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)

2009

Third Quarterly Report

* For identification purpose only

Stock Code: 8329

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This report, 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 the Growth Enterprise Market 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: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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 (the "Group") for the nine months ended 30 September 2009 (the "Relevant Period"), together with the unaudited comparative figures for the corresponding period of 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the three months and nine months ended 30 September 2009

		For the three months ended 30 September		For the nine months ended 30 September	
		2009	2008	**2009**	2008
		(Unaudited)		**(Unaudited)**	
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
TURNOVER	4	**524**	4,221	**3,329**	11,850
Cost of sales		**(448)**	(2,413)	**(2,251)**	(6,374)
GROSS (LOSS)/PROFIT		**76**	1,808	**1,078**	5,476
Other income	4	**95**	586	**412**	2,357
Selling and distribution costs		**0**	(849)	**(1,458)**	(2,659)
Administrative expenses		**(7,170)**	(2,776)	**(13,875)**	(6,708)
Other operating expenses		**(1,721)**	(2,875)	**(3,489)**	(5,559)
LOSS FROM OPERATIONS		**(8,720)**	(4,106)	**(17,332)**	(7,093)
Finance costs	6	**(3,183)**	(926)	**(9,490)**	(2,593)
LOSS BEFORE TAXATION	5	**(11,903)**	(5,032)	**(26,822)**	(9,686)
Income tax	7	**—**	—	**—**	—
LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**(11,903)**	(5,032)	**(26,822)**	(9,686)
LOSS PER SHARE					
Basic	9	**RMB(1.26) cents**	RMB(0.53) cents	**RMB(2.83) cents**	RMB(1.02) cents
Diluted	9	**RMB(1.26) cents**	RMB(0.53) cents	**RMB(2.83) cents**	RMB(1.02) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and nine months ended 30 September 2009

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	**2009**	2008
	(Unaudited)		**(Unaudited)**	
	RMB'000	RMB'000	**RMB'000**	RMB'000
LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**(11,903)**	(5,032)	**(26,822)**	(9,686)
Other comprehensive income/(loss)	**—**	—	**—**	—
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**(11,903)**	(5,032)	**(26,822)**	(9,686)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2009

	Share capital RMB'000	**Share premium account RMB'000**	**Statutory reserve fund RMB'000**	**Accumulated losses RMB'000**	**Total RMB'000**
At 1 January 2009	94,667	41,923	3,330	(69,058)	70,862
Loss for the period	—	—	—	(26,822)	(26,822)
Total comprehensive loss for the period	—	—	—	(26,822)	(26,822)
At 30 September 2009	**94,667**	**41,923**	**3,330**	**(95,880)**	**44,040**
At 1 January 2008	94,667	41,923	3,330	(38,463)	101,457
Loss for the period	—	—	—	(9,686)	(9,686)
Total comprehensive loss for the period	—	—	—	(9,686)	(9,686)
At 30 September 2008	94,667	41,923	3,330	(48,149)	91,771

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

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 1st Floor, Block 1, Research Building, Neptunus Technical Center, Langshan 2nd R.N., Nanshan District, Shenzhen, Guangdong Province, the PRC.

2. Basis of presentation and accounting policies

The condensed consolidated financial statements for the nine months ended 30 September 2009 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 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The preparation of the condensed consolidated financial statements is in conformity with HKAS 34 requiring management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The preparation of the condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2008, except for the adoption of the new Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs"). Further details of impact of new and amended HKFRSs and HKASs are disclosed in Note 3 to the financial statements of the Company's Interim Report 2009. The 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 financial statements of the Group for the year ended 31 December 2008.

The financial statements are denominated in Renminbi ("RMB"), and based on historical cost method. Unless otherwise specifically stated, all amounts are presented in RMB'000. This condensed consolidated quarterly financial information was approved for issue on 6 November 2009.

This condensed consolidated quarterly financial information has not been audited.

3. Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. On first-time adoption of HKFRS 8, Operating segments and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) manufacturing and selling medicine products; and

(ii) providing research and development ("R&D") services of modern biological technology.

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Manufacturing and selling medicine products						R&D services			
	PRC		Others		Sub-total				Total	
For the nine months ended	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from unrelated customers	2,303	9,252	–	2,598	2,303	11,850	–	–	2,303	11,850
Revenue from related customers	–	–	–	–	–	–	1,026	–	1,026	–
Inter-segment revenue	–	–	–	–	–	–	–	–	–	–
Reportable segment revenue	2,303	9,252	–	2,598	2,303	11,850	1,026	–	3,329	11,850
Reportable segment (loss)/profit (adjusted EBITDA)	(11,005)	(3,644)	–	860	(11,005)	(2,784)	141	–	(10,864)	(2,784)
Impairment of trade receivable	–	358	–	–	–	358	–	–	–	358
Reportable segment assets	316,507	298,326	75	76	316,582	298,402	18,218	–	334,800	298,402
Additions to non-current segment assets during the period	26,907	22,572	–	–	26,907	22,572	3,995	–	30,902	22,572
Reportable segment liabilities	289,145	225,924	–	–	289,145	225,924	–	–	289,145	225,924

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

Profit or loss	**nine months ended 30 September 2009 RMB'000**	2008 RMB'000
Reportable segment (loss)/profit	**(10,864)**	(2,784)
Depreciation and amortisation	**(6,468)**	(4,309)
Finance costs	**(9,490)**	(2,593)
Consolidated loss before taxation	**(26,822)**	(9,686)

