



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 2022**

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

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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.

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 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 and nine months ended 30 September 2022

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue	4	250,530	205,582	689,399	596,776
Cost of sales		<u>(133,828)</u>	<u>(115,521)</u>	<u>(384,839)</u>	<u>(321,412)</u>
Gross profit		116,702	90,061	304,560	275,364
Other revenue	4	6,502	9,469	17,145	21,490
Other net income	4	190	(312)	680	2,006
Selling and distribution expenses		<u>(66,142)</u>	<u>(58,961)</u>	<u>(174,350)</u>	<u>(180,138)</u>
Administrative expenses		<u>(22,760)</u>	<u>(21,484)</u>	<u>(64,360)</u>	<u>(55,949)</u>
Other operating expenses		<u>(11,026)</u>	<u>(8,909)</u>	<u>(31,766)</u>	<u>(26,139)</u>
Profit from operations		23,466	9,864	51,909	36,634
Finance costs	5	<u>(1,412)</u>	<u>(1,455)</u>	<u>(4,574)</u>	<u>(2,193)</u>
Profit before taxation	5	22,054	8,409	47,335	34,441
Income tax expenses	6	<u>(5,680)</u>	<u>(4,433)</u>	<u>(13,126)</u>	<u>(7,780)</u>
Profit and total comprehensive income for the period		<u>16,374</u>	<u>3,976</u>	<u>34,209</u>	<u>26,661</u>
Profit and total comprehensive income for the period attributable to:					
Owners of the Company		15,542	5,560	35,886	25,207
Non-controlling interests		<u>832</u>	<u>(1,584)</u>	<u>(1,677)</u>	<u>1,454</u>
		<u>16,374</u>	<u>3,976</u>	<u>34,209</u>	<u>26,661</u>
Earnings per share for profit attributable to the owners of the Company during the period					
Basic and diluted	8	<u>RMB0.93 cents</u>	<u>RMB0.33 cents</u>	<u>RMB2.14 cents</u>	<u>RMB1.50 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2022

	Attributable to owners of the Company							Non-controlling Interests	Total
	Share Capital	Share Premium	Capital Reserve	Statutory Reserve Fund	Retained Earnings	Sub-total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
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	
As 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 total comprehensive income for the period	-	-	-	-	35,886	35,886	(1,677)	34,209	
Dividend paid from subsidiary to non-controlling interests	-	-	-	-	-	-	(2,927)	(2,927)	
Release of statutory reserve fund due to deregistration of a subsidiary	-	-	-	(250)	250	-	-	-	
At 30 September 2022 (Unaudited)	167,800	554,844	(188,494)	49,361	282,071	865,582	110,100	975,682	

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 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 nine months ended 30 September 2022 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 2021. 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 2021.

This unaudited condensed consolidated financial statements for the period ended 30 September 2022 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 and amended HKFRSs effective on 1 January 2022

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 2022:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract

The adoption of the amended HKFRSs had no impact on how the results and material financial position for the current and prior periods have been prepared and presented.

(b) Issued but not yet effective HKFRSs

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
HKFRS 17	Insurance Contracts and related amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective date not yet determined

The directors are currently assessing the possible impact of these new and amended HKFRSs 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 on 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	
	2022	2021	2022	2021
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
Revenue				
Manufacturing and selling of medicines	174,975	130,547	485,157	364,313
Sales and distribution of medicines and healthcare products	75,555	75,035	204,242	232,463
	<u>250,530</u>	<u>205,582</u>	<u>689,399</u>	<u>596,776</u>
Other revenue				
Interest income from bank deposits	1,209	3,322	4,162	5,852
Interest income from principal protected deposits	–	(1,673)	–	730
Agency fee income	2,826	4,717	7,547	9,434
Government subsidy income				
– released from deferred revenue	100	101	300	350
– directly recognized in profit or loss	2,263	3,040	4,558	4,547
Other	104	(38)	578	577
	<u>6,502</u>	<u>9,469</u>	<u>17,145</u>	<u>21,490</u>
Other net income				
Reversal of impairment loss on trade and other receivables	187	(389)	608	390
Reversal of write down of inventories	–	77	–	307
Reversal of provision for estimated loss from legal proceedings	–	–	–	1,282
Net foreign exchange gains	3	–	23	27
Others	–	–	49	–
	<u>190</u>	<u>(312)</u>	<u>680</u>	<u>2,006</u>

