusted EBT)	**22,604**	3,070	**3,787**	20,295	**26,391**	23,365
Impairment of:						
– trade receivables	**(147)**	(186)	**(320)**	(434)	**(467)**	(620)
– other receivables	**(18)**	(124)	**(1,042)**	–	**(1,060)**	(124)
Reversal of impairment loss on:						
– trade receivables	**111**	2	**529**	278	**640**	280
– other receivables	**96**	–	**43**	4	**139**	4
Write down of inventories	**(799)**	(217)	**(372)**	(1,316)	**(1,171)**	(1,533)
Reversal of write down of inventories	**–**	367	**230**	302	**230**	669
Reversal of provision for estimated loss from legal proceedings	**(1,282)**	–	**–**	–	**(1,282)**	–
Income tax (expense)/credit	**(2,597)**	2,453	**(750)**	(5,505)	**(3,347)**	(3,052)

	Manufacturing and selling of medicines		Sales and distribution of medicines and healthcare products		Total	
	30 June 2021	31 December 2020	**30 June 2021**	31 December 2020	**30 June 2021**	31 December 2020
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Reportable segment assets	**861,621**	737,031	**532,087**	514,967	**1,393,708**	1,251,998
Additions to non-current segment assets (other than deferred tax assets) during the period/year	**30,995**	31,712	**14,759**	3,422	**45,754**	35,134
Reportable segment liabilities	**415,443**	247,642	**37,345**	95,566	**452,788**	343,208

5. SEGMENT REPORTING (CONTINUED)

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	**412,103**	472,938
Elimination of inter-segment revenue	**(20,909)**	(13,392)
Consolidated revenue	**391,194**	459,546
Profit		
Reportable segment profit	**26,391**	23,365
Elimination of inter-segment profit	**(170)**	(298)
Reportable segment profit derived from the Group's external customers	**26,221**	23,067
Unallocated head office and corporate expenses	**(189)**	(761)
Consolidated profit before taxation	**26,032**	22,306

5. SEGMENT REPORTING (CONTINUED)

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

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Assets		
Reportable segment assets	**1,393,708**	1,251,998
Elimination of inter-segment receivables	**(153,605)**	(134,102)
	1,240,103	1,117,896
Tax recoverable	**3,103**	–
Deferred tax assets	**2,769**	2,986
Consolidated total assets	**1,245,975**	1,120,882
Liabilities		
Reportable segment liabilities	**452,788**	343,208
Elimination of inter-segment payables	**(146,311)**	(135,453)
	306,477	207,755
Current taxation	**7,216**	5,953
Deferred tax liabilities	**27,051**	11,502
Consolidated total liabilities	**340,744**	225,210

5. SEGMENT REPORTING (CONTINUED)

(c) Disaggregation of revenue from contracts with customers

The Group derives revenue from sales of medicines and healthcare products, medical devices and sales management services of pharmaceutical products at a point in time in type of customer:

	Hospital RMB'000 (Unaudited)	**Pharmacy RMB'000 (Unaudited)**	**Others RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
At 30 June 2021				
Manufacturing and selling of medicines	**34,880**	**196,443**	**2,443**	**233,766**
Sales and distribution of medicines and healthcare products	**23,855**	**133,573**	**–**	**157,428**
	58,735	**330,016**	**2,443**	**391,194**

	Hospital RMB'000 (Unaudited)	Pharmacy RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 30 June 2020				
Manufacturing and selling of medicines	28,427	166,435	4,620	199,482
Sales and distribution of medicines and healthcare products	751	259,313	–	260,064
	29,178	425,748	4,620	459,546

6. SEASONALITY OF OPERATIONS

(a) Revenue from major products and services

The Group's business in the manufacturing and selling of medicines and sales and distribution of medicines and healthcare products had no specific seasonality factor, and analysed as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Medicines and healthcare products	**364,720**	424,390
Sales of medical devices	**26,474**	34,405
Sales management services of pharmaceutical products	**–**	751
	391,194	459,546

(b) Geographical information

The Group's revenue and results from operations mainly derived from activities in the PRC. The principal assets of the Group were located in the PRC during the period/year. Accordingly, no analysis by geographical segment is provided.

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging the following:

	For the three months ended 30 June		For the six months ended 30 June	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(a) Finance costs				
Interest on bank loans	**712**	268	**712**	510
Interest on lease liabilities	**15**	–	**26**	–
	727	268	**738**	510
(b) Staff costs (including directors' emoluments)				
Salaries, wages and other benefits	**28,492**	21,982	**50,695**	43,476
Contributions to defined contribution retirement plans	**4,353**	780	**8,382**	3,480
	32,845	22,762	**59,077**	46,956
(c) Other items				
Depreciation of right-of-use assets	**1,019**	392	**1,601**	785
Amortisation of intangible assets *(Note 1)*	**1,763**	1,042	**2,748**	2,068
Depreciation of property, plant and equipment	**6,109**	4,381	**10,132**	8,425
Cost of inventories	**88,247**	115,094	**187,356**	216,011
Research & development costs	**6,082**	4,865	**11,402**	10,375
Impairment of:				
– trade receivables *(Note 1)*	**317**	612	**467**	620
– other receivables *(Note 1)*	**1,060**	101	**1,060**	124
Impairment loss on intangible assets *(Note 1)*	**–**	–	**–**	13,588
Loss on disposal of property, plant and equipment *(Note 1)*	**15**	(64)	**1**	14
Write down of inventories *(Note 1 & 2)*	**277**	909	**1,171**	1,533
Auditor's remuneration	**–**	–	**–**	–
Auditor's non-audit services remuneration	**106**	220	**189**	252
Lease charges				
– Short-term leases	**980**	1,031	**2,623**	2,424
Reversal of provision for estimated loss from legal proceedings	**–**	–	**(1,282)**	–