Assets	**At 30 September 2009 RMB'000**	At 31 December 2008 RMB'000
Reportable segment assets	**334,800**	298,402
Deferred tax assets	**726**	726
Consolidated total assets	**335,526**	299,128

Liabilities	**At 30 September 2009 RMB'000**	At 31 December 2008 RMB'000
Reportable segment liabilities	**289,145**	225,924
Current tax liabilities	**2,342**	2,342
Consolidated total liabilities	**291,487**	228,266

4. Turnover and other income

The Group's turnover represents the net invoiced value of the goods sold net of value-added tax after allowances for returns and trade discounts. An analysis of turnover and other income is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	**2009**	2008
	(Unaudited)		**(Unaudited)**	
	RMB'000	RMB'000	**RMB'000**	RMB'000
Turnover				
Sale of medicines	**—**	4,221	**2,303**	11,850
R&D services income	**524**	—	**1,026**	—
	524	4,221	**3,329**	11,850
Other income				
Interest income on bank deposits	**6**	15	**12**	130
Government subsidy	**89**	375	**270**	530
Recovery of doubtful debts	**—**	196	**108**	1,690
Others	**—**	—	**22**	7
	95	586	**412**	2,357

5. Loss before taxation

Loss of the Company before taxation is arrived at after charging or (crediting):

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	**2009**	2008
	(Unaudited)		**(Unaudited)**	
	RMB'000	RMB'000	**RMB'000**	RMB'000
(a) Staff costs				
Salaries, wages and other benefits (including directors' emoluments)	**1,489**	1,845	**4,567**	6,096
Pension scheme contributions	**101**	135	**214**	380
(b) Other Items				
Cost of sales	**448**	2,413	**2,251**	6,374
Amortisation of interest in leasehold land held for own use	**157**	45	**285**	135
Depreciation	**2,753**	583	**4,559**	2,156
Amortisation of intangible assets*	**644**	673	**1,624**	2,018
R&D costs*	**1,131**	2,128	**1,978**	3,094
Auditors' remuneration	**167**	322	**345**	546
Impairment of trade receivable*	**—**	174	**—**	358
Loss on disposal of properties, plant and equipment	**—**	8	**9**	61

* These amounts have been included in "Other operating expenses" on the face of the unaudited condensed consolidated income statement.

6. Finance costs

	For the three months ended 30 September		For the nine months ended 30 September	
	2009	2008	**2009**	2008
	(Unaudited)		**(Unaudited)**	
	RMB'000	RMB'000	**RMB'000**	RMB'000
Interest on bank advances wholly repayable within five years	**3,183**	1,169	**9,490**	8,037
Less: Interest capitalised as cost of construction in progress	**—**	(243)	**—**	(5,444)
	3,183	926	**9,490**	2,593

7. Income tax

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the Relevant Period.

The PRC enterprise income tax (the "EIT") for the Relevant Period is 25%. The EIT has not been provided for as the Group has incurred loss for the Relevant Period.

On 16 March 2007, the PRC government promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and Implementation Regulation has changed tax rates from 33% to 25% from 1 January 2008.

The Company is located in the Shenzhen Special Economic Zone and as a high technology enterprise, the Company is therefore subject to an enterprise income tax rate of 15%. In accordance with the relevant income tax laws and regulations in the PRC, the Company is exempted from EIT for two years commencing from its first year with assessable profits after deducting tax losses brought forward, and is entitled to a 50% tax exemption for the years ended 31 December 2005, 2006 and 2007.

8. Dividends

The Board does not recommend the payment of any dividend for the Relevant Period (2008: Nil).

9. Loss per share

For the three-month and nine-month periods ended 30 September 2009, the calculation of basic loss per share was based on the loss attributable to equity shareholders of approximately RMB11,903,000 and RMB26,822,000 respectively (three-month and nine-month periods ended 30 September 2008: loss of RMB5,032,000 and loss of RMB9,686,000 respectively) and 946,670,000 ordinary shares in issue for the three-month and nine-month periods ended 30 September 2009 (2008: 946,670,000 ordinary shares).

Diluted earnings per share for the three-month and nine-month periods ended 30 September 2009 and 2008 equals to basic loss per share because there were no potential dilutive ordinary shares outstanding during these periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Relevant Period, the Group was principally engaged in the R&D of modern biological technology (the "R&D Business") and sales of cytokine therapeutic drugs (the "Cytokines Business"), including recombinant human interferon α2b for injection and recombinant human interleukin-2 for injection (125Ser) (the "Cytokines Products") in the PRC. During the Relevant Period, the Group has suspended the production and sales of subunit influenza vaccine and the Cytokines Products. During the Relevant Period, the Group was also engaged in the development of the R&D Business and strived to establish joint venture company with GlaxoSmithKline Pte Ltd ("GSK Pte") in order to introduce advanced international production and quality management system and product quality standards for influenza vaccines to further develop its influenza vaccines business.

