



深圳市海王英特龍生物技術股份有限公司
SHENZHEN NEPTUNUS INTERLONG BIO-TECHNIQUE COMPANY LIMITED*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock code: 8329)

**ANNOUNCEMENT ON THE FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 31 MARCH 2022**

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

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

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

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This announcement, for which the directors (the “Directors”) of Shenzhen Neptunus Interlong Bio-technique Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purpose only

QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) of the Company is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2022 (the “Reporting Period”), together with the unaudited comparative figures for the corresponding period of 2021.

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

For the three months ended 31 March 2022

		For the three months ended	
		31 March	
		2022	2021
		(Unaudited)	(Unaudited)
	Note	RMB'000	RMB'000
Revenue	3	215,698	219,289
Cost of Sales		<u>(118,155)</u>	<u>(101,142)</u>
Gross profit		97,543	118,147
Other revenue	3	2,256	3,843
Other net income	3	758	687
Selling and distribution expenses		(53,440)	(77,118)
Administrative expenses		(22,364)	(17,175)
Other operating expenses		<u>(8,261)</u>	<u>(6,061)</u>
Profit from operations		16,492	22,323

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

For the three months ended 31 March 2022

		For the three months ended	
		31 March	
		2022	2021
		(Unaudited)	(Unaudited)
	<i>Note</i>	RMB'000	RMB'000
Finance costs	4	<u>(1,650)</u>	<u>(11)</u>
Profit before taxation	4	14,842	22,312
Income tax expense	5	<u>(3,334)</u>	<u>(4,239)</u>
Profit and total comprehensive income for the period		<u>11,508</u>	<u>18,073</u>
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		10,541	15,648
Non-controlling interests		<u>967</u>	<u>2,425</u>
Earnings per share for profit attributable to the owners of the Company during the period			
Basic and diluted	7	<u>RMB0.63 cents</u>	<u>RMB0.93 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2022

Attributable to owners of the Company

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory reserve fund <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
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 other comprehensive income for the period	-	-	-	-	15,648	15,648	2,425	18,073
At 31 March 2021 (Unaudited)	167,800	554,844	(188,494)	48,936	226,300	809,386	104,359	913,745
At 1 January 2022 (Audited)	167,800	554,844	(188,494)	49,611	245,935	829,696	114,704	944,400
Change in equity for 2022								
Profit and other comprehensive income for the period	-	-	-	-	10,541	10,541	967	11,508
At 31 March 2022 (Unaudited)	167,800	554,844	(188,494)	49,611	256,476	840,237	115,671	955,908

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

1. CORPORATE INFORMATION

The Company is a joint stock limited company registered in the People's Republic of China (the "PRC"). The registered office of the Company is located at Suite 2103, 21st Floor, Neptunus Yinhe Technology Mansion, 1 Keji Middle 3rd Road, Yuehai Sub-district, Nanshan District, Shenzhen, Guangdong Province, the PRC.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months ended 31 March 2022 have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and applicable disclosure requirements of the GEM Listing Rules.

The accounting policies adopted in the preparation of these unaudited condensed consolidated financial statements are consistent with those adopted for the preparation of annual financial statements for the year ended 31 December 2021 except for changes in accounting policies, if required, in adopting new or revised HKFRSs and interpretations that are first effective for accounting periods beginning on or after 1 January 2022. These unaudited condensed consolidated financial statements do not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2021.

This unaudited condensed consolidated financial information for the 3 months ended 31 March 2022 comprise the Company and its subsidiaries. The measurement basis used in the preparation of these financial statements is on a historical cost basis except for principal protected deposits which is stated at fair values. These financial statements are presented in Renminbi ("RMB"), and it is also the functional currency of the Company. All amounts are rounded to the nearest thousand except where otherwise indicated.