7. PROFIT BEFORE TAXATION (CONTINUED)

Notes:

1. These amounts have been included in "Other operating expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

2. As at 30 June 2021, write down of inventories was approximately RMB1,171,000 (six-month period ended 30 June 2020: approximately RMB1,533,000) were identified and recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

8. INCOME TAX CREDIT/EXPENSES

Income tax (credit)/expenses in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	For the three months ended 30 June		**For the six months ended 30 June**	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax				
Provision for PRC Enterprise Income Tax ("EIT")	**(869)**	3,381	**3,465**	6,679
Deferred tax				
Origination and reversal of temporary differences	**(23)**	(3,434)	**(118)**	(3,627)
	(892)	(53)	**3,347**	3,052

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 (30 June 2020: Nil).

As at 30 June 2021, three subsidiaries (30 June 2020: two subsidiaries) of the Group established in the PRC are qualified as "High and New Technology Enterprise", respectively. 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 Reporting Period (30 June 2020: 25%).

9. DIVIDENDS

The directors do not propose the payment of any dividend for the Reporting Period (2020: Nil).

10. EARNINGS PER SHARE

Basic earnings per share

For the three-month and six-month periods ended 30 June 2021, the calculation of basic earnings per share has been based on the profit attributable to owners of the Company of approximately RMB3,999,000 and RMB19,647,000, respectively (three-month and six-month periods ended 30 June 2020: profit of approximately RMB8,932,000 and RMB18,250,000, respectively) and the weighted average number of 1,678,000,000 ordinary shares in issue for the three-month and six-month periods ended 30 June 2021 (2020: 1,678,000,000 ordinary shares).

Diluted earnings per share

Diluted earnings per share for the three-month and six-month periods ended 30 June 2021 and 2020 equals to basic earnings per share as there were no potential dilutive ordinary shares outstanding during these periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, property, plant and equipment purchased and disposed of by the Group were approximately RMB7,641,000 (30 June 2020: RMB14,444,000) and RMB1,595,000 (30 June 2020: RMB6,706,000), respectively.

In addition, during the Reporting Period, the Group has entered into lease agreements for PRC office and had recognised right-of-use assets amounted to approximately RMB443,000 (30 June 2020: Nil).

12. TRADE AND OTHER RECEIVABLES

	Note	**At 30 June 2021 RMB'000 (Unaudited)**	At 31 December 2020 RMB'000 (Audited)
Trade receivables		**149,188**	118,343
Less: Expected credit loss ("ECL") allowance		**(23,177)**	(1,765)
		126,011	116,578
Bills receivables	(i)	**64,355**	66,431
		190,366	183,009
Amounts due from fellow subsidiaries	(ii)	**4,513**	8,765
Amounts due from related companies	(ii)	**4,597**	15,250
Amount due from the intermediate parent company	(ii)	**79**	213
Other receivables	(iv)	**29,188**	10,854
Value-added tax recoverable	(iii)	**119**	164
Prepayment and deposits	(iv)	**33,305**	56,250
Less: ECL allowance		**(2,133)**	(4,345)
		69,668	87,151
		260,034	270,160

All of the trade and other receivables classified as current assets are expected to be recovered within one year.

Notes:

(i) As at 30 June 2021, the Group had discounted bank acceptance bills of approximately RMB64,355,000 (2020: approximately RMB66,431,000). These bank acceptance bills matured within one year from date of issue. The Group considered the issuing banks of the bills are of good credit quality, therefore, the ECL of these receivables are considered as insignificant.

(ii) The amounts are unsecured, interest-free and repayable within one year.

(iii) Value-added tax recoverable is value-added tax paid by the Group eligible for offsetting value-added tax payable to arise on future revenue streams in accordance with relevant PRC tax laws.

(iv) Other receivables, prepayment and deposits mainly represent deposits prepaid in advance to suppliers of approximately RMB60,360,000 (2020: approximately RMB40,674,000), which aged within one year, the management has considered the financial position of those suppliers and with closely monitoring and communication with the suppliers. The Group considered the impact on ECL to be low, therefore, the ECL of these deposits are considered as insignificant.

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Ageing analysis

Based on the invoice dates, which approximates the respective revenue recognition dates, the ageing analysis of the trade and bills receivables net of ECL allowance, was as follows:

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Within 3 months	**112,784**	131,241
More than 3 months but less than 12 months	**71,068**	50,283
Over 12 months	**6,514**	1,485
	190,366	183,009

Trade and bills receivables are due within 30-365 days (2020: 30-180 days) from the date of billing.

(b) Impairment of trade receivables

The movement in the ECL allowance of trade receivables is as follows:

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Balance at 1 January	**1,765**	2,205
ECL recognised during the period/year	**467**	545
ECL reversed during the period/year	**(640)**	(678)
Amount written off during the period/year	**(491)**	(307)
Acquisition of a subsidiary *(note)*	**22,076**	–
At 30 June/31 December	**23,177**	1,765

Note:

The amount was included in the net liabilities of subsidiary acquired during the Reporting Period at the acquisition date and not include in the profit or loss of the Group during the Reporting Period.