Influenza Vaccine Business

The influenza vaccines business is a key business to be developed by the Group. On 20 November 2008, the Company entered into the Cooperation Agreement (the "Cooperation Agreement") for the establishment of the joint venture company (the "JV Company ") with GlaxoSmithKline Biological SA and GSK Pte (together "GSK"). Pursuant to the Cooperation Agreement, the Company has signed the joint venture contract (the "JV Contract") with GSK Pte on 9 June 2009. The JV Company, known as Shenzhen GSK-Neptunus Biologicals Co., Ltd., was then established on 6 August 2009. Its scope of business includes: research, development, production and operation of vaccines (the subunit influenza vaccine and the split influenza vaccine), and its drug production permit is valid till 6 July 2014. The JV Company is currently beneficially owned by the Company and GSK Pte as to 60% and 40% respectively. The Board believes that the JV Company will become the operating subsidiary of the Company for the development of the influenza vaccines business.

The JV Contract provides that the term of the JV Company shall be ten years. The total investment of the JV Company shall be US$ 99,900,000 (approximately HK$774,000,000) and the registered capital of the JV Company shall be US$78,330,000 (approximately HK$607,000,000), of which (i) US$45,530,000 (approximately HK$352,860,000, shall be contributed by the Company by injecting the land use right of the parcel of land with a lot number of A607-0362 in Guangming New District and the buildings, plant, machines, equipment and intangible assets (including technology and proprietary rights in split influenza vaccine, subunit influenza vaccine and rabies vaccine) to the JV Company; (ii) US$1,470,000 (approximately HK$11,390,000) shall be contributed by the Company in cash and the Company will hold 60% of the equity interest in the JV Company; (iii) US$3,690,000 (approximately HK$28,600,000) shall be contributed by GSK Pte by injecting machines, equipment etc. to the JV Company; and (iv) US$27,640,000 (approximately HK$214,210,000 shall be contributed by GSK Pte in cash and GSK Pte will hold 40% of the equity interest in the JV Company.

According to the verification report Shenyoulianyanzi No. [2009] 0545 (深友聯驗字[2009] 0545號) issued by Shenzhen Youlian Certified Public Accountants Partnership relating to capital contribution of the JV Company on 13 October 2009, as at 30 September 2009, each of the Company and GSK Pte has contributed US$1,470,000 (approximately HK$11,390,000) and US$13,820,000 (approximately HK$107,105,000) in cash respectively to the JV Company, and the parties have completed the first phrase of contribution. According to the verification report Shenyoulianyanzi No. [2009] 0619 (深友聯驗字[2009] 0619號) issued by Shenzhen Youlian Certified Public Accountants Partnership on 2 November 2009, as at 2 November 2009, the Company has made a contribution in kind of approximately US$45,530,000 (approximately HK$352,860,000). The Company has fulfilled its capital contribution obligations under the JV contract to the JV Company, and the import procedure for contribution in kind by GSK Pte is currently underway.

The JV Company intends to make use of GSK's internationally advanced technology, quality management and operation systems and the large-scale production technology and adjuvant system technology (which are key manufacturing technologies for global first class vaccines) to develop and produce a series of influenza vaccines products, including split influenza vaccine, subunit influenza vaccine, improved influenza vaccine, adjuvanted influenza vaccine, 4-valent influenza vaccine and pre-pandemic flu vaccine and pandemic flu vaccines.

The JV Contract also provides that upon the first anniversary of the establishment date of the JV Company, GSK Pte shall purchase from the Company 9% of the equity interests in the JV Company for a consideration equivalent to 150% of the original value of such equity interests. On each subsequent anniversary of the establishment date of the JV Company, both of the JV parties shall discuss in good faith and agree on further increase of GSK Pte's equity interests in the JV Company by purchasing the equity interests held by the Company in the JV Company, provided however that, in case GSK Pte's equity interests are below fifty percent (50%) by the 5th anniversary of the establishment date, upon GSK Pte's request, the Company shall sell its equity interests to GSK Pte in such percentage as necessary for GSK Pte's equity interests in the JV Company to reach a minimum of fifty-one percent (51%) and a maximum of sixty percent (60%) of the registered capital.

During the Relevant Period, the Company has already improved the existing plant with a production capacity of one million doses of influenza vaccines to prepare for the R&D services to be provided to the JV Company by the Company.

Acquisition of Fuzhou Neptunus Fuyao Pharmaceutical Company Limited ("Neptunus Fuyao")

On 2 March 2009, the Company entered into a non-legally binding Letter of Intent ("Letter of Intent") with Shenzhen Neptunus Bio-engineering Co., Ltd. ("Neptunus Bio-engineering") and Shenzhen Neptunus Pharmaceutical Company Limited ("Neptunus Pharmaceutical"). Pursuant to the Letter of Intent, the parties intend to enter into the following transactions concurrently: (i) the Company intends to acquire and Neptunus Bio-engineering and Neptunus Pharmaceutical intend to sell to the Company the 75% and 5% equity interests held by them respectively in Neptunus Fuyao; (ii) the Company intends to sell and Neptunus Pharmaceutical intends to acquire the Cytokines Business and the relevant assets owned by the Company. The Letter of Intent has no legal binding effect on the parties. In the third quarter of 2009, the parties hereto have decided to postpone the negotiation about the said acquisition and sale under the Letter of Intent.

Expansion of the R&D Business

As from January 2009, the Company has been focusing on the R&D Business and the expansion of the R&D Business by providing R&D services to Neptunus Bio-engineering and its subsidiaries. After the cessation of the Cytokines Business, the R&D Business became the main source of revenue for the Company and generated a revenue of approximately RMB1,082,000 for the Company during the Relevant Period.