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

3. REVENUE AND OTHER REVENUE

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

	For the three months ended 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue		
Manufacturing and selling of medicines	150,703	121,789
Sales and distribution of medicines and healthcare products	64,995	97,500
	<u>215,698</u>	<u>219,289</u>
	215,698	219,289
	For the three months ended 31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other revenue		
Interest income from bank deposits	1,403	1,553
Interest income from principal protected deposits	–	1,004
Government subsidies		
– released from deferred revenue	100	150
– directly recognised in profit or loss	646	836
Others	107	7
Gain on physical counting	–	293
	<u>2,256</u>	<u>3,843</u>
	2,256	3,843
Other net income		
Reversal of write down of inventories	58	307
Reversal of impairment loss	700	380
	<u>758</u>	<u>687</u>
	758	687

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived after deducting the following:

	For the three months ended	
	31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(a) Finance costs		
Interest on bank loans	1,637	–
Interest on lease liabilities	13	11
	<u>1,650</u>	<u>11</u>
(b) Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	31,858	22,203
Contributions to defined contribution retirement plan	5,543	4,029
	<u>37,401</u>	<u>26,232</u>
(c) Other items		
Depreciation of right-of-use assets	1,272	582
Amortisation of intangible assets*	1,187	985
Depreciation of property, plant and equipment	5,764	4,113
Impairment of :		
– trade receivables*	47	150
Write down of inventories*	28	894
Loss on disposal of property, plant and equipment*	2	(14)
Auditor's non-audit services remuneration	140	83
Lease charges :		
– Short term leases	2,088	1,643
Cost of inventories	115,376	99,132
Research and development cost*	6,897	5,320
Reversal of provision for estimated loss from legal proceedings*	–	(1,282)
	<u>–</u>	<u>(1,282)</u>

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

5. INCOME TAX

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

	For the three months ended	
	31 March	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax		
Provision for PRC Enterprise Income Tax ("EIT")	3,219	4,334
Deferred tax		
Reversal of temporary differences	<u>(114)</u>	<u>(95)</u>
	<u>3,105</u>	<u>4,239</u>

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 (for the three months ended 31 March 2021: Nil).

For the three months ended 31 March 2022, 3 subsidiaries of the Group established in the PRC are qualified as high technology enterprises. In accordance with the applicable Enterprise Income Tax Law of the PRC, these subsidiaries are subject to the PRC EIT at a preferential rate of 15% (For the three months ended 31 March 2021: 2 subsidiaries).

The Company and other PRC subsidiaries are subject to the PRC EIT at a rate of 25% for the three months ended 31 March 2022 and 2021.

6. DIVIDENDS

The Board does not recommend the payment of any dividend for the Reporting Period (2021: Nil).

7. EARNINGS PER SHARE

Basic earnings per share

During the Reporting Period, the calculation of basic earnings per share was based on the unaudited profit attributable to owners of the Company of approximately RMB10,541,000 (for the three months ended 31 March 2021: approximately RMB15,648,000) and the weighted average number of 1,678,000,000 ordinary shares in issue for the Reporting Period (for the three months ended 31 March 2021: the weighted average number of 1,678,000,000 ordinary shares in issue).

Diluted earnings per share

Diluted earnings per share for the three months ended 31 March 2022 and 2021 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 medical devices, and the purchase and sales of medicines and healthcare food products in the PRC. The medicines being sold by the Group cover several therapeutic areas which mainly are oncology, cardiovascular system, respiratory system, digestive system and mental disorders.

Research and Development, Manufacturing and Selling of Medicines and Medical Devices

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"). The Fuzhou Production Base possesses nearly 500 Guo Yao Zhun Zi approval documents for 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), 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). In addition, the Fuzhou Production Base is the only narcotic production base in Fujian Province designated by the State. The Beijing Production Base mainly produces chemical medicines (tablets, hard capsules and powders) and holds approximately 140 Guo Yao Zhun Zi approval documents, of which approximately 90 products are included in 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" (國家基本藥品目錄).

The Group's research and development work mainly fulfills the internal development demands of the Group through conducting independent research and development and cooperation with external research and development institutions. Two pharmaceutical manufacturing subsidiaries of the Company are recognized as high-tech enterprises in Fujian Province and another pharmaceutical manufacturing subsidiary of the Company 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 替吉奧片, 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).