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Impairment of other receivables

The movement in the ECL allowance of other receivables is as follows:

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Balance at 1 January	**4,345**	1,064
ECL recognised during the period/year	**1,060**	3,847
ECL reversed during the period/year	**(139)**	(509)
Amount written off during the period/year	**(3,133)**	(57)
At 30 June/31 December	**2,133**	4,345

13. PRINCIPAL PROTECTED DEPOSITS

Principal protected deposits are structure deposits stated at fair value through profit or loss earning the minimum return for the range from 1.05% to 3.20% (2020: 1.30% to 3.90%) interest per annum with maturities from 28 to 45 days (2020: 35 to 167 days).

As at 30 June 2021 and 31 December 2020, all principal protected deposits have matured and no outstanding balance is noted.

14. TRADE AND OTHER PAYABLES

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

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Within 3 months	**28,497**	63,728
4 to 6 months	**13,611**	401
7 to 12 months	**27,858**	1,779
Over 1 year	**30,837**	1,747
Trade and bills payables	**100,803**	67,655
Other payables and accruals	**82,508**	74,197
Provisions *(note)*	**–**	5,574
Deferred consideration for acquisition of a subsidiary	**10,600**	–
Amounts due to fellow subsidiaries	**10,671**	27,349
Amount due to the immediate parent company	**720**	–
Amount due to a non-controlling shareholder of a subsidiary	**39,044**	–
Amounts due to related companies	**1,886**	4,734
	246,232	179,509

14. TRADE AND OTHER PAYABLES (CONTINUED)

Note:

At 31 December 2020, the balance represented the provision for estimated loss from legal proceedings in the People's Court of Fengxian District*, Shanghai (上海市奉賢區人民法院), PRC, amounted to approximately RMB5,574,000 claimed by a supplier of Fuzhou Neptunus Fuyao Pharmaceutical Company Limited ("Neptunus Fuyao"), a 80%-owned subsidiary of the Company. Neptunus Fuyao shall pay the net amount of RMB4,532,000 after deducting relevant amounts paid to the supplier.

On 25 March 2021, Neptunus Fuyao has received a civil mediation order in relation to the legal proceedings, pursuant to which Neptunus Fuyao shall compensate loss of approximately RMB4,292,000, and pay the net amount of RMB3,250,000 (after deducting relevant amounts paid) to the supplier. Accordingly, the Group has made a reversal of provision for the claims to the supplier of approximately RMB1,282,000 during the six-month period ended 30 June 2021.

Details of the legal proceedings are disclosed in the Company's announcements dated 17 March 2020, 8 September 2020 and 7 April 2021.

* *For identification purpose only*

15. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate	Maturity	**At 30 June 2021 RMB'000 (Unaudited)**	At 31 December 2020 RMB'000 (Audited)
Short-term bank loans				
– secured	4.35 – 6.175% (2020: Nil)	Within 1 year (2020: Nil)	**40,000**	–

Note:

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

For the year ended 31 December 2020
At 31 December 2020, the Group has pledged buildings and prepaid lease payments included in right-of-use assets stated at an aggregate value of approximately RMB32,690,000 and RMB56,169,000 respectively. The Group has available unutilised banking facilities of RMB100,000,000.

For the period ended 30 June 2021
At 30 June 2021, the Group has pledged buildings and prepaid lease payments included in right-of-use assets stated at an aggregate value of approximately RMB37,395,000 and RMB55,383,000 respectively. A bank borrowing was guaranteed by a director of a subsidiary up to RMB10,000,000 and pledged by a property of the director of a subsidiary. Certain bank borrowings were guaranteed by a non-controlling shareholder of a subsidiary and his related party up to RMB30,000,000 and pledged by properties of the director and his related parties. The Group has utilised banking facilities of RMB40,000,000 and available unutilised banking facilities of RMB100,000,000.

16. LEASE LIABILITIES

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Total minimum lease payments:		
Due within one year	**769**	1,084
Future finance charges on leases liabilities	**(10)**	(25)
Present value of leases liabilities	**759**	1,059
Present value of minimum lease payments:		
Due within one year	**759**	1,059
Less: Portion due within one year included under current liabilities	**(759)**	(1,059)
Portion due after one year included under non-current liabilities	**–**	–

During the six-months ended 30 June 2021, the total cash outflows for the leases are approximately RMB3,392,000 (year ended 31 December 2020: RMB6,366,000), of which the cash outflows amounting to RMB769,000 (year ended 31 December 2020: RMB1,537,000) are made to the intermediate parent company, Shenzhen Neptunus Group Company Limited ("Neptunus Group"), associated with lease liabilities amounting to RMB759,000 as at 30 June 2021 (year ended 31 December 2020: RMB1,059,000).

17. BUSINESS COMBINATION

On 1 June 2021, the Group completed the acquisition of 51% equity interest in Beijing Neptunus Zhongxin Pharmaceutical Co., Limited (formerly known as Beijing Zhongxin Pharmaceutical Co., Limited) ("Neptunus Zhongxin") from three independent third parties, for a total consideration of RMB76,500,000. The acquisition has been accounted for using the purchase method.

The amount of goodwill arising as a result of the acquisition was approximately RMB90,163,000. The principal activities of Neptunus Zhongxin is manufacturing of oral solid dosage. Details of which are set out in the Group's announcement dated 2 June 2021.

17. BUSINESS COMBINATION (CONTINUED)

Consideration transferred

	(Unaudited) RMB'000
Cash	65,900
Deferred consideration *(note)*	10,600
	76,500

Note:

Based on the equity transfer agreement dated 22 April 2021, the deferred consideration shall be paid with the year 2021. The fair value of the deferred consideration approximates to RMB10,600,000 as at the acquisition date.