To achieve its expansion plans for the R&D Business, the Company is now carrying out the following works for its R&D Business: (i) renovation and upgrading works for the office and laboratory; and construction works for its production plant; (ii) the Company has entered into a service agreement on 24 August 2009 with Neptunus Pharmaceutical for the provision of services in the research, development, animal testing, clinical trial of cytokines therapeutic drugs and other ancillary services by the Company to Neptunus Pharmaceutical; and (iii) the Company and the JV Company are negotiating to enter into a service agreement for a term of three years for the provision of services in the research, development, animal testing, preclinical trial and new drug's regulatory compliance and registration of various influenza vaccines by the Company to the JV Company. These two agreements have been or will be determined on normal commercial terms on an arm's length basis.

During the Relevant Period, the Company has been actively negotiating with international renowned R&D institutions for cooperation arrangement on the research of variation of influenza viruses and the strain used in production of influenza vaccines.

PROPOSED H SHARE PLACING

In September 2009, the Board resolved to convene an extraordinary general meeting and class meetings ("General Meetings") for the purpose of considering, and if thought fit, approving the H share placing of the Company (the "H Share Placing") again and the grant of the new specific mandate to issue and allot not more than 189,334,000 shares of placing shares, representing not more than 80% and 20% respectively of the existing issued H shares and all the existing issued shares of the Company. The H Share Placing will allow the Company to raise funds of approximately HK$200,000,000 (equivalent to approximately RMB176,000,000), which will be used to (i) provide working capital to the JV Company to develop its vaccine business; (ii) repay a portion of the Company's outstanding indebtedness; and (iii) provide working capital to finance the operation of the Company and develop the R& D Business. Currently, the Company is preparing relevant information for reporting to China Securities Regulatory Committee (the "CSRC"). The aforesaid General Meetings will be convened on 9 November 2009. The Company expects to submit the application for the placement of H Shares to the CSRC in the second half of November 2009.

PROSPECTS

The Company and GSK Pte have established the JV Company. The JV Company is now committed to the development of influenza vaccines business. With the combined experience, standing and expertise of the JV parties and the intangible assets provided by GSK, the JV Company can significantly increase its annual production capacity and produce high quality vaccines on a larger scale in a more cost effective way, so as to provide its products with a strong competitive advantage. With GSK's branding power in the industry, the Board expects to explore a more extensive network in overseas vaccine market. The Board believes that such global network will potentially fuel a significant revenue growth for the JV Company. The Board also believes that the Company's equity interests in the JV Company will bring profits to the Company and enhance the Company's image and position in the global biological pharmaceutical industry.

The Company has signed the service agreement with Neptunus Pharmaceutical, and currently intends to sign the above R&D services agreement with the JV Company before the end of 2009. The Board estimates that these agreements will generate revenue for the Company of approximately RMB2,600,000 in 2009 and approximately RMB5,000,000 to RMB8,000,000 of revenue per year over the next three years. The Board therefore takes the view that the R&D Business will provide stable revenue for the Company in the coming few years.

FINANCIAL REVIEW

The Group's turnover for the Relevant Period was approximately RMB3,329,000, representing an decrease of 71.91% from that of RMB11,850,000 in the corresponding period last year. Turnover for the Relevant Period was mainly derived from sales income of medicine products and revenue of R&D Business. Sales income and revenue of R&D Business accounted for 69.18% and 30.82% of the total revenue respectively. Reasons for the decline in turnover during the Relevant Period that are the Group has suspended the sales of subunit influenza vaccine and the Cytokines Products. The upgrading works for office, laboratory and production workshop for R&D services has completed during the Relevant Period, therefore the revenue of R&D Business accounted for a higher percentage.

The Group's gross profit and gross profit margin for the Relevant Period were approximately RMB1,078,000 and 32.38% respectively, decreasing by RMB4,398,000 and decreasing by 13.83% respectively compared with that of the corresponding period last year. The decrease in total gross profit was due to the suspension of the production and sales of related medicine products by the Group during the Relevant Period.

The Group's selling and distribution costs for the Relevant Period amounted to approximately RMB1,458,000, decreasing by approximately RMB1,201,000 compared with that of the corresponding period last year, representing a decrease of approximately 45.17%. The decrease was due to the suspension of the sales of related medicine products by the Group and thereby no more expenses incurred during the Relevant Period.

The Group's administrative expenses for the Relevant Period amounted to approximately RMB13,875,000, increasing significantly by approximately RMB7,167,000 from approximately RMB6,708,000 in the corresponding period last year, representing an increase of approximately 106.84%. The increase of administrative expenses during the Relevant Period was because of two reasons: (i) the Group has suspended the production of subunit influenza vaccine and the Cytokines Products, and relevant depreciation on production equipment, staff costs etc. were transferred to "administrative expenses"; and (ii) legal fees, audit expenses and entertainment expenses incurred by the Group in relation to the joint ventures, acquisitions and other businesses increased significantly.

The Group's other operating expenses for the Relevant Period amounted to approximately RMB3,489,000, decreasing by approximately RMB2,070,000 compared with that of the corresponding period last year, representing a decrease of approximately 37.24%, mainly because (i) the Group donated a batch of drugs with a worth of approximately RMB 702,000 during the corresponding period last year and there was no such expenditure in the Relevant Period ; (ii) the Group has provided R&D services to associated companies and recognize such revenue as of the main business, and the related R&D expense of approximately RMB892,000 was reclassified under the cost of main business in the Relevant Period.