Owing to more stringent national regulations and product inspection in the market, the monopoly of active ingredients became more severe with prices of Chinese medicinal materials rising noticeably with high volatility, leading to an increase in manufacturing costs. Combined with the fact that certain raw and auxiliary materials were not available for procurement, relevant products were not sufficiently manufactured to meet demand and this led to increased operational stress experienced by the two pharmaceutical subsidiaries of the Group in Fuzhou. To ensure the results were on track and targets can be reached, such pharmaceutical subsidiaries actively reinforced their management by developing direct cooperation with active ingredient manufacturers, striving to source monopolized raw materials through the Group's own resources and others to meet manufacturing needs, properly planning manufacturing activities according to the Company's catalog of key products to fully utilize its capacity in meeting market demand, making timely adjustment to maintain buffer inventory according to market changes to minimize losses and accelerating product sales efforts such as developing the Group's health segment and manufacturer-vendor collaboration. During the Reporting Period, the promotion of key products by these pharmaceutical subsidiaries has been effective, resulting in higher sales of high-margin products and higher income from assignment of product franchise. Therefore, continuous business growth has been reported and significant increase in key operating revenue has been seen.

During the Reporting Period, Beijing Neptunus Zhongxin Pharmaceutical Co., Ltd.* (北京海王中新藥業股份有限公司, "Neptunus Zhongxin"), facing the increasing regulatory pressure and competition pressure in the pharmaceutical industry, closely followed the changes in the industry regulations and the market, implemented diversified marketing strategies, expanded the marketing personnel, increased the coverage of distributors, and further strengthened the regulatory compliance of business operation in order to facilitate the stable and high quality development of Neptunus Zhongxin and to reach breakeven as soon as possible.

The Group received a notice of response to action issued by the People's Superior Court of Beijing* (北京市高級人民法院) last year for a dispute with a customer of Neptunus Fuyao for a claim of RMB153,270,800 and the related litigation costs arising from the dispute. During the Reporting Period, Neptunus Fuyao reached a settlement with the customer and the customer withdrew the lawsuit. The related cost incurred for the dispute was approximately RMB840,000. Details of which are disclosed in the Company's announcements dated 8 December 2021 and 17 March 2022.

Purchase and Sales of Medicines and Healthcare Food Products

Currently, the main products distributed and sold by the Group are medicines and healthcare food products manufactured by itself and the group headed by its parent company, 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, affected by the regional COVID-19 outbreak in Shenzhen, Jilin Province and other regions, the delivery of goods of the Group's purchase and sales segment of medicines and healthcare food products suffered from suspension and delay for a relatively long period of time and sales were affected. In addition, in line with development in trends of pharmaceutical industry the Group's purchase and sales segment of medicines and healthcare food products reduced the distribution of several prescription products during the first half of last year, which caused a significant decline in revenue. Therefore, the revenue of this segment declined significantly during the Reporting Period as compared with the corresponding period of last year.

In order to stabilize its business, the Group's purchase and sales segment of medicines and healthcare food products will continue to proactively adopt a diversified development strategy, increase efforts in regional market development, keep up with market trends, launch a series of promotional activities, conferences, team training, introduce Neptunus Zhongxin's products and market demand products, expand its product lines, increase customer stickiness, initiate large-scale training and gradually develop other distribution models to attain higher performance.

FINANCIAL REVIEW

The Group's revenue for the Reporting Period was approximately RMB215,698,000, representing a decrease of approximately 1.64% from approximately RMB219,289,000 for the corresponding period of last year. In relation to the Group's revenue, approximately RMB150,703,000, which amounted to approximately 69.87% of the Group's total revenue, was derived from the manufacturing and selling of medicines segment, while approximately RMB64,995,000, which amounted to approximately 30.13% of the Group's total revenue, was derived from the sales and distribution of medicines and healthcare products segment. During the Reporting Period, the Group's revenue from the manufacturing and selling of medicines segment increased by approximately 23.74% as compared with the corresponding period of last year, while the revenue of the sales and distribution of medicines and healthcare products segment decreased by approximately 33.34%. Therefore, there was an overall decrease in the total revenue of the Group there was an overall decrease.