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	
	2022	2021	2022	2021
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited) RMB'000
(a) Finance costs				
Interest on bank loans and other borrowings	1,403	1,448	4,541	2,160
Financial cost on lease liabilities	9	7	33	33
	<u>1,412</u>	<u>1,455</u>	<u>4,574</u>	<u>2,193</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u>1,412</u>	<u>1,455</u>	<u>4,574</u>	<u>2,193</u>
(b) Staff costs (including directors' emoluments)				
Salaries, wages and other benefits	31,469	22,185	93,537	72,880
Contributions to defined contribution retirement plans	4,243	3,755	15,061	12,137
	<u>35,712</u>	<u>25,940</u>	<u>108,598</u>	<u>85,017</u>
(c) Other Item				
Depreciation of right-of-use assets	271	1,003	3,711	2,604
Amortisation of intangible assets (Note)	1,187	2,140	3,560	4,888
Depreciation of property, plant and equipment	4,731	6,928	15,202	17,060
Cost of inventories	131,463	110,033	362,408	297,389
Research & development costs (Note)	7,831	6,699	21,320	18,101
Short-term lease expenses:				
minimum lease payment	860	(671)	3,791	1,952
Impairment on				
– trade receivables (Note)	250	(273)	1,254	194
– other receivables (Note)	(126)	(1,045)	–	15
Loss on disposal of property, plant and equipment (Note)	20	537	287	538
Write down of inventory (Note)	32	14	2,079	1,185
Auditor's non-audit services remuneration	14	117	531	306

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	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Current tax				
Provision for PRC Enterprise Income Tax (“EIT“)	6,887	4,563	13,740	8,028
Deferred tax				
Origination and reversal of temporary differences	(1,207)	(130)	(614)	(248)
	<u>5,680</u>	<u>4,433</u>	<u>13,126</u>	<u>7,780</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 (nine-month period ended 30 September 2021: Nil).

As at 30 September 2022, 3 subsidiaries (30 September 2021: 3 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 2021: 25%).

7. DIVIDENDS

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

8. EARNINGS PER SHARE

Basic earnings per share

For the three-month and nine-month periods ended 30 September 2022, the calculation of basic earnings per share was based on the profit attributable to owners of the Company of approximately RMB15,542,000 and RMB35,886,000 respectively (three-month and nine-month periods ended 30 September 2021: profit of approximately RMB5,560,000 and RMB25,207,000 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 2022 (2021: 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 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 367 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, 206 varieties 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 127 varieties are included in the "National Essential Drug List" (國家基本藥品目錄). 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 137 Guo Yao Zhun Zi approval documents, of which 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 60 products are included in 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. Three pharmaceutical manufacturing subsidiaries of the Company are recognized as national high-tech enterprises, all of which are entitled to enjoy preferential corporate income tax treatment for high-tech enterprises. The aforesaid three subsidiaries are continuing to invest in the quality consistency evaluation for generic drugs and the research and development of new drugs. They possess 22 patents for invention in total. For the quality consistency evaluation for generic drugs, 4 products of the Group have passed the evaluation, which are Sodium Bicarbonate Tablets, Norfloxacin Capsules, Metformin Hydrochloride Tablets and Propranolol Hydrochloride Tablets. And the evaluation of other products are under orderly progress, among which the evaluation of the Vitamin B6 Tablets has been completed and is pending approval. For the research and development of new drugs, the evaluation of Doxofylline Injection (多索茶鹼注射液), a contract manufacturing medicine of a pharmaceutical subsidiary of the Company, has been approved and relevant procedures are completed, and Concentrated Sodium Potassium Magnesium Calcium Injection (鈉鎂鉀鈣注射用濃溶液) has passed evaluation and is pending approval. The Group also 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 stable and healthy development of the business, such pharmaceutical subsidiaries made a series of adjustments in terms of products, pricing, distribution channels and marketing strategies in accordance with the State's new reform policies on medical system, such as expanding the sales channels, increasing the coverage of hospital continuously, diversifying marketing patterns, 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, sorting out the price system of the products, properly planning of manufacturing activities according to the Company's catalog of key products to fully utilize its capacity in meeting market demand and making timely adjustment to maintain buffer inventory according to market changes to minimize losses. During the Reporting Period, the business of such pharmaceutical subsidiaries maintained growth and sales increased significantly.