Finance costs of the Group for the Relevant Period amounted to approximately RMB9,490,000, representing a significant increase of approximately RMB6,897,000 as compared with approximately RMB2,593,000 for the corresponding period last year. The increase was mainly attributable to the fact that (i) the Group's production plant in Baoan district of Shenzhen obtained a Real Estate Title Certificate in September 2008, so that the related asset became fixed asset, and hence the corresponding loan interest paid during the Relevant Period was fully recorded as finance costs; (ii) the Group made a new loan of RMB30 million from the Longgang Sub-branch of Shenzhen Development Bank in the Relevant Period, resulting in an increase of approximately RMB535,000 in finance costs.

The Group's loss before tax for the Relevant Period increased from approximately RMB9,686,000 in the corresponding period last year to approximately RMB26,822,000. The increase in loss was mainly due to the decrease in turnover and the significantly increase in administrative expenses and finance costs by the Group.

As such, loss attributable to the shareholders of the Company amounted to approximately RMB26,822,000 for the Relevant Period, compared with RMB9,686,000 for the corresponding period last year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group normally funds its operations and investment activities from its internal financial resources and bank loans. The Group's transactions are mainly denominated in RMB, and the needs for liquidity and financing are regularly reviewed.

Borrowings and banking facilities

As of 30 September 2009, the Group had total bank financing liabilities of RMB143,000,000, of which RMB113,000,000 were long-term bank borrowings and RMB30,000,000 were short-term bank borrowings. Entrusted loans from the Company's controlling shareholders were RMB78,000,000.

On 23 May 2006, the Company entered into a long-term loan agreement (the "CDB Loan Agreement") with China Development Bank ("CDB") for the grant by CDB of a loan of RMB130,000,000 (the "CDB Loan") to the Company to finance the Company's project on influenza vaccine (the "Loan Project"). Pursuant to the CDB Loan Agreement, CDB requires the Company, Neptunus Bio-engineering, the Company's controlling shareholder, and Mr. Chai Xiang Dong, the management shareholder of the Company, to provide guarantee and securities (including without limitation to the pledge of the domestic shares of the Company currently held by them to CDB) to secure the CDB Loan. The Company would apply the revenue from the Loan Project to repay the CDB Loan by installments. During the Relevant Period, the Company has repaid principal of RMB 7,000,000 and interest of RMB5,291,055 to CDB in accordance with the terms of the CDB Loan Agreement.

Shareholder's entrusted loans

Shareholder's entrusted loans obtained by the Company from Neptunus Bio-engineering as at 30 September 2009 amounted to approximately RMB 78,000,000.

The Company obtained a shareholder's entrusted loan of RMB9,000,000 from Neptunus Bio-engineering through an entrusted arrangement with a bank. This shareholder's entrusted loan is unsecured, bears an annual interest of 5% and is repayable on 5 April 2009. However, 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"); and (2) each of the independent non-executive Directors was of the opinion that the repayment of such shareholder's entrusted loan would not adversely affect the operations of the Company and/or the implementation of its business objectives as set out in the Prospectus, and the Company would make an announcement in respect of the decision of the independent non-executive Directors made under (2); and (3) the Company had a positive cash flow and had retained profits in the relevant financial year.

The Company obtained another shareholder's entrusted loan of RMB39,000,000 from Neptunus Bio-engineering through an entrusted arrangement with a bank. This shareholder's entrusted loan is unsecured, bears an annual interest of 5% and is repayable on 5 April 2009. However, Neptunus Bio-engineering had undertaken that the repayment date of this entrusted loan would be postponed to 5 April 2010 or the 15th working day after the completion of the issue of new H shares by the Company (whichever is earlier).

The Company also obtained a shareholder's entrusted loan of RMB30,000,000 from Neptunus Bio-engineering through an entrusted arrangement with a bank on 26 March 2008. This shareholder's entrusted loan is unsecured, bears an annual interest of 7.47% and is repayable on 26 March 2009 or the 15th working days after the completion of the issue of additional new H Shares by the Company (whichever is earlier). Neptunus Bio-engineering also had undertaken not to require the repayment of such entrusted loan until 26 March 2010 or the 15th working day after the completion of the issue of new H shares by the Company (whichever is earlier).

On 2 December 2008, Neptunus Bio-engineering undertook to the Company that it would provide the Company with new entrusted loans amounted to RMB60,000,000 to support the cooperation between the Company and GSK. The length of maturity of these entrusted loans would be one year at least or no earlier than the date of the 15th working day after completion of the issue of new H shares by the Company (whichever is earlier).

On 2 December 2008, Neptunus Bio-engineering also undertook to the Company that, if during 2009 the Company had no sufficient working capital to satisfy its current needs, Neptunus Bio-engineering would provide suitable financial assistance of up to RMB 30,000,000 to satisfy the Company's continued operation capabilities during 2009. During the Relevant Period, Neptunus Bio-engineering provided non-interest-bearing financial assistance to the Company in a total amount of approximately RMB42,475,000.