During the Reporting Period, the Group's gross profit margin was approximately 45%, representing a decrease of approximately 9 percentage points from approximately 54% for the corresponding period of last year. The decrease in gross profit margin was mainly because the gross profit margin of the subsidiary Neptunus Zhongxin acquired in June 2021 was low and the Group reduced several agent products which gross profit margin were high.

The Group's gross profit during the Reporting Period was approximately RMB97,543,000, representing a decrease of approximately 17.44% from approximately RMB118,147,000 for the corresponding period of last year. The decrease in gross profit was mainly because the overall revenue and the gross profit margin of the Group decreased.

During the Reporting Period, the Group's selling and distribution expenses were approximately RMB53,440,000, representing a decrease of approximately 30.70% from approximately RMB77,118,000 for the corresponding period of last year. The decrease in selling and distribution expenses was mainly due to the decrease of revenue and the adjustment of the structure and varieties sold as agent.

The Group's administrative expenses for the Reporting Period were approximately RMB22,364,000, representing an increase of approximately 30.21% from approximately RMB17,175,000 for the corresponding period of last year. The increase in administrative expenses was mainly due to the increase in labor costs and the acquisition of Neptunus Zhongxin in June 2021.

During the Reporting Period, the Group's other operating expenses amounted to approximately RMB8,261,000, representing an increase of approximately 36.30% from approximately RMB6,061,000 for the corresponding period of last year. The increase in other operating expenses was mainly attributed to the increase in research and development expenses from Neptunus Zhongxin, a subsidiary acquired in June 2021.

During the Reporting Period, the Group's finance costs amounted to approximately RMB1,650,000, representing an increase of approximately 14,900% from approximately RMB11,000 for the corresponding period of last year. The increase in finance costs was mainly due to the increase in interest expenses incurred from the banking loans of Neptunus Zhongxin, a subsidiary acquired in June 2021.

Due to the above reasons, the Group's profit after tax was approximately RMB11,508,000 during the Reporting Period, representing a decrease of approximately 36.32% from approximately RMB18,073,000 of the corresponding period of last year. Profit attributable to the owners of the Company was approximately RMB10,541,000 of the Reporting Period, representing a decrease of approximately 32.64% from approximately RMB15,648,000 of the corresponding period of last year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group usually finances its operating and investing activities with its internal financial resources and bank loans. The Group's transactions are mainly denominated in Renminbi and the Group reviews its working capital and finance requirements on a regular basis.

Banking facilities

As at 31 March 2022, the Group had short-term bank borrowings of RMB71,000,000.

CONTINGENT LIABILITY

As at 31 March 2022, the Group had no significant contingent liabilities.

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

As far as the Directors and supervisors of the Company are aware, as at 31 March 2022, the interests and short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be and were recorded in the register to be kept by the Company, or were required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long positions in 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 (<i>Note (a)</i>)	Beneficial owner	Personal	Neptunus Bio-engineering	1,331,093	0.05%
Ms. Yu Lin (<i>Note (b)</i>)	Beneficial owner	Personal	Neptunus Bio-engineering	900,000	0.03%
Mr. Shen Da Kai (<i>Note (c)</i>)	Beneficial owner	Personal	Neptunus Bio-engineering	2,000,000	0.07%
Ms. Cao Yang (<i>Note (d)</i>)	Beneficial owner	Personal	Neptunus Bio-engineering	200,000	0.01%

Notes:

- (a) Mr. Zhang Feng, chairman of the Board of the Company and deputy chairman and non-independent director of the 8th session of the board of directors and president of Neptunus Bio-engineering, was beneficially interested in approximately 0.05% of the entire issued share capital of Neptunus Bio-engineering, the Company’s controlling shareholder, which in turn held directly and indirectly the beneficial interest in approximately 73.51% of the entire issued share capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Shenzhen Neptunus Oriental Investment Company Limited (“Neptunus Oriental”).
- (b) Ms. Yu Lin, non-executive Director of the Company, was beneficially interested in approximately 0.03% of the entire issued share capital of Neptunus Bio-engineering, the Company’s controlling shareholder, which in turn held directly and indirectly the beneficial interest in approximately 73.51% of the entire issued share capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Neptunus Oriental.