The provisional fair values of the identifiable assets and liabilities of Neptunus Zhongxin as at the acquisition date were as follows:

	(Unaudited) RMB'000
Property, plant and equipment	82,256
Right-of-use assets	30,725
Intangible assets	29,998
Deposit for acquisition of land use rights	9,817
Inventory	46,903
Trade and other receivables	33,155
Bank balances and cash	2,217
Trade and other payables	(170,605)
Contract liabilities	(25,336)
Interest-bearing bank borrowings	(50,000)
Tax payables	(75)
Deferred tax liabilities	(15,844)
Total identifiable net liabilities at fair value	(26,789)

17. BUSINESS COMBINATION (CONTINUED)

Goodwill arising on acquisition:

	(Unaudited) RMB'000
Consideration transferred	76,500
Less: Non-controlling interest	(13,126)
Add: Fair value of net liabilities acquired	26,789
Goodwill arising on acquisition	90,163

	(Unaudited) RMB'000
Net cash outflow in respect of the above acquisition	
– Bank balances and cash acquired	2,217
– Cash consideration paid	(65,900)
	(63,683)

Notes:

(i) The initial accounting for the acquisition has been determined provisionally for buildings, prepaid lease payments and intangible assets to be identified and recognised separately from goodwill in relation to the respective fair values.

(ii) The non-controlling interests were initially measured at the non-controlling interests' proportionate share of the provisional fair value of identifiable net liabilities acquired at the acquisition date.

18. COMMITMENTS

(a) Capital commitments outstanding at 30 June 2021 authorised and not provided for in the condensed consolidated interim financial statements were as follows:

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Property, plant and equipment		
Contracted for, but not provided for:		
Property, plant and equipment	**969**	1,759

18. COMMITMENTS (CONTINUED)

(b) As lessee

At 30 June 2021, the lease commitments for short-term leases are payable as follows:

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Within 1 year	**569**	1,163

19. MATERIAL RELATED PARTY TRANSACTIONS

(a) The Group had the following significant transactions with related parties during the Reporting Period:

Name of related parties	Relationship	Nature of transaction	Note	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Shenzhen Neptunus Group Company Limited	Intermediate parent company	Rental of office	(i)(iii)	**769**	816
		Services fee	(i)(iii)	**113**	–
Shenzhen Neptunus Bio-engineering Co., Ltd. ("Neptunus Bio-engineering")	Immediate parent company	Sales of goods	(ii)(iii)	**30**	7
Hangzhou Neptunus Bio-engineering Company Limited	Fellow subsidiary	Purchase of goods	(ii)(iii)	**1,180**	1,541
Zhongshan Changjian Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**359**	167
Shenzhen Shenye Pharmaceutical Development Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**265**	175
Henan Dongsen Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**56**	177
Henan Neptunus Pharmaceutical Group Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**1,937**	4
Henan Enji Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**309**	104

19. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following significant transactions with related parties during the Reporting Period: (Continued)

Name of related parties	Relationship	Nature of transaction	Note	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Shenzhen Quanyaowang Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**3,370**	3,180
		Purchases of goods	(ii)(iii)	**–**	106
		Disposal of fixed assets	(iii)(vi)	**–**	1,177
Shandong Neptunus Yinhe Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**4,392**	1,615
Jiangsu Neptunus Jiankang Bio-technology Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**452**	12
		Purchase of finished goods	(ii)(iii)	**2,252**	2,576
Shenzhen Neptunus Pharmaceutical Company Limited	Fellow subsidiary	Purchase of finished goods	(ii)(iii)	**33,231**	40,919
		Services fee	(ii)(iii)	**–**	751
		Rental expense	(ii)(iii)	**156**	156
		Purchase raw materials	(ii)(iii)	**385**	2,519
Neptunus Gongtu (Beijing) Medical Equipment Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**–**	1,367
Shenzhen Neptunus Medical Technology Research Institute Company Limited	Fellow subsidiary	Services fee	(ii)(iii)	**773**	–
		R&D expense	(iii)(v)	**–**	6,800
Guangxi Neptunus Yinhe Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**193**	–
Anyang Hengfeng Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**1,309**	73
Qingdao Huaren Medical Delivery Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**–**	1,970
Henan Neptunus Kangrui Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**332**	538
Guangxi Guilin Neptunus Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**720**	143
Hubei Neptunus Pharmaceutical Group Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**99**	211

19. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following significant transactions with related parties during the Reporting Period: (Continued)

Name of related parties	Relationship	Nature of transaction	Note	For the six months ended 30 June	
				2021 **RMB'000** **(Unaudited)**	2020 RMB'000 (Unaudited)
Anhui Neptunus Guoan Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**81**	237
Sulu Neptunus Pharmaceutical Group Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**218**	667
Shenzhen Neptunus Jiankang Shiye Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**–**	525
Jining Neptunus Huasen Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**108**	141
Neimenggu Neptunus Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**–**	583
Zhoukou Renhe Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**1,147**	438
Shantou Yuankang Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**–**	1,835
Henan Neptunus Yinhe Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**2,026**	883
Neptunus (Zhanjiang) Medical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**166**	-
Shaoyang Neptunus Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**178**	26
Anhui Neptunus Pharmaceutical Group Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**176**	–
Guangdong Neptunus Medical Group Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**166**	–

19. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following significant transactions with related parties during the Reporting Period: (Continued)

Name of related parties	Relationship	Nature of transaction	Note	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Nanning Neptunus Jiangkang Bio-technology Company Limited	Related company	Purchases of goods	(ii)(iv)	**7,748**	6,070
Jilin Neptunus Jiankang Bio-technology Company Limited	Related company	Purchases of goods	(ii)(iv)	**3,650**	54
Jiangsu Nepstar Pharmaceutical Company Limited	Related company	Sales of goods	(ii)(iv)	**1,703**	4,825
Shenzhen Neptunus YiJianyao Pharmacutical Company Limited (previously known a "Shenzhen Nepstar Pharmaceutical Company Limited")	Related company	Sales of goods	(ii)(iv)	**1,482**	14,969
Shenzhen Nepstar Health Drugstore Chain Company Limited	Related company	Sales of goods	(ii)(iv)	**4**	1,560
Xinjiang Neptunus Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**222**	–
Kashi Neptunus Yinhe Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**181**	–
Shenzhen Neptunus Health Chain Store Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**1,482**	–
Shanghai Fangcheng Medical Equipment Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**168**	–
Henan Zuojiming Pharmaceutical Company Limited	Fellow subsidiary	Sales of goods	(ii)(iii)	**205**	–

19. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following significant transactions with related parties during the Reporting Period: (Continued)

Notes:

(i) Neptunus Group leased office premises to the Group, the rental of office was charged at pre-agreed rate with reference to market prices.

(ii) The purchases, sales, rental of storage and services fee received were transacted in the normal course of business on the same terms as those charged to and contracted with other third party suppliers and customers respectively.

(iii) The ultimate parent company of these related parties is also the ultimate parent company of the Group.

(iv) The director of the immediate parent company, Mr. Zhang Si Min is also the director of the ultimate parent company of the related company. The income received were transacted in the normal course of business.

(v) The research and development expenses are for technology transfer cooperation with Neptunus Group.

(vi) The property, plant and equipment were sold with reference to market rates.

(b) Outstanding balances with related parties

		Amounts due from related parties		**Amounts due to related parties**	
Name of related parties	Note	**At 30 June 2021 RMB'000 (Unaudited)**	At 31 December 2020 RMB'000 (Audited)	**At 30 June 2021 RMB'000 (Unaudited)**	At 31 December 2020 RMB'000 (Audited)
Entrusted loan from the immediate parent company	(i)	**–**	–	**–**	9,000
Amount due from the intermediate parent company		**79**	213	**720**	–
Amounts due from/to fellow subsidiaries:					
Shenzhen Neptunus Pharmaceutical Co., Ltd.		**–**	1,382	**2,466**	24,286
Shandong Neptunus Yinhe Pharmaceutical Company Limited		**770**	1,454	**7,335**	21
Henan Dongsen Pharmaceutical Company Limited		**14**	36	**–**	–
Hangzhou Neptunus Bio-engineering Company Limited		**–**	–	**279**	567
Anhui Neptunus Pharmaceutical Group Company Limited		**11**	–	**5**	44
Henan Neptunus Pharmaceutical Group Company Limited		**–**	320	**–**	–
Heilongjiang Province Neptunus Pharmaceutical Company Limited		**24**	–	**–**	–
Sulu Neptunus Pharmaceutical Group Company Limited		**89**	377	**–**	–
Shenzhen Quanyaowang Pharmaceutical Company Limited		**1,034**	2,562	**–**	–
Anyang Hengfeng Pharmaceutical Company Limited		**282**	245	**4**	–
Shenzhen Neptunus Property Management Company Limited		**–**	12	**–**	–
Henan Neptunus Yinhe Pharmaceutical Company Limited		**766**	686	**–**	557

19. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties (Continued)

Name of related parties	Note	Amounts due from related parties At 30 June 2021 RMB'000 (Unaudited)	Amounts due from related parties At 31 December 2020 RMB'000 (Audited)	Amounts due to related parties At 30 June 2021 RMB'000 (Unaudited)	Amounts due to related parties At 31 December 2020 RMB'000 (Audited)
Shenzhen Hongyang Property Management Company Limited		**30**	30	**–**	–
Shenzhen Neptunus Medical Technology Research Institute Limited		**–**	–	**–**	538
Shenzhen Neptunus Jiankang Shiye Company Limited		**–**	205	**–**	–
Guangdong Neptunus Xinjian Pharmaceutical Company Limited		**3**	–	**–**	–
Xinjiang Neptunus Pharmaceutical Company Limited		**125**	125	**–**	–
Guangxi Guilin Neptunus Pharmaceutical Trading Company Limited		**448**	209	**–**	–
Zhaoqing Neptunus Jiankang Bioengineering Company Limited		**–**	15	**–**	–
Binzhou Neptunus Huanghe Pharmaceutical Company Limited		**–**	–	**–**	12
Shaoyang Neptunus Pharmaceutical Company Limited		**–**	–	**–**	5
Puyang Neptunus Pharmaceutical Company Limited		**–**	4	**–**	–
Shenzhen Shenye Pharmaceutical Development Company Limited		**–**	–	**–**	70
Heyuan Kangchengtang Pharmaceutical Company Limited		**11**	25	**–**	–
Qingdao Huaren Pharmaceutical Distribution Company Limited		**–**	1,078	**–**	–
Jiangsu Neptunus Jiankang Bio-technology Co. Limited		**48**	–	**535**	1,249
Zhoukou Renhe Pharmaceutical Company Limited		**263**	–	**–**	–
Neptunus (Shaoguan) Pharmaceutical Company Limited		**–**	–	**2**	–
Neptunus (Maoming) Pharmaceutical Company Limited		**–**	–	**11**	–
Pingdingshan Neptunus Yinhe Pharmaceutical Company Limited		**–**	–	**6**	–
Henan Enji Pharmaceutical Company Limited		**338**	–	**–**	–
Hubei Neptunus Pharmaceutical Group Company Limited		**2**	–	**–**	–
Henan Guanbao Yuntong Pharmaceutical Company Limited		**48**	–	**18**	–
Henan Neptunus Huitong Pharmaceutical Company Limited		**–**	–	**9**	–
Henan Zuojinming Pharmaceutical Company Limited		**195**	–	**–**	–
Shenzhen Neptunus Property Management Company Limited		**12**	–	**–**	–
Kashgar Neptunus Hongkang Medical Devices Company Limited		**–**	–	**1**	–
		4,513	8,765	**10,671**	27,349

19. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties (Continued)

Name of related parties	Note	Amounts due from related parties At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)	Amounts due to related parties At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Amounts due from/to related companies:					
Shenzhen Neptunus Yidiangao Pharmaceutical Company Limited		**833**	6,054	**–**	–
Jiangsu Nepstar Pharmaceutical Company Limited		**1,446**	9,196	**–**	–
Jilin Neptunus Jiangkang Bio-technology Company Limited		**2,314**	–	**140**	16
Nanning Neptunus Jiangkang Bio-technology Company		–	–	**1,644**	4,718
Shenzhen Nepstar Health Drugstore Chain Company Limited		**4**	–	**–**	–
Shenzhen Neptunus Daiyuanchao Bio-technology Company Limited		**–**	–	**102**	–
		4,597	15,250	**1,886**	4,734

Notes:

The balances with these related companies are unsecured, interest-free and repayable on demand.

(i) On 5 April 2011, the immediate parent company further agreed to extend the repayment date of entrusted loan in the amount of RMB9,000,000 as Neptunus Bio-engineering had undertaken to the Company that it would not demand repayment of the abovementioned 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 earnings in the relevant financial year ("the Repayment Conditions").

The entrusted loan is unsecured and interest-free.

During the period ended 30 June 2021, the Repayment Conditions are fully fulfilled. After the negotiation between the Company and the immediate parent company, the Company had repaid the entrusted loan to the immediate parent company on 18 February 2021.

19. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties (Continued)

Note (Continued):

(ii) Reconciliation of the Group's amounts due from/to related parties arising from the ordinary course of business which are trade in nature and non-trade nature, considered of the following:

	Amounts due from related parties		**Amounts due to related parties**	
	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)	**At 30 June 2021 RMB'000 (Unaudited)**	At 31 December 2020 RMB'000 (Audited)
Trade nature				
Amounts due from/to fellow subsidiaries	**4,513**	8,723	**10,671**	27,349
Amounts due from/to related companies	**4,597**	15,250	**1,886**	4,734
	9,110	23,973	**12,557**	32,083
Non-trade nature				
Entrusted loan from the immediate parent company	**–**	–	**–**	9,000
Amount due from the intermediate parent company	**79**	213	**720**	–
Amounts due from/to fellow subsidiaries	**–**	42	**–**	–
Amounts due to a non-controlling shareholder of a subsidiary	**–**	–	**39,044**	–
	79	255	**39,764**	9,000
	9,189	24,228	**52,321**	41,083

19. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties (Continued)

Note (Continued):

(a) The ageing analysis of amounts due from related parties arising from the ordinary course of business which are trade in nature and based on invoice date is as follows:

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Within 3 months	**8,055**	14,846
More than 3 months but less than 12 months	**1,025**	9,039
Over 12 months	**30**	88
	9,110	23,973

(b) The ageing analysis of amounts due to related parties arising from the ordinary course of business which are trade in nature and based on invoice date is as follows:

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Within 3 months	**12,169**	31,694
More than 3 months but less than 12 months	**311**	–
Over 12 months	**77**	389
	12,557	32,083

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 several therapeutic areas which are oncology, cardiovascular system, respiratory system, digestive system and mental disorders.

Research and Development, Manufacturing and Selling of Medicines

Currently, the Group has two pharmaceutical production bases, which are respectively located in Jin'an Districtm, Fuzhou, Fujian Province, the PRC ("Fuzhou Production Base") and Miyun Economic Development Zone, Beijing City, the PRC ("Beijing Production Base"). Fuzhou Production Base possesses Chinese medicines (including more than a dozen of dosage forms such as tablets, capsules, granules, oral solutions and tinctures) and chemical medicines (which include various dosage forms namely tablets, capsules, granules, small volume injections and large volume injections), with nearly 500 approval documents of Guoyaozhunzi being registered, of which, approximately 170 varieties have been 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. The Beijing Production Base is under Neptunus Zhongxin, a subsidiary acquired by the Group during the Reporting Period. It mainly produces chemical medicines (including tablets, hard capsules and powders) and has approximately 140 approval documents of Guoyaozhunzi, of which approximately 90 products are included into the "Catalogue of Drugs for Basic National Medical Insurance" (國家基本醫療保險藥品目錄) and approximately 60 products are included into the "National Essential Drug List" (國家基本藥物目錄).

The Group mainly fulfills the internal development demands 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 another pharmaceutical manufacturing subsidiary is recognized as national high-tech enterprises and all of which are entitled to enjoy preferential corporate income tax treatment for high-tech enterprises. The said three 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 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), Disodium glycyrrhizinate (甘草酸二鈉, a drug for anti-inflammatory and liver protection), Spironolactone Tablets (螺內酯片, a drug for auxiliary diuresis), Ligustrazine Phosphate Tablets (磷酸川芎嗪片, a drug for ischemic cerebrovascular disease), 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). During the Reporting Period, the Group's two new drug products were approved for registration and passed the drug GMP compliance inspection before its launch.

Under the national policy in relation to quality consistency evaluation for generic drugs, appropriate types of medicines were proactively selected by a pharmaceutical manufacturing subsidiary of the Group and such medicines were selected to undergo the quality consistency evaluation for generic drugs. Currently, four of the selected medicines of the Group, Sodium Bicarbonate Tablets, Norfloxacin Capsules, Propranolol Hydrochloride Tablets and Metformin Hydrochloride Tablets, have already passed the consistency evaluation. The relevant work of quality consistency evaluation for other selected medicines is under orderly progress.

Affected by the national policies and the fluctuation of the market, the prices of the pharmaceutical products are decreasing, with prices of active ingredients increasing, in the meantime the regulation and inspection on drug production and quality has become more stringent and the competition of bidding for drugs has become more intensified. All these have imposed continuous pressure on the relevant pharmaceutical manufacturing subsidiaries of the Company. Meanwhile, the centralized procurement of drugs organized by the State has entered the stage of regular operation and the landscape of the medical industry is changing at an accelerating pace. To mitigate the above adverse impact, the Group paid close attention to the trend of the policies and the market, actively leveraged on the opportunities brought by the changing industry, increased investment in the research and development and the product quality assurance system and expanded the existing sales networks, so as to ensure the sustainable and healthy development of the Group's pharmaceutical manufacturing and sales business. During the Reporting Period, the price of certain products of the Group decreased, resulting in a decrease in sales revenue. However, the sales of anti-tussive medicines rebounded as compared to last year, and the promotion of key products has started to yield results. Therefore, overall, the business of the pharmaceutical production and sales segment of the Group developed steadily with slight growth.

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). Such products are mainly distributed to the end medical institutions through professional sales promotion companies and to the end users through large and medium-sized chain pharmacies.

During the Reporting Period, the purchase and sales of medicines and healthcare food products segment of the Group reduced the distribution of several prescription products. In addition, the sales were affected to a certain extent by the decline in the overall growth rate of the pharmaceutical retail industry of the OTC market, the impact of the national drug procurement and the impact of "Internet + Medicine". Therefore, the revenue of this segment declined during the Reporting Period.

In order to stabilize its business and maintain growth, the purchase and sales segment of the Group's medicines and healthcare food products continues to expand its product line by proactively adopting a diversified development strategy, increasing efforts in regional market development, keeping up with market trends, launching a series of promotional activities, conference, team training, and introducing Neptunus Zhongxin's products and market demand products.

FINANCIAL REVIEW

The Group's revenue during the Reporting Period was approximately RMB391,194,000, representing a decrease of 14.87% from approximately RMB459,546,000 for the corresponding period of last year. In relation to the Group's revenue, approximately RMB233,766,000, which amounted to approximately 59.76% of the Group's total revenue, was derived from the manufacturing and selling of medicines segment, while approximately RMB157,428,000, which amounted to approximately 40.24% of the Group's total revenue, was derived from the sales and distribution of medicines and healthcare products segment. During the Reporting Period, the revenue from the manufacturing and selling of medicines segment increased by approximately 17.19% as compared with the corresponding period of last year, while the revenue from the sales and distribution of medicines and healthcare products segment decreased by approximately 39.47% as compared with the corresponding period of last year. Therefore the overall revenue of the Group decreased.

During the Reporting Period, the Group's gross profit margin was approximately 47%, representing a decrease of approximately 5% from approximately 52% for the corresponding period of last year. The decrease in gross profit margin was mainly attributable to reasons such as the adjustment of freight charges as cost of sales of principal business according to the new revenue standards and the reduction in number of products with high gross profit margin sold as agent.

The Group's gross profit during the Reporting Period was approximately RMB185,303,000, representing a decrease of approximately 22.73% from approximately RMB239,800,000 for the corresponding period of last year. The decrease was mainly attributed to the decrease in the Group's total revenue and gross profit margin.

During the Reporting Period, the Group's selling and distribution expenses were approximately RMB121,177,000, representing a decrease of approximately 28.14% from approximately RMB168,634,000 for the corresponding period of last year. The decrease in selling and distribution expenses was mainly due to the decrease of revenue, the adjustment of freight charges as cost of sales of principal business according to the New Revenue Standards and the adjustment of varieties and structure of products sold as agent.

The Group's administrative expenses for the Reporting Period were approximately RMB34,465,000, representing an increase of approximately 16.05% from approximately RMB29,699,000 for the corresponding period of last year. The increase was mainly due to the expiry of the periodical deduction and exemption of social insurance premium measures during the pandemic and the increase in administrative expenses resulted from the acquisition of Neptunus Zhongxin.

During the Reporting Period, the Group's other operating expenses amounted to approximately RMB17,230,000, representing a decrease of approximately 38.50% from approximately RMB28,015,000 for the corresponding period of last year. The decrease was mainly because the intangible assets had no impairment loss during the Reporting Period, whereas there was a provision for impairment loss of approximately RMB13,588,000 for the corresponding period of last year.