CDB LOAN AGREEMENT AND ENTRUSTED LOAN

Specific performance obligations by the controlling shareholder

The CDB Loan Agreement imposes specific performance obligations on the Company and Neptunus Bio-engineering as conditions precedent to the drawdown of monies by the Company under the CDB Loan. The CDB Loan Agreement requires Neptunus Bio-engineering to enter into an Agreement on Pledge of Shares with CDB and to act as a guarantor with joint liabilities for the CDB Loan and to execute a Guarantee Agreement in favour of CDB. Neptunus Bio-engineering has entered into the Agreement on Pledge of Shares and the Guarantee Agreement with CDB on 23 May 2006. The CDB Loan Agreement further requires that, during the term of the CDB Loan, such Guarantee Agreement and Agreement on Pledge of Shares shall remain valid and that Neptunus Bio-engineering will not be in breach of any provision of the CDB Loan Agreement and that regarding the financial standing and the pledged property of Neptunus Bio-engineering, no event that would prejudice the interests of CDB occurs. In addition, if Neptunus Bio-engineering's ability to provide security is weakened or the value of the pledged property decreases, the CDB Loan Agreement requires the Company to provide compensatory security within a time limit set by CDB and valid security agreements should be entered into between the security providers (including but not limited to the Company and Neptunus Bio-engineering) and CDB. The CDB Loan Agreement further requires Neptunus Bio-engineering and Mr. Chai Xiang Dong to provide an undertaking letter regarding the restriction on the dividend distribution by the company. Neptunus Bio-engineering and Mr. Chai Xiang Dong have undertaken to strictly observe the conditions for distribution of dividends as provided in the CDB Loan Agreement. They have further undertaken to vote against any proposed resolution regarding the distribution of dividends in the shareholders' meeting of the Company in the event that such conditions as provided in the CDB Loan Agreement have not been satisfied.

Pledge of Shares by controlling shareholder

On 23 May 2006, Neptunus Bio-engineering entered into an Agreement on Pledge of Shares with CDB, pursuant to which Neptunus Bio-engineering pledged 639,000,000 domestic shares in the Company currently held by it (representing approximately 67.5% of the Company's issued share capital) to CDB as security for the CDB Loan. Pursuant to the Agreement on Pledge of Shares, if the Company fails to repay the CDB Loan in accordance with the terms of the CDB Loan Agreement, CDB would be entitled to sell the abovementioned pledged shares and to apply such proceeds to make up for the CDB Loan. The Company received a notice from Neptunus Bio-engineering regarding the abovementioned pledge and made an announcement on 24 May 2006 in respect of the pledge of shares by the controlling shareholder pursuant to Rule 17.19 of the GEM Listing Rules.

The aforesaid Agreement on Pledge of Shares does not require Neptunus Bio-engineering to pledge to CDB any new shares in the Company acquired by it during the term of the pledge.

Although the Guarantee Agreement and the Agreement on Pledge of Shares executed by Neptunus Bio-engineering for the purpose of securing the CDB Loan and its shareholder's entrusted loans to the Company amount to financial assistances to the Company by a connected person, the financial assistances have been entered into on normal commercial terms (or better terms to the Company) and the Company has not provided any security over its assets to Neptunus Bio-engineering. Consequently, the above financial assistances constitute exempt connected transactions under Rule 20.65(4) of the GEM Listing Rules and are exempt from reporting, announcement and independent shareholders' approval requirements.

Pledge of Shares by management shareholder

On 23 May 2006, Mr. Chai Xiang Dong, the management shareholder of the Company, entered into an Agreement on Pledge of Shares with CDB pursuant to which Mr. Chai Xiang Dong pledged 47,671,000 domestic shares in the Company currently held by him (representing approximately 5.04% of the Company's issued share capital) to CDB as security for the CDB Loan. Pursuant to the Agreement on Pledge of Shares, if the Company fails to repay the CDB Loan in accordance with the terms of the CDB Loan Agreement, CDB would be entitled to sell the abovementioned pledged shares and to apply such proceeds to make up for the CDB Loan. The Company received a notice from Mr. Chai Xiang Dong regarding the aforesaid pledge of shares and made an announcement on 24 May 2006 in respect of the pledge of shares by management shareholder pursuant to Rule 17.43 of the GEM Listing Rules.

In addition, pursuant to the aforesaid Agreement on Pledge of Shares, if Mr. Chai Xiang Dong acquires new shares pursuant to any bonus or rights issues of shares by the Company to its shareholders during the term of the pledge, the new shares will automatically become the pledged property under the aforesaid Agreement on Pledge of Shares and Mr. Chai Xiang Dong shall within 10 days complete all procedure required to perfect the pledge of the new shares. The Company will, if required, make an announcement in respect of the aforesaid pledge of new shares in the Company by Mr. Chai Xiang Dong pursuant to Rule 17.43 of the GEM Listing Rules.

Although the Agreement on Pledge of Shares executed by Mr. Chai Xiang Dong for the purpose of securing the CDB Loan amounts to a provision of financial assistance to the Company by a connected person, the financial assistance has been entered into on normal commercial terms (or better terms to the Company) and the Company has not provided any security over its assets to Mr Chai. Consequently, the above financial assistance constitutes an exempt connected transaction under Rule 20.65(4) of the GEM Listing Rules and is exempt from reporting, announcement and independent shareholders' approval requirements.