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 team, increased the coverage of distributors network, 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.

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 and marketing companies and to the end users through large and medium-sized chain pharmacies.

During the Reporting Period, affected by the COVID-19 outbreak in various 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 decline in revenue. Therefore, the revenue of this segment declined 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 loyalty, 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 RMB689,399,000, representing an increase of approximately 15.52% from approximately RMB596,776,000 for the corresponding period of last year. In relation to the Group's revenue, approximately RMB485,157,000, which amounted to approximately 70.37% of the Group's total revenue, was derived from the manufacturing and selling of medicines segment, while approximately RMB204,242,000, which amounted to approximately 29.63% 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 33.17% 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 12.14%. Therefore, there was an overall increase in the total revenue of the Group.

During the Reporting Period, the Group's gross profit margin was approximately 44%, representing a decrease of approximately 2 percentage points from approximately 46% for the corresponding period of last year. The decrease in gross profit margin was mainly because the gross profit margin of the subsidiary acquired in June 2021 Neptunus Zhongxin is still 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 RMB304,560,000, representing an increase of approximately 10.60% from approximately RMB275,364,000 for the corresponding period of last year. The increase in gross profit was mainly due to the reason that the gross profit margin of the Group decreased, but the overall revenue increased significantly, so the gross profit increased.

During the Reporting Period, the Group's selling and distribution expenses were approximately RMB174,350,000, representing a decrease of approximately 3.21% from approximately RMB180,138,000 for the corresponding period of last year. The decrease in selling and distribution expenses was mainly because the structure and varieties of the products sold as agent were adjusted.

The Group's administrative expenses for the Reporting Period were approximately RMB64,360,000, representing an increase of approximately 15.03% from approximately RMB55,949,000 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 RMB31,766,000, representing an increase of approximately 21.53% from approximately RMB26,139,000 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, and the increase in fine for tax overdue and impairment of trade receivables.

During the Reporting Period, the Group's finance costs amounted to approximately RMB4,574,000, representing an increase of approximately 108.57% from approximately RMB2,193,000 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 RMB34,209,000 during the Reporting Period, representing an increase of approximately 28.31% from approximately RMB26,661,000 of the corresponding period of last year. Profit attributable to the owners of the Company was approximately RMB35,886,000 for the Reporting Period, representing an increase of approximately 42.37% from approximately RMB25,207,000 of the corresponding period of last year.

LIQUIDITY AND FINANCIAL RESOURCES

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

Banking facilities

As at 30 September 2022, Neptunus Zhongxin has pledged company's buildings and credit guarantee to secure banking facilities of RMB72,000,000, which have been fully utilized.

CONTINGENT LIABILITY

As at 30 September 2022, 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 2022, 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 (<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 and deputy chairman and non-independent director of the 9th 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 of the Company, was beneficially interested in approximately 0.01% of the entire issued share capital of Neptunus Bio-engineering, the Company's controlling shareholder, which in turn held directly and indirectly the beneficial interest in approximately 73.51% of the entire issued share capital of the Company, of which 70.38% was directly held and 3.13% was indirectly held through Neptunus Oriental.

Save as disclosed above, as at 30 September 2022, 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 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 30 September 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:

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

Notes:

- (a) Neptunus Bio-engineering was deemed to be interested in the 52,464,500 domestic shares of the Company held by Neptunus Oriental as the entire issued share capital of Neptunus Oriental was beneficially owned by Neptunus Bio-engineering. Neptunus Bio-engineering was also directly interested in 1,181,000,000 domestic shares of the Company. Therefore, Neptunus Bio-engineering was directly and indirectly interested in 1,233,464,500 domestic shares of the Company.
- (b) Neptunus Group was deemed to be interested in the 1,233,464,500 domestic shares of the Company, which relate to the same parcel of shares referred to in note (a) above, held by Neptunus Bio-engineering as Neptunus Group was beneficially interested in approximately 44.22% 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 2022.

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

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” set out in Appendix 15 of the GEM Listing Rules. 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) is 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 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. 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, 8 November 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.

* For identification purpose only