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

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 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 nine months ended 30 September 2021

		For the three months ended 30 September		For the nine months ended 30 September	
		2021	2020	**2021**	2020
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	Note	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	*4*	**205,582**	300,142	**596,776**	759,688
Cost of sales		**(115,521)**	(127,575)	**(321,412)**	(347,321)
Gross profit		**90,061**	172,567	**275,364**	412,367
Other revenue	*4*	**9,469**	3,651	**21,490**	10,801
Other net income	*4*	**(312)**	371	**2,006**	2,585
Selling and distribution expenses		**(58,961)**	(128,585)	**(180,138)**	(297,219)
Administrative expenses		**(21,484)**	(15,372)	**(55,949)**	(45,071)
Other operating expenses		**(8,909)**	(18,363)	**(26,139)**	(46,378)
Profit from operations		**9,864**	14,269	**36,634**	37,085
Finance costs	*5*	**(1,455)**	(240)	**(2,193)**	(750)
Profit before taxation	*5*	**8,409**	14,029	**34,441**	36,335
Income tax expenses	*6*	**(4,433)**	(2,792)	**(7,780)**	(5,844)
Profit and total comprehensive income for the period		**3,976**	11,237	**26,661**	30,491
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		**5,560**	10,255	**25,207**	28,505
Non-controlling interests		**(1,584)**	982	**1,454**	1,986
		3,976	11,237	**26,661**	30,491
Earnings per share for profit attributable to the owners of the Company during the period					
Basic and diluted	*8*	**RMB0.33 cents**	RMB0.61 cents	**RMB1.50 cents**	RMB1.70 cents

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2021

	Attributable to owners of the Company							
	Share Capital	**Share Premium**	**Capital Reserve**	**Statutory Reserve Fund**	**Retained Earnings**	**Sub-total**	**Non-controlling Interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*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	–	–	–	–	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
As 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	**–**	**–**	**–**	**–**	**25,207**	**25,207**	**1,454**	**26,661**
Dividend paid from subsidiary to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(1,620)**	**(1,620)**
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**(13,126)**	**(13,126)**
Injection of registered capital of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**35,280**	**35,280**
Release of statutory reserve fund due to deregistration of a subsidiary	**–**	**–**	**–**	**(250)**	**250**	**–**	**–**	**–**
At 30 September 2021 (Unaudited)	**167,800**	**554,844**	**(188,494)**	**48,686**	**236,109**	**818,945**	**123,922**	**942,867**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 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 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 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 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 2020. 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 2020.

This unaudited condensed consolidated financial statements for the period ended 30 September 2021 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 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.

(b) Issued but not yet effective HKFRSs

At the date of authorisation of the Group's condensed consolidated third quarterly 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 September		For the nine months ended 30 September	
	2021	2020	**2021**	2020
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue				
Manufacturing and selling of medicines	**130,547**	129,468	**364,313**	328,950
Sales and distribution of medicines and healthcare products	**75,035**	170,674	**232,463**	430,738
	205,582	300,142	**596,776**	759,688

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020	**2021**	2020
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Other revenue				
Interest income from bank deposits	**3,322**	923	**5,852**	2,342
Interest income from principal protected deposits	**(1,673)**	2,099	**730**	3,186
Agency fee income	**4,717**	–	**9,434**	–
Government subsidy income				
– released from deferred revenue	**101**	101	**350**	300
– directly recognized in profit or loss	**3,040**	1,570	**4,547**	3,330
Change in fair value of financial assets through profit or loss	**–**	(989)	**–**	1,561
Other	**(38)**	(53)	**577**	82
	9,469	3,651	**21,490**	10,801
Other net income				
Reversal of impairment loss on trade and other receivables	**(389)**	199	**390**	483
Reversal of write down of inventories	**77**	114	**307**	783
Reversal of provision for estimated loss from legal proceedings	**–**	–	**1,282**	–
Net foreign exchange gains	**–**	–	**27**	32
Gain on disposal of property, plant and equipment	**–**	58	**–**	388
Others	**–**	–	**–**	899
	(312)	371	**2,006**	2,585

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	
	2021	2020	**2021**	2020
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
(a) Finance costs				
Interest on bank loans and other borrowings	**1,448**	240	**2,160**	750
Financial cost on lease liabilities	**7**	–	**33**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**1,455**	240	**2,193**	750
(b) Staff costs (including directors' emoluments)				
Salaries, wages and other benefits	**22,185**	22,192	**72,880**	65,668
Contributions to defined contribution retirement plans	**3,755**	2,643	**12,137**	6,123
	25,940	24,835	**85,017**	71,791
(c) Other Item				
Depreciation of right-of-use assets	**1,003**	393	**2,604**	1,178
Amortisation of intangible assets *(Note)*	**2,140**	1,041	**4,888**	3,109
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	**6,928**	4,329	**17,060**	12,574
Cost of inventories	**110,033**	124,868	**297,389**	340,879
Research & development costs *(Note)*	**6,699**	5,534	**18,101**	15,909
Short-term lease expenses:				
minimum lease payment	**(671)**	444	**1,952**	2,868
Impairment on				
– trade receivables *(Note)*	**(273)**	(364)	**194**	256
– other receivables *(Note)*	**(1,045)**	2,876	**15**	3,000
Loss on disposal of property, plant and equipment *(Note)*	**537**	2,517	**538**	2,531
Write down of inventory *(Note)*	**14**	648	**1,185**	2,181
Auditor's remuneration	**–**	18	**–**	18
Auditor's non-audit services remuneration	**117**	267	**306**	519