AMENDMENT AGREEMENT FOR THE CDB LOAN AGREEMENT

In order to obtain CDB's approval for the release of charges over the land use rights, properties, plants and equipments charged in favor of CDB, on 24 February 2009, the Company, Neptunus Bio-engineering and its controlling shareholder Neptunus Group and Mr. Chai Xiang Dong entered into the Amendment Agreement for the CDB Loan Agreement (the "Amendment Agreement") with CDB. As a result of the execution of the Amendment Agreement, the Company shall open an account with CDB (the "Account") and shall deposit all future revenue generated by the Company, including but not limited to shareholder's dividends and distribution received from the JV Company (together, the "Shareholder's Income") and funds raised from any placing to be conducted by the Company in the future (the "Placing") to the Account. If after completion of the Placing the principal amount of the Loan and accrued interests (together, the "Outstanding Loan") have not been fully repaid, all the funds raised by the Company from the Placing shall be applied towards repayment of the Outstanding Loan. The Company shall apply (i) the Shareholder's Income received from the JV Company; and (ii) the consideration received from GSK Pte for the transfer of the equity interest held by the Company in the JV Company; pursuant to the terms of the JV Contract towards repayment of the Outstanding Loan. All the revenue so deposited in the Account by the Company shall be subject to the supervision of CDB and shall be fully applied towards repayment of the Outstanding Loan. The Company shall authorise CDB to deduct the amount representing the Outstanding Loan directly from the Account until the Outstanding Loan has been fully repaid.

The Amendment Agreement also provides that if the joint venture between the Company and GSK Pte turned out to be a failure, the Company shall continue to use the land use rights, properties and equipments legally owned by it to provide the guarantee and security in favour of CDB.

NEPTUNUS GROUP GUARANTEE AGREEMENT

The Amendment Agreement also imposes specific performance obligations on Shenzhen Neptunus Group Company Limited ("Neptunus Group") as conditions precedent for the Company to obtain CDB's approval for the release of charges. Pursuant to the Amendment Agreement, Neptunus Group entered into the Neptunus Group Guarantee Agreement in favour of CDB on 24 February 2009, pursuant to which Neptunus Group has agreed, among other things, (i) to provide a guarantee in favour of CDB to guarantee the repayment of all sums owing by the Company under the Loan Agreement and (ii) to ensure that the Outstanding Loan can be fully repaid in a punctual manner irrespective of whether or not the JV Company under the JV Contract is established.

Although the transaction contemplated under the Neptunus Group Guarantee Agreement amounts to the provision of financial assistance to the Company by a connected person, the financial assistance has been entered into on normal commercial terms (or better terms to the Company) and the Company has not provided any security over its assets to Neptunus Group. Consequently, the transaction contemplated under the Neptunus Group Guarantee Agreement constitutes an exempt connected transaction under Rule 20.65(4) of the GEM Listing Rules and is exempt from reporting, announcement and independent shareholders' approval requirements.

Gearing ratio

As at 30 September 2009, the gearing ratio of the Group was approximately 83% (end of 2008: 73%) and was calculated by a division of the Group's total borrowings by total capital. Net debt is equivalent to total borrowings (the aggregate of interest-bearing bank borrowings and shareholder entrusted bank loans) less cash and cash equivalents, total capital is equivalent to the aggregate of net debt and total equity interest.

Net current assets

As at 30 September 2009, the Group had net current liabilities of approximately RMB99,130,000. Current assets comprised cash and cash equivalents of approximately RMB11,449,000, amounts due from a related company and fellow subsidiaries of approximately RMB2,659,000, inventories of approximately RMB204,000 and, prepayments, deposits and other receivables of approximately RMB877,000. Current liabilities comprised trade payables of approximately RMB886,000, short-term borrowings of approximately RMB47,000,000, amounts due to immediate parent company of approximately RMB61,297,000, tax payable of approximately RMB2,342,000 and other payables of approximately RMB2,794,000. Compared with 31 December 2008's net current liabilities position of approximately RMB31,180,000, it was mainly due to the facts that during the Relevant Period, the Company (i) repaid a total of approximately RMB12,291,000 of principal and interests of CDB Loan; (ii) paid a total of approximately RMB 21,277,000 of land premium and related tax; (iii) acquired a total of approximately RMB15,769,000 of properties, equipment etc.; and (iv) paid administrative expenses etc.

Foreign Currency Risk

The Group's transactions are mainly denominated in RMB, and the needs for liquidity and financing are regularly reviewed. During the Relevant Period, all of the Group's operating revenue was denominated in RMB. The Group's major costs and capital expenditure were also denominated in RMB. The Directors believe that although the exchange rate between US dollars and RMB was subject to certain fluctuations during the year, the foreign currency risk facing the Group is not much. Therefore, the Group has not adopted any financial instrument for hedging purposes.

Contingent Liability

As at 30 September 2009, the Group had no significant contingent liability.

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

As at 30 September 2009, 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 which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the Securities and Futures Ordinance ('SFO") (including interests which they were taken or deemed to have under such provisions of the SFO), or were requires, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the "required standard of dealings" by directors as referred to in Rule 5.46 of the GEM Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company:

Director/supervisor	Capacity	Type of Interests	Number of domestic shares held	Approximate percentage of the domestic shares	Approximate percentage of the Company's equity interest
Chai Xiang Dong (Note 1)	Beneficial owner	Personal	47,671,000	6.71%	5.04%
Yu Jun (Note 2)	Beneficial owner	Personal	1,014,000	0.14%	0.11%

Notes:

1 Executive Director and general manager of the Company

2 Supervisor of the Company

Long positions in shares of associated corporations of the Company:

Director	Capacity	Type of Interests	Name of associated corporation	Number of shares held in associated corporation	Approximate percentage of shares held
Zhang Si Min *(Note (a))*	Beneficial owner	Personal	Neptunus Bio-engineering	360,693	0.055%
Zhang Si Min *(Note (b))*	Beneficial owner	Personal	Ankeen Enterprises Limited ("Ankeen Enterprises ")	15	15%
Yu Lin *(Note (c))*	Beneficial owner	Personal	Neptunus Bio-engineering	79,864	0.012%

Notes:

(a) Mr. Zhang Si Min was beneficially interested in 0.055% of the issued share capital of Neptunus Bio-engineering, the Company's controlling shareholder, which in turn was beneficially interested in approximately 67.5% of the issued share capital of the Company as at 30 September 2009.