- (c) Mr. Shen Da Kai, non-executive director of the Company, 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 31 March 2022, none of the Directors, supervisors or chief executives of the Company nor their respective associates held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of SFO, or were required, pursuant to section 352 of the SFO, to be and were recorded in the register to be kept by the Company, or were required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME, CONVERTIBLE SECURITIES AND WARRANTS

Up to 31 March 2022, 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 31 March 2022, 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:

Substantial Shareholder	Capacity	Number of domestic shares held	Approximate percentage of all the domestic shares	Approximate percentage of the Company's issued share capital
Neptunus Bio-engineering (<i>Note (a)</i>)	Beneficial owner	1,181,000,000	94.33%	70.38%
	Interest in controlled corporation	52,464,500	4.19%	3.13%
Shenzhen Neptunus Group Company Limited (“Neptunus Group”) (<i>Note (b)</i>)	Interest in controlled corporation	1,233,464,500	98.52%	73.51%
Shenzhen Neptunus Holding Group Company Limited (“Neptunus Holding”) (Previously known as “Shenzhen Yinhetong Investment Company Limited”) (<i>Note (c)</i>)	Interest in controlled corporation	1,233,464,500	98.52%	73.51%
Mr. Zhang Si Min (<i>Note (d)</i>)	Interest in controlled corporation	1,233,464,500	98.52%	73.51%

Notes:

- (a) Neptunus Bio-engineering was deemed to be interested in the 52,464,500 domestic shares of the Company held by Neptunus Oriental as the entire issued share capital of Neptunus Oriental was beneficially owned by Neptunus Bio-engineering. Neptunus Bio-engineering was also directly interested in 1,181,000,000 domestic shares of the Company. Therefore, Neptunus Bio-engineering was directly and indirectly interested in 1,233,464,500 domestic shares of the Company.
- (b) Neptunus Group was deemed to be interested in the 1,233,464,500 domestic shares of the Company, which relate to the same parcel of shares referred to in note (a) above, held by Neptunus Bio-engineering as Neptunus Group was beneficially interested in approximately 44.22% 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”), and Neptunus Holding and Haihe were in turn 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 executives of the Company) who held any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 31 March 2022.

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 projects which may compete with the existing and future business of the Company, the Company shall have a preferential rights of investments in such new investment projects.

Neptunus Bio-engineering has confirmed with the Company that it has complied with the Non-Competition Undertakings during the 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 not conducted any transaction in respect of the Company’s securities during the Reporting Period. The Company is not aware of any violation by the Directors on the “required standard of dealings” and the Company’s code of conduct regarding securities transactions by the Directors.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited consolidated results of the Group for the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The roles of the Chairman and General Manager are separate and should not be performed by the same individual as required under paragraph C.2.1 of Corporate Governance Code. As the leader of the Board, the Chairman is responsible for the approval and supervision of the overall strategies and policies of the Company, approval of annual budgets and business plans, evaluation of the Company’s performance and oversight of the management. Mr. Zhang Feng is the current Chairman of the Board. The General Manager (same role as the chief executive pursuant to the Corporate Governance Code) responsible for the day-to-day operations of the Company.

Subsequent to the resignation of Mr. Zhou Hang as an executive Director and the General Manager on 8 February 2021, the Company is identifying a suitable candidate to fulfill the vacancy of the General Manager. The articles of the association of the Company has set out the role and powers of the Chairman and General Manager.

Save as disclosed, as the Directors are aware, during the Reporting Period, the Company has complied with the requirements under the “Corporate Governance Code” set out in Appendix 15 of the GEM Listing Rules. The Board will continue to enhance the standard of corporate governance of the Company to ensure that the Company will operate its business in an honourable and responsible manner.

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

Shenzhen, the PRC, 13 May 2022

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. Jin Rui; and the independent non-executive Directors are Mr. Yick Wing Fat, Simon, Mr. Poon Ka Yeung and Mr. Zhang Jian Zhou.

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

** For identification purpose only*