The Group's finance costs for the Reporting Period amounted to approximately RMB738,000, representing an increase of approximately 44.71% from approximately RMB510,000 for the corresponding period of last year. The increase in finance costs was mainly due to the interest expenses newly incurred from Neptunus Zhongxin's banking loans.

For the reasons above, the Group's profit after tax increased from approximately RMB19,254,000 for the corresponding period of last year to approximately RMB22,685,000 for the Reporting Period, representing an increase of approximately 17.82%. Profit attributable to the owners of the Company increased from approximately RMB18,250,000 for the corresponding period of last year to approximately RMB19,647,000 for the Reporting Period, representing an increase of approximately 7.65%.

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 June 2021, Neptunus Fuyao has pledged buildings and prepaid lease payments to secure a banking facility of RMB100,000,000, which has not been utilized yet. Neptunus Zhongxin has pledged private properties of a director and personal guarantee provided by a director and his related parties to secure banking facilities of RMB40,000,000, which have been fully utilized. Therefore, the Group has short-term banking borrowings of RMB40,000,000 which remain 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 positive cash flow and retained earnings in the relevant financial year (the "Repayment Conditions").

As the above-mentioned Repayment Conditions were fully satisfied, after the negotiation between the Company and Neptunus Bio-engineering, the Company has repaid the above-mentioned shareholder's entrusted loan to Neptunus Bio-engineering on 18 February 2021.

PLEDGE OF ASSETS

As at 30 June 2021, the available banking facilities of RMB100,000,000 of the Group were secured by pledge of its buildings and prepaid lease payments and the pledged buildings and prepaid lease payments were stated at an aggregate value of approximately RMB92,778,000.

FOREIGN CURRENCY RISK

During the Reporting Period, the Group's operating revenue, major selling costs and capital expenditure were denominated in RMB. As at 30 June 2021, the Group's cash and cash equivalents were mainly denominated in RMB. As such, the foreign currency risk facing the Group is limited. Currently, the Group has not adopted any financial instrument for hedging purposes.

GEARING RATIO

As at 30 June 2021, the gearing ratio of the Group, calculated by dividing the total borrowings by total equity and multiplied by 100%, was approximately 4.42% (31 December 2020: nil).

SIGNIFICANT INVESTMENT HELD

Save as disclosed in this announcement, there was no other significant investment held by the Company during the Reporting Period.

CAPITAL STRUCTURE

During the Reporting Period, there has been no change in the capital structure of the Company. The capital of the Company comprises its shares and other reserves.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the Reporting Period (2020: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had not made any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

CONTINGENT LIABILITY

As at 30 June 2021, the Group had no significant contingent liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2021, the Group did not have concrete plans for material investments and capital assets.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group employed a total of 1,314 employees.

During the Reporting Period, the staff costs including directors' remuneration which amounted to approximately RMB59,077,000. Employees are remunerated according to their performance and work experience. The Group raised the salaries and improved fringe benefits for its employees to maintain competitiveness and broaden appeal of the Group. The employees' incentives were reviewed and determined annually pursuant to the remuneration, bonus policies and/or share options of the Group based on the performance of the employees. The Group also provided various other benefits to its employees.

The Group monitored closely the remuneration and fringe benefits of the employees and rewarded employees in accordance with the Group's business performance. In addition, training and development opportunities for the employees were also provided by the Group.

CAPITAL COMMITMENTS

As at 30 June 2021, the Group had contracted commitments for future capital expenditure of approximately RMB969,000.

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 June 2021, 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%
Ms. Yu Lin *(Note (b))*	Beneficial owner	Personal	Neptunus Bio-engineering	900,000	0.03%
Mr. Shen Da Kai *(Note (c))*	Beneficial owner	Personal	Neptunus Bio-engineering	2,000,000	0.07%
Ms. Cao Yang *(Note (d))*	Beneficial Owner	Personal	Neptunus Bio-engineering	200,000	0.01%

Notes:

(a) Mr. Zhang Feng, chairman of the Board 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) 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.

(c) 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.

(d) Ms. Cao Yang, employee representative supervisor and human resources director of the Company and vice general manager, supervisor and head of human resources of Neptunus Changjian, 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 June 2021, 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 June 2021, the Company and its subsidiaries have neither adopted any share option scheme nor 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 June 2021, 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%
Bank of Changsha Co., Ltd. – Guangzhou Branch *(Note (a))*	Person having a security interest in shares	1,181,000,000	94.33%	70.38%
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.

On 25 March 2021, Neptunus Bio-engineering has pledged 1,181,000,000 domestic shares in the Company to Bank of Changsha Co., Ltd – Guangzhou Branch as a security of a loan provided by Bank of Changsha Co., Ltd – Guangzhou Branch. Therefore, Bank of Changsha Co,. Ltd. – Guangzhou Branch was deemed to be interested in 1,181,000,000 domestic shares of the Company. The said share pledge does not fall within the scope of Rule 17.19 of the GEM Listing Rules as it is not for the purpose to secure the Company's debt or to secure guarantees or other support of the Company's obligations.

(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 44.22% 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 44.22% 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 44.22% 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 June 2021.

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 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 the Company's code of conduct regarding Director's securities transactions.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited 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.

EVENTS AFTER THE REPORTING PERIOD

There are no important events affecting the Group which have occurred after the end of the Reporting Period and up to the date of this announcement.

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

Shenzhen, the PRC, 12 August 2021

As at the date of this announcement, the executive Directors are Mr. Zhang Feng and Mr. Huang Jian Bo; the non-executive Directors are Mr. Zhang Yi Fei, 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.

* *For identification purpose only*