(b) Mr. Zhang Si Min held 15% of the issued capital of Ankeen Enterprises, which in turn was beneficially interested in approximately 41.9% of the issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 32.535% of the issued share capital of Neptunus Bio-engineering. Neptunus Bio-engineering and its directors were accustomed to act in accordance with the direction of Neptunus Group. Neptunus Bio-engineering was in turn beneficially interested in approximately 67.5% of the issued share capital of the Company as at 30 September 2009.

(c) Ms. Yu Lin was beneficially interested in 0.012% of the issued share capital of Neptunus Bio-engineering, which in turn was beneficially interested in approximately 67.5% of the issued share capital of the Company as at 30 September 2009.

Save as disclosed above, as at 30 September 2009, 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) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the "required standard of dealings" by directors as referred to in Rule 5.46 of the GEM Listing Rules.

SHARE OPTION SCHEME, CONVERTIBLE SECURITIES AND WARRANTS

Up to 30 September 2009, 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 Relevant 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 2009, 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 required to be entered in the register pursuant to Section 336 of the SFO were as follows:

Long positions in shares of the Company

Name of substantial shareholders	Capacity	Number of domestic shares held	Approximate percentage of the domestic shares	Approximate percentage of the Company's issued share capital
Neptunus Bio-engineering	Beneficial owner	639,000,000	90%	67.5%
Neptunus Group *(Note (a))*	Interest in controlled corporation	639,000,000	90%	67.5%
Ankeen Enterprises *(Note (b))*	Interest in controlled corporation	639,000,000	90%	67.5%
Wang Jin Song *(Note (c))*	Interest in controlled corporation	639,000,000	90%	67.5%
Li Li *(Note (d))*	Interest of spouse	47,671,000	6.71%	5.04%

Notes:

(a) Neptunus Group was deemed to be interested in the 639,000,000 domestic shares of the Company held by Neptunus Bio-engineering as Neptunus Group was beneficially interested in approximately 32.535% of the issued share capital of Neptunus Bio-engineering and Neptunus Bio-engineering and its directors were accustomed to act in accordance with the directions of Neptunus Group.

(b) Ankeen Enterprises was deemed to be interested in the 639,000,000 domestic shares of the Company held by Neptunus Bio-engineering as Ankeen Enterprises was beneficially interested in approximately 41.9% of the issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 32.535% of the issued share capital of Neptunus Bio-engineering and Neptunus Bio-engineering and its directors were accustomed to act in accordance with the directions of Neptunus Group.

(c) Ms. Wang Jin Song ("Ms. Wang") was deemed to be interested in the 639,000,000 domestic shares of the Company held by Neptunus Bio-engineering as Ms. Wang was beneficially interested in 85% of the issued share capital of Ankeen Enterprises, which in turn was beneficially interested in approximately 41.9% of the issued share capital of Neptunus Group, which in turn was beneficially interested in approximately 32.535% of the issued share capital of Neptunus Bio-engineering and Neptunus Bio-engineering and its directors were accustomed to act in accordance with the directions of Neptunus Group.

(d) Ms. Li Li ("Ms. Li") was deemed to be interested in the 47,671,000 domestic shares of the Company held by Mr. Chai Xiang Dong as Ms. Li is the spouse of Mr. Chai Xiang Dong and was taken to be interested in any shares held by Mr. Chai Xiang Dong.

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 which were required to be entered in the register pursuant to Section 336 of the SFO as at 30 September 2009.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the Relevant 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, in relation to non-competition undertakings and priority investment rights (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:

1. it will not, and will procure its associates not to whether within or outside the PRC, directly or indirectly or by any means, participate in or operate any business which may constitute direct or indirect competition with the business operated by the Company from time to time, or produce any products, the usage of which is the same as or similar to that of the products of the Company (other than those indirectly held as a result of the equity interest in any listed company or its subsidiaries); 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 organisation will (or may) compete directly or indirectly with the business of the Company.

Pursuant to the Non-Competition Undertakings, during the term of such Undertakings, when Neptunus Bio-engineering or 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 investment projects.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the Relevant Period, the Company has adopted a code of conduct regarding securities transactions by Directors (the "Director's Code of Conduct") on terms no less exacting than the "required standard of dealings" as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, the Directors confirmed that no transaction in the securities of the Company has been conducted during the Relevant Period, and the Company is not aware of any violation by the Directors on the standard of dealings or the Director's Code of Conduct.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

As the Directors are aware, during the Relevant Period, the Company has complied with the requirements under the "Code on Corporate Governance Practice" set out in Appendix 15 and under "Corporate Governance Report" set out in Appendix 16 to 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 Si Min
Chairman

Shenzhen, the PRC, 6 November 2009