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	
	2021	2020	**2021**	2020
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current tax				
Provision for PRC Enterprise Income Tax ("EIT")	**4,563**	3,186	**8,028**	9,865
Deferred tax				
Origination and reversal of temporary differences	**(130)**	(394)	**(248)**	(4,021)
	4,433	2,792	**7,780**	5,844

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 2020: Nil).

As at 30 September 2021, three subsidiaries (30 September 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 September 2020: 25%).

7. DIVIDENDS

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

8. EARNINGS PER SHARE

Basic earnings per share

For the three-month and nine-month periods ended 30 September 2021, the calculation of basic earnings per share was based on the profit attributable to owners of the Company of approximately RMB5,560,000 and RMB25,207,000 respectively (three-month and nine-month periods ended 30 September 2020: profit of approximately RMB10,255,000 and RMB28,505,000 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 2021 (2020: 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 2021 and 2020 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 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 District, 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 enterprise 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, namely 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.

During the Reporting Period, the pharmaceutical manufacturing subsidiaries of the Group located in Fuzhou continued to increase investment in research and development and the product quality assurance system and to expand the existing sales networks. The promotion of key products of such subsidiaries yielded good results, the sales of the products with high gross profit margin increased and the agency fee income also increased. Therefore, the business of such subsidiaries continued to be in sustainable and healthy development. Meanwhile, the pharmaceutical manufacturing subsidiary of the Group located in Beijing has been adjusting its business since it was acquired by the Group. It is endeavoring to mitigate the historical adverse impact while proactively expanding market, strive to turn losses into profits as soon as possible.

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 RMB596,776,000, representing a decrease of 21.44% from approximately RMB759,688,000 for the corresponding period of last year. In relation to the Group's revenue, approximately RMB364,313,000, which amounted to approximately 61.05% of the Group's total revenue, was derived from the manufacturing and selling of medicines segment, while approximately RMB232,463,000, which amounted to approximately 38.95% 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 10.75% 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 46.03% 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 46%, representing a decrease of approximately 8% from approximately 54% for the corresponding period of last year. The decrease in gross profit margin was mainly attributable to the freight charges are adjusted as cost of sales of principal business according to the new revenue standards; the current gross profit margin of the newly acquired subsidiary Neptunus Zhongxin is very low; and the number of products with high gross profit margin sold as agent reduced.

The Group's gross profit during the Reporting Period was approximately RMB275,364,000, representing a decrease of approximately 33.22% from approximately RMB412,367,000 for the corresponding period of last year. The decrease was mainly attributed to the decrease in the Group's total revenue and the gross profit margin has decreased as a result.

During the Reporting Period, the Group's selling and distribution expenses were approximately RMB180,138,000, representing a decrease of approximately 39.39% from approximately RMB297,219,000 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 RMB55,949,000, representing an increase of approximately 24.13% from approximately RMB45,071,000 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, the acquisition of Neptunus Zhongxin and the increase in labour cost.

During the Reporting Period, the Group's other operating expenses amounted to approximately RMB26,139,000, representing a decrease of approximately 43.64% from approximately RMB46,378,000 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 RMB2,193,000, representing an increase of approximately 192.40% from approximately RMB750,000 for the corresponding period of last year. The increase in finance costs was mainly due to the increase in interest expenses newly incurred from Neptunus Zhongxin's banking loans.

For the reasons above, the Group's profit after tax decreased from approximately RMB30,491,000 for the corresponding period of last year to approximately RMB26,661,000 for the Reporting Period, representing a decrease of approximately 12.56%. Profit attributable to the owners of the Company decreased from approximately RMB28,505,000 for the corresponding period of last year to approximately RMB25,207,000 for the Reporting Period, representing a decrease of approximately 11.57%.

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 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 its own land and real properties, private real properties of a director and personal guarantee provided by a director and his related parties to secure banking facilities of RMB101,000,000, which have been fully utilized. Therefore, the Group has a short-term banking borrowing of RMB101,000,000 which remains 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.

CONTINGENT LIABILITY

As at 30 September 2021, 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 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 September 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 September 2021, 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 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 guarantee 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, 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 September 2021.

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, 9 November 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.